

SAN FRANCISCO STATE UNIVERSITY FOUNDATION
(COMPONENT UNIT OF SAN FRANCISCO STATE UNIVERSITY)

FINANCIAL STATEMENTS

June 30, 2021 and 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
San Francisco State University Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of the 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, 2021, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of San Francisco State University Foundation as of June 30, 2021, and the changes in its net position and its cash flows for the year 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's Discussion and Analysis (MD&A) on pages 3 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic 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, which 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Foundation's financial statements. The supplementary information on pages 28-40 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 17, 2021 on our consideration of San Francisco State University 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 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 San Francisco State University Foundation's internal control over financial reporting and compliance.

Prior Period Financial Statements Audited by a Predecessor Auditor

The financial statements of San Francisco State University Foundation as of and for the year ended June 30, 2020 were audited by other auditors whose report dated September 24, 2020 expressed an unmodified opinion on those financial statements.



Long Beach, California
September 17, 2021

**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, 2021 and 2020.

The Foundation presents its management discussion and analysis for fiscal year 2021, with comparative data presented for fiscal years 2020 and 2019. The emphasis of the discussions concerning these statements will be on the fiscal years ended June 30, 2021 and 2020. 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 provide the readers of the Foundation's financial statements a better understanding of its financial position and operating activities. The financial statements should be read in conjunction with the related financial statements and footnotes. The financial statements, footnotes and this discussion and analysis were prepared by the Foundation and are the responsibility of its management.

The Foundation

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

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

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

The Foundation's June 30, 2021 and 2020 financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board ("GASB"). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Highlights of Financial Operations

- **Operating Revenues and Expenses**

In fiscal year 2021, the Foundation continued adding and changing its portfolio mix with recommendations from Cambridge Associates, its investment consultant.

The Foundation's operating revenue for 2021 increased from the previous fiscal year. Operating revenue consists of administrative fees earned from the management of the endowments. The fee is determined based on the average quarterly balance of the endowment, which can fluctuate with contributions, endowment payouts, interest/dividends and realized and unrealized income earned. The Foundation also charges an additional fee to the endowments for external investment fees incurred. The Foundation reports investment return net, which includes interest, dividends, realized and unrealized gains (losses) and investment fees. The operational expenses for the year were \$1,006,763, which are primarily composed of the administrative cost for accounting services performed by the University Corporation, San Francisco State (the "Corporation"), Auxiliary Business Services unit, auditing services, legal, professional consultancy and salary reimbursement to the University for University staff, who manage the Foundation.

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

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

- **Non-Operating Revenue**

Non-operating revenue increased significantly in 2021 over the previous fiscal year by 1121%, due largely to the investment earnings.

During fiscal year 2021, the Foundation liquidated the remaining balance of its cryptocurrency gift. When the remaining balance was liquidated, the donor's total donation increased from \$25 million to \$27.5 million.

Permanent endowments increased in fiscal year 2021 by \$7,637,732 (8%), over fiscal year 2020. Transfers to the University Corporation decreased \$1,619,525 (30%) in fiscal year 2021. The transfers from the endowments are for scholarships, endowed chairs and other programs carried out by the Corporation. These transfers are in accordance with the Foundation's spending policy.

Financial Position

The statements of net position present the financial position of the Foundation at the end of fiscal years 2021 and 2020. The purpose of the statements of net position is to present to the readers of the financial statements a fiscal summary of the Foundation. From the data presented, the readers of the statements of net position are able to determine the assets available to continue the operations of the Foundation. The readers are also able to determine how much the Foundation owes its vendors as well as assessing other liabilities. Finally, the statements of net position provide an overview of the net position (assets and deferred outflows of resources, minus liabilities and deferred inflows of resources) and their availability for expenditures.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS – CONTINUED
(Unaudited)

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

Condensed Statements of Net Position - 2021, 2020, and 2019:

	2021	2020	2019
Assets:			
Current assets	\$ 31,560,949	\$ 40,178,462	\$ 55,712,111
Noncurrent assets	152,115,869	102,806,197	86,457,352
	<u>\$ 183,676,818</u>	<u>\$ 142,984,659</u>	<u>\$ 142,169,463</u>
Liabilities:			
Current liabilities	\$ 86,685	\$ 638,573	\$ 108,757
Deferred inflows of resources (Note 2)	<u>50,412</u>	<u>1,586,837</u>	<u>4,980,222</u>
Net position:			
Restricted net assets:			
Nonexpendable - endowments	\$ 97,930,186	\$ 90,292,454	\$ 85,538,381
Expendable - scholarships, fellowships and capital projects	70,228,160	39,045,067	44,778,289
Unrestricted net assets	<u>15,381,375</u>	<u>11,421,728</u>	<u>6,763,814</u>
	<u>183,539,721</u>	<u>140,759,249</u>	<u>137,080,484</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 183,676,818</u>	<u>\$ 142,984,659</u>	<u>\$ 142,169,463</u>

Assets

As of June 30, 2021, total assets increased \$40,692,159 (28%) when compared to the prior fiscal year. Current assets are comprised of cash and cash equivalents, short-term investments, accounts receivables, and other assets. Cash and cash equivalents increased \$346,304 (102%) over the prior fiscal year. The change is related to the Foundation receiving a few large deposits in June 2021 and maintaining a larger balance to cover year-end payments. Short-term investments decreased by \$8,965,880 (23%) in fiscal year 2021. The decrease in current Investments is related to the allocation of the Foundation investment holdings, which are based on the investment maturities at year-end. Accounts receivables increased \$7,372 (45%), due primarily to investment earnings timing difference, which will be resolved in July 2021. Receivables from related parties increased by \$19,690 (859%) during fiscal year 2021 compared to fiscal year 2020 due to timing differences where payment issued by the Corporation the last day of the fiscal year via ACH were not received by the Foundation until the following day in the new fiscal year. The Foundation's other assets in fiscal year 2021 decreased \$24,999 (24%) over the prior fiscal year. The decrease was mainly attributable to the Foundation receiving a refund of \$43,240 from the Internal Revenue Service, deposit for Unrelated Business Income Tax ("UBIT") on file.

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

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

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

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

Liabilities

As of June 30, 2021, total liabilities decreased \$551,888 (86%) when compared to the prior fiscal year. Liabilities are comprised of accounts payable, payable to San Francisco State University, payable to the University Corporation, SF State and other liabilities. Accounts payable a component of liabilities, at June 30, 2021 decreased by \$109,998 (99%). This was primarily due to implementing ACH processing during the year and processing payments in a timely manner for vendors outside of the campus. Payables to the University and the Corporation were also reduced during the fiscal year in comparison to the prior fiscal year. Implementing ACH payments into the accounts payable process also improved the timing of payments and deposits to the Foundation's related parties. Accounts payable process improvements is part of our ongoing efforts to better track payments between the related parties on campus.

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

Deferred inflows of resources was \$50,412 in fiscal year 2021, which decreased significantly over fiscal year 2020. The decrease was related to liquidating the remaining donation of XRP cryptocurrency related to the original \$25 million gift to College of Business. When the remaining XRP was liquidated, it yielded an additional \$2.5 million increasing the original donation of \$25 million to a total of \$27.5 million.

Deferred inflows of resources was \$1,586,837 in 2020 a substantial decrease over 2019. The decrease is related to liquidating the deferred inflow recorded the previous fiscal year and recording an additional donation of XRP cryptocurrency to make up the short fall related to the \$25 million blended gift to LAM Family College of Business received in fiscal year 2019.

The Foundation deferred inflows also includes a charitable annuity held by the CSU Foundation on behalf of the University. The charitable annuity held by the Foundation is \$50,412 and \$47,467 for fiscal years 2021 and 2020, respectively.

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

MANAGEMENT DISCUSSION AND ANALYSIS – CONTINUED
(Unaudited)

Net Position

The Foundation's net position for fiscal year 2021 is \$183,539,721, which is an increase of \$42,780,472 (30%) from the previous year. The overall increase is directly attributed to contributions received and investment earnings in fiscal year 2021.

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

Results of Operations

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

The detailed statements of revenues, expenses, and changes in net position for the years ended June 30, 2021 and 2020 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,:

	2021	2020	2019
Operating revenues (expenses):			
Revenues	\$ 3,696,281	\$ 2,331,079	\$ 2,034,434
Expenses	(1,006,442)	(1,157,642)	(1,158,863)
Operating income	2,689,839	1,173,437	875,571
Non-operating revenues (expenses):			
Contributions	1,613,671	2,314,254	10,106,627
Endowment management fees	(3,696,281)	(2,330,966)	(2,032,814)
Investment return, net	41,243,117	3,223,389	4,443,850
Additions to permanent endowments	5,490,430	4,752,582	36,420,769
Gains on sale of capital assets	3,645,661	-	-
Transfer from transitional funds	(2,107,135)	-	-
Transfer to the University	(2,264,424)	-	-
Transfer to the University Corporation, SF State	(3,834,406)	(5,453,931)	(3,512,179)
Total other non-operating revenues (expenses)	40,090,633	2,505,328	45,426,253
Change in net position	\$ 42,780,472	\$ 3,678,765	\$ 46,301,824

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

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

REVENUES

Operating Revenue

For the year, ended June 30, 2021, total operating revenue was \$3,696,281, which is an increase of \$1,365,315 (59%) from the prior year.

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

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.

OPERATING EXPENSES

Operating Expenses

Operating expenses are tied to the use of both restricted and unrestricted funds. Use of unrestricted operating funds are primarily for accounting services provided by the Corporation through its unit, Auxiliary Business Services, audit, consulting, legal and insurance expenses. The use of restricted operating funds is from the Foundation's administrative fees charged to the endowments. The expenses related to accounting services were approximately \$254,000 for fiscal years 2021 and 2020.

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 \$1,613,671 for fiscal year 2021 a decrease of \$700,583 (30%). Contributions were down in fiscal year 2020-2021 mainly due to the impact of the global pandemic. Contributions were \$2,314,254 for the 2020 fiscal year. Contributions decreased in fiscal year 2020 compared to fiscal year 2019 by \$7,792,373 (77%) mainly due to contributions decreasing overall in 2020 compared to and large gifts received in fiscal year 2019.

Investment Return

The Foundation investment portfolio performed well during year 2021 as investment earnings increased substantially over the previous fiscal year. Investment returns for fiscal year 2021 was \$41,243,117 an increase of \$38,019,728 (1179%) compared to last fiscal year. The Foundation portfolio consists of the endowment and green funds. For the endowment funds, stocks, in particular international stocks, was the top performing asset class returning 39%. Fixed Income was the weakest performing asset class, returning 2.8%. The green funds returned approximately 25% for the fiscal year.

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

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

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

The Foundation hired Cambridge Associates in 2018 as its new investment consultant. Cambridge Associates guides and reviews the Foundation's portfolio, continually looking at investment vehicles that will increase earnings, help reduce the Foundation's exposure to inflation, and keep its risks manageable. The Foundation's portfolio continues to align with policy benchmarks.

Other Additions and Transfers

Other Additions highlights contributions received for permanent endowments. There were a few large permanent endowments received which also included one large contribution that was transferred from a transitional holding fund. The final liquidation of XRP cryptocurrency, part of the Chris Larsen gift was one of the large additions to the permanent endowment for \$985,197. There was also a \$1,017,710 gift received from the Pierpont Estate.

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. During fiscal year 2021, \$3,834,406 was transferred to the Corporation to fund the spending accounts (related to the endowments) managed under the Corporation to provide scholarships, support department chairs, program supplies and reimbursed released time. The transfer to the Corporation in fiscal year 2021 decreased \$1,619,525 (30%) over the prior fiscal year. This is mainly attributable to approximately \$2 million transferred to the Corporation in fiscal year 2020, which was additional support outside of the authorized payout. During fiscal year 2021, there was a transfer to the University of \$2,264,424, which was the remaining funds in the capital funds for the Mashouf Wellness Center. These funds were applied toward campus cost associated with the construction of the Mashouf Wellness Center. In fiscal year 2021, the Foundation processed transfers from transitional accounts created to hold funds that are pending classification. All of the required documents for determining the purpose and correct classification of these transitional accounts were completed during fiscal year 2021 for five funds. The funds transferred out of the restricted expendable group to the permanent endowment was \$2,107,135.

The Foundation in fiscal year 2021 had gains from the sale of its intangible capital asset, which was the remaining cryptocurrency donation. The Foundation received a gain of \$3,645,661, which increased the total gift to \$5,185,031. The additional proceeds will increase the permanent endowment \$2,333,224 and temporary endowment of \$1,312,438.

SIGNIFICANT ITEMS

The Foundation delayed plans for a 5-year Strategic Plan in anticipation of a pending University-wide strategic planning process. Nonetheless, the Investment Committee of the Foundation has authorized the creation of an ad-hoc working group to review and update the existing investment policy statement (IPS) that will encompass the goals of our Socially Responsible Investment Policy, our Sustainable Investing Policy, and our Environmental, Social, and Corporate Governance (ESG) policy.

The Foundation spent much time in fiscal year 20-21 reexamining its structure and the financial role it should play in the campus's Advancement enterprise. After conducting a peer-review of comparable foundations at other CSUs and benchmarking our practices against what has proven most successful elsewhere, the Foundation will provide an annual subsidy of \$500,000 (plus annual increase for inflation) to University Advancement for operating expenses that include fundraising, communications, donor relations, gift processing and alumni engagement.

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

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

Additionally, we spent considerable time and energy in fiscal year 20-21 developing and digesting a post-campaign analysis for our BOLD Thinking campaign, in partnership with an outside consultant. Their findings provided numerous opportunities for us to examine areas of over- and under-performance relative to our pre-campaign feasibility plans and will directly inform our efforts to begin planning for our next comprehensive campaign. During the fiscal year, we began mobilizing for a “Catalyze the Future” campaign in support of equipment and programmatic support related to the Science Replacement Building whose construction has been funded by the CSU. With a provisional goal of \$20 million, we have developed campaign collateral and will begin cultivation discussions with promising donor prospects in the last month of the fiscal year.

The Foundation also provided \$50,000 in funding to support the Campaign for HOPE in FY 20-21, as the financial impact of the COVID-19 pandemic on students continued. The Campaign for HOPE focused on the immediate needs of students facing financial hardships, including food, housing, and technology insecurity. The Foundation will continue to assess how best to support the HOPE Fund in the coming fiscal year as new variants of the Covid-19 virus continue to emerge.

These potentially significant items may have financial impact for the Foundation in the coming fiscal year 2021-2022. We believe all other significant items have already been disclosed and they do not have a significant effect on future operations, or these effects have already been included in the current financial statements.

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

STATEMENTS OF NET POSITION

June 30,

	<u>2021</u>	<u>2020</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 684,643	\$ 338,339
Investments, unrestricted	14,659,483	11,600,091
Investments, restricted	16,092,889	28,118,161
Receivable from related parties	21,983	2,293
Accounts receivable	23,674	16,302
Other assets	<u>78,277</u>	<u>103,276</u>
Total current assets	<u>31,560,949</u>	<u>40,178,462</u>
Noncurrent assets:		
Investments, restricted	152,065,457	101,219,360
Pledge receivables, net	50,412	47,467
Capital assets	<u>-</u>	<u>1,539,370</u>
Total noncurrent assets	<u>152,115,869</u>	<u>102,806,197</u>
Total assets	183,676,818	142,984,659
Deferred outflows of resources (Note 2)	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u><u>\$ 183,676,818</u></u>	<u><u>\$ 142,984,659</u></u>
Liabilities		
Current liabilities:		
Accounts payable	\$ 430	\$ 110,428
Payable to San Francisco State University	15,589	415,426
Payable to the University Corporation, SF State	56,619	88,333
Other liabilities	<u>14,047</u>	<u>24,386</u>
Total current liabilities	<u>86,685</u>	<u>638,573</u>
Deferred inflows of resources (Note 2)	<u>50,412</u>	<u>1,586,837</u>
Net position:		
Restricted for:		
Nonexpendable - endowments	97,930,186	90,292,454
Expendable - scholarships, fellowships, capital projects	70,228,160	39,045,067
Unrestricted	<u>15,381,375</u>	<u>11,421,728</u>
Total net position	<u>183,539,721</u>	<u>140,759,249</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 183,676,818</u></u>	<u><u>\$ 142,984,659</u></u>

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

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

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Years ended June 30,

	<u>2021</u>	<u>2020</u>
Operating revenues:		
Administrative fees	\$ 3,696,281	\$ 2,330,966
Total operating revenues	<u>3,696,281</u>	<u>2,331,079</u>
Operating expenses:		
Management and general	<u>1,006,442</u>	<u>1,157,529</u>
Total operating expenses	<u>1,006,442</u>	<u>1,157,642</u>
Operating income, net	<u>2,689,839</u>	<u>1,173,437</u>
Nonoperating revenues (expenses):		
Contributions	1,613,671	2,314,254
Endowment management fees	(3,696,281)	(2,330,966)
Investment return, net	<u>41,243,117</u>	<u>3,223,389</u>
Net nonoperating revenues	<u>39,160,507</u>	<u>3,206,677</u>
Income before other additions and transfers	<u>41,850,346</u>	<u>4,380,114</u>
Other additions and transfers:		
Additions to permanent endowments	5,490,430	4,752,582
Transfers to the University Corporation, SF State	(3,834,406)	(5,453,931)
Transfer to the University	(2,264,424)	-
Transfers from transitional funds	(2,107,135)	-
Gains on sale of capital assets	<u>3,645,661</u>	<u>-</u>
Total other additions and transfers	<u>930,126</u>	<u>(701,349)</u>
Change in net position	42,780,472	3,678,765
Net position, beginning of year	<u>140,759,249</u>	<u>137,080,484</u>
Net position, end of year	<u>\$ 183,539,721</u>	<u>\$ 140,759,249</u>

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

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

STATEMENTS OF CASH FLOWS

Years ended June 30,

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Payments to suppliers	\$ (1,533,331)	\$ (841,234)
Net cash used in operating activities	<u>(1,533,331)</u>	<u>(841,234)</u>
Cash flows from noncapital financing activities:		
Donations received	3,430,534	1,573,013
Transfers to the University Corporation, SF State	(3,834,406)	(5,453,931)
Transfer to the University	<u>(2,264,424)</u>	<u>-</u>
Net cash used in noncapital financing activities	<u>(2,668,296)</u>	<u>(3,880,918)</u>
Cash flows from capital and related financing activities:		
Disposal of capital asset (intangible asset)	<u>5,185,031</u>	<u>4,996,796</u>
Net cash provided by capital and related financing activities	<u>5,185,031</u>	<u>4,996,796</u>
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	85,638,089	49,751,849
Purchase of investments	(94,612,904)	(51,704,383)
Investment income (loss)	<u>8,337,715</u>	<u>759,399</u>
Net cash used in investing activities	<u>(637,100)</u>	<u>(1,193,135)</u>
Net change in cash and cash equivalents	<u>346,304</u>	<u>(918,491)</u>
Cash and cash equivalents, beginning of year	<u>338,339</u>	<u>1,256,830</u>
Cash and cash equivalents, end of year	<u><u>\$ 684,643</u></u>	<u><u>\$ 338,339</u></u>
Reconciliation of operating income to net cash		
Flows provided by operating activities:		
Operating income	<u>\$ 2,689,839</u>	<u>\$ 1,173,437</u>
Adjustments to reconcile operating income to net cash flows used in operating activities:		
Changes in assets and liabilities:		
Other Assets	24,999	(68,000)
Accounts payable	(109,998)	(82,562)
Payable to San Francisco State University	(399,837)	415,426
Payable to the University Corporation, SF State	(31,714)	42,584
Other liabilities	(10,339)	8,847
Administrative fees	<u>(3,696,281)</u>	<u>(2,330,966)</u>
Total adjustments	<u>(4,223,170)</u>	<u>(2,014,671)</u>
Net cash provided by (used by) operating activities	<u><u>\$ (1,533,331)</u></u>	<u><u>\$ (841,234)</u></u>
Supplemental disclosures of cash flow activity:		
Noncash activity:		
Donations of stock received	\$ 69,970	\$ 232,466
Unrealized gain (loss)	\$ 32,925,036	\$ 2,344,926
Contributed intangible asset received	\$ -	\$ 1,602,908
Cash paid for income taxes	\$ -	\$ 68,000

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

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 1 - ORGANIZATION

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

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

The Foundation considers assets current when they can reasonably be expected, as part of its normal business operations, to be converted to cash and be available for liquidation of current liabilities within 12 months of the date of the statement of net position. Liabilities that reasonably can be expected, as part of the Foundation's normal business operations, to be liquidated within 12 months of the date of the statement of net position are considered to be current. All other assets and liabilities are considered noncurrent, with the exception of those amounts that are required to be reported as deferred outflows or inflows of resources. The Foundation follows GASB 63 and 65, which provide guidance for reporting deferred outflows of resources, deferred inflows of resources and net position in a statement of financial position and related disclosures. The standard defines deferred outflows or inflows of resources as transactions that result in the consumption or acquisition of net assets in one period that are applicable to future periods. At June 30, 2021 and 2020, the Foundation had transactions that met the definition of deferred inflows. At June 30, 2021 and 2020, the Foundation reported deferred inflows of \$50,412 and \$1,586,837 respectively, associated with the gifts received for which time requirements have not been met.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

- 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, 2021 and 2020, the Foundation maintains operating reserves of \$492,566 and \$420,494, respectively.

Cash and Cash Equivalents

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

Custodial credit risk - In the case of bank deposits, this is the risk that in the event of a bank failure, the Foundation's deposits may not be returned. The Foundation does not have a formal policy addressing custodial credit risk for its bank deposits. Although the Foundation is not a government agency, the financial institutions in which the Foundation makes its deposits have collateralized the deposits in accordance with Section 53601 et. Seq. of the California Government Code. Wells Fargo is a financial institution whereby the Federal Deposit Insurance Corporation ("FDIC") insures deposits. Deposits of more than the \$250,000 insured amount would be collateralized by the bank by pledging identifiable collateral according to statute. Periodically, as of and throughout the years ended June 30, 2021 and 2020, the Foundation maintained balances in excess of the federally insured limits.

Related-Party Receivables and Payables

Related-party receivables and payables include amounts due from and due to The University Corporation, San Francisco State (the "Corporation") and San Francisco State University. Accounts receivable are presented net of an allowance for uncollectible accounts. There is no allowance for uncollectible accounts at June 30, 2021 and 2020.

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 the fund managers determine valuations. Due to the inherent uncertainty of valuation of non-marketable and restricted investments, those estimated values may differ significantly from the values that would have been used had a ready market for the securities existed and the differences could be material. Additionally, these investments may have liquidity constraints, including lock up periods of a quarter or longer.

Capital Assets

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

**San Francisco State University Foundation
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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

The Foundation received an additional contribution in the form of XRP cryptocurrency to cover the shortfall of an original contribution in a prior fiscal year. At June 30, 2020, the Foundation had 8,751,390 units of XRP as an intangible asset. During fiscal year 2021, the Foundation liquidated 8,751,390 units of XRP for a realized value of \$5,185,031, which includes a gain of \$3,645,661. The gain on sale of capital assets is reflected in the non-operating revenues of the accompanying Statement of Revenues, Expenses and Change in Net Position. The Foundation had intangible assets with an estimated value of \$0 and \$1,539,370 at June 30, 2021 and 2020, respectively.

Endowment Investments

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

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

Revenue and Expenses

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

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

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

Use of Estimates

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

**San Francisco State University Foundation
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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 might generate income, which is taxable. The Foundation paid \$0 and \$38,241 for unrelated business income in fiscal year 2021 and 2020, respectively, due to Foundation's alternative investments. The statute of limitations for federal and California state purposes is generally three and four years, respectively.

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 can be accessed at the measurement date.

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

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

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

Deferred Inflows of Resources

In addition to liabilities, the statements of net position include a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and would only be recognized as an inflow of resources (revenue) at that time. The Foundation has one item that qualifies for reporting in this category. The deferred inflows from charitable gift annuities held by California State University Foundation make up the total items in this group.

Reclassifications

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

San Francisco State University Foundation
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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 3 - INVESTMENTS

Investments consists of the following as of June 30, 2021:

	Fair value	Maturities				
		<1 year	1 – 5 years	6 – 10 years	10+ years	Other
Local agency investment fund	\$ 9,921,886	\$ 9,921,886	\$ -	\$ -	\$ -	\$ -
Broker money market funds	4,687,229	4,687,229	-	-	-	-
Treasury securities	4,268,794	425,963	2,823,933	1,018,898	-	-
Municipal securities	2,778,953	196,447	1,459,786	1,122,720	-	-
Corporate debt securities	6,527,926	512,712	2,592,429	2,995,116	427,669	-
Foreign Issues	1,485,294	1,209,132	276,162	-	-	-
Mutual funds	12,345,030	12,345,030	-	-	-	-
Equity securities	1,450,334	1,450,334	-	-	-	-
REIT	3,639	3,639	-	-	-	-
Alternative investments	139,348,744	-	-	-	-	139,348,744
	<u>\$ 182,817,829</u>	<u>\$ 30,752,372</u>	<u>\$ 7,152,310</u>	<u>\$ 5,136,734</u>	<u>\$ 427,669</u>	<u>\$ 139,348,744</u>

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

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

Investment return for the years ended June 30, 2021 and 2020 consists of the following:

	2021	2020
Interest and dividends	\$ 1,000,156	\$ 1,464,815
Realized and unrealized gains	42,064,680	2,442,403
Management fees	(1,821,719)	(683,829)
	<u>\$ 41,243,117</u>	<u>\$ 3,223,389</u>

Interest rate risk - The Foundation mitigates its interest rate risk with 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
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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 3 – INVESTMENTS (CONTINUED)

Credit risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to repay the debt security when due. The Foundation's investment policy provides that the fund will be diversified both by asset class (e.g., stocks and bonds) and within asset classes (e.g., within stocks by economic sector, quality, and market capitalization). The purpose of diversification is to enhance prospective returns, lower the volatility of the overall assets, and provide reasonable assurance that no single security or class of securities will have a disproportionate impact on the total portfolio. Federal agency issues, bond funds (bond index funds and intermediate term funds), and money market funds do not have a rating provided by a nationally recognized statistical rating organization.

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

Custodial credit risk – Custodial credit risk represents the risk that, in the event of failure of counterparty, the Foundation will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. US Bank is insured by SIPC for securities and cash in the event of broker-dealer failure. SIPC provides up to \$500,000 of a customer's portfolio, with \$250,000 limit for cash. Excess coverage covers some additional assets after SIPC coverage is exhausted. The Foundation does not have a formal policy covering custodial credit risk for its investments.

Local Agency Investment Fund

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

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

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

San Francisco State University Foundation
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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 4 - FAIR VALUE MEASUREMENT

At June 30, 2021 and 2020, the Foundation's investments consist of the following assets, which are classified by level within the valuation hierarchy on a recurring basis at June 30:

	2021				
	Level 1	Level 2	Level 3	NAV	Total
Cash and Money Market	\$ 4,687,229	\$ -	\$ -	\$ -	\$ 4,687,229
Local agency investment fund	-	-	-	9,921,886	9,921,886
Treasury securities	4,268,794	-	-	-	4,268,794
Municipal securities	-	2,778,953	-	-	2,778,953
Corporate debt securities	-	6,527,926	-	-	6,527,926
Foreign Issues	1,485,294	-	-	-	1,485,294
Mutual funds	12,345,030	-	-	-	12,345,030
Equity securities	1,450,334	-	-	-	1,450,334
REITS	3,639	-	-	-	3,639
Alternative Investments	-	-	-	139,348,744	139,348,744
	<u>\$ 24,240,320</u>	<u>\$ 9,306,879</u>	<u>\$ -</u>	<u>\$ 149,270,630</u>	<u>\$ 182,817,829</u>

	2020				
	Level 1	Level 2	Level 3	NAV	Total
Cash and Money Market	\$ 3,410,241	\$ -	\$ -	\$ -	\$ 3,410,241
Local agency investment fund	-	-	-	11,910,963	11,910,963
Treasury securities	2,901,469	-	-	-	2,901,469
Municipal securities	-	2,322,265	-	-	2,322,265
Corporate debt securities	4,743,737	760,976	-	-	5,504,713
Mutual funds	21,910,593	-	-	-	21,910,593
Equity securities	2,223,893	-	-	-	2,223,893
REITS	6,977	-	-	-	6,977
Alternative Investments	-	-	-	90,746,498	90,746,498
	<u>\$ 35,196,910</u>	<u>\$ 3,083,241</u>	<u>\$ -</u>	<u>\$ 102,657,461</u>	<u>\$ 140,937,612</u>

Alternative Investments Measured at NAV

	Fair Value	Unfunded Commitments	Lock-up	Redemption Frequency (If Currently Eligible)
Equity long/short hedge funds	\$ 954,065	-	N/A	25% Calendar Quarter
Hedge funds	67,894,537	-	N/A	50% semi-annually-Daily
Private equity	5,656,700	8,499,318	N/A	25% Calendar Quarter
Global opportunities hedge funds	319,735	-	N/A	Every 36 months on Fiscal Year End on or after Anniversary
Multi-strategy hedge funds	3,835,270	-	30 months	50% semi-annually June/Dec
Private equity/real estate funds	1,326,570	-	N/A	Not redeemable
Commingled fund	55,245,400	-	180 days	Monthly-Daily
Open-ended mutual fund	4,116,467	-	N/A	Daily
Total alternative investments measured at NAV	<u>\$139,348,744</u>			

**San Francisco State University Foundation
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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 4 - FAIR VALUE MEASUREMENT (CONTINUED)

Alternative Investments Measured at NAV (Continued)

1. Equity long/short hedge funds. This type includes investments in small cap public companies as a long term and value-added shareholder. This hedge fund invest in both long and short in U.S. common stocks. The fair value for of the investments in this type have been determined using the NAV per share of the investments.
2. Hedge funds. This type of investment vehicle includes 16 hedge funds. These funds invest primarily in securities emerging markets, international equity, global equity, and fixed income. The fair values of the investments have been determined using NAV per share (or its equivalent) of the investments. The Gaoling Feeder Fund LTD, one of the investments, valued at \$3,836,753, can be redeemed in part 50% semi-annually in June and December. Gaoling has 20 months remaining for the lock-up period. Weatherlow Offshore Fund – ClassIIA, valued at \$1,754,505, has 30 months remaining for the lock-up period. The redemption period for Weatherlow is quarterly after the 3-year anniversary.
3. Private equities. This type includes eleven private equity funds that invests in technology and healthcare; investment fund interest with underlying strategy in growth equity, venture capital, infrastructure, distressed debt and hedge funds; established and emerging global venture capital funds; and renewable energy and closely related companies or assets, which represent the largest exposure. The nature of the investment in this type is that distributions are received through the liquidation of the underlying assets of the fund.
4. Global opportunities hedge funds. This type includes one hedge fund that hold investments securities in multi-strategy, equity long and short and distressed in the US and foreign issuers. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investments. The value of the investment, valued at \$319,735 can redeem all or part of its initial or additional investment, every 36 months on fiscal year-end on or after the anniversary.
5. Multi-strategy hedge funds. This type of investment vehicle includes one hedge fund that pursues multiple strategies to diversity risks and reduce volatility, which includes credit, long/short equity, merger arbitrage, real estate-related and direct investments. Invests globally in emerging and developed markets. The fair values of the investments in this type have been determined using the NAV per share (or equivalent) of the investments. Investments can be redeemed 50% semi-annually in June and December and requires a 60-day redemption notice.
6. Private equity/real estate funds. This type includes three real estate funds that invest in the U.S. residential and commercial real estate. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital. These investments can never be redeemed with the funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated. One of the funds has been liquidated but 5% was held back.
7. Commingled funds. This type includes eight funds consisting of assets from blended accounts, which invest in long/short equity. The underlining investments are invested in US stocks, global stocks, international stocks and emerging market stocks. The majority of the funds can be redeemed monthly.
8. Open-ended mutual fund. This type includes one fund consisting of diversified portfolio mutual funds. The funds invest in clean energy, agriculture, and copper. The fair values for this investment type have been determined by the portfolio's NAV daily.

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 5 - ENDOWMENTS

Changes in the endowment net position for year ended June 30, 2021 were as follows:

	Restricted net assets		
	Nonexpendable	Expendable	Total
Account balances as of July 1, 2020 (as restated)	\$ 90,292,454	\$ 39,045,067	\$ 129,337,521
Contributions and donations	3,197,374	1,381,970	4,579,344
Investment income, net	-	39,981,911	39,981,911
Transfer to Ucorp	-	(3,714,291)	(3,714,291)
Transfer to University	-	(2,264,424)	(2,264,424)
Transfers-transitional	2,107,135	(2,107,135)	-
Gains on sales of capital assets	2,333,223	1,312,438	3,645,661
Endowment Mgmt Fee	-	(3,407,376)	(3,407,376)
Account balances as of June 30, 2021	<u>\$ 97,930,186</u>	<u>\$ 70,228,160</u>	<u>\$ 168,158,346</u>

Changes in the endowment net position for year ended June 30, 2020 were as follows:

	Restricted net assets		
	Nonexpendable	Expendable	Total
Account balances as of July 1, 2019 (as restated)	\$ 85,538,381	\$ 44,778,289	\$ 130,316,670
Contributions and donations	4,752,582	(2,097,050)	2,655,532
Investment income, net	2,739,969	735,888	3,475,857
Transfer to Ucorp	(2,526,072)	(2,486,309)	(5,012,381)
Transfers	1,393,772	(1,393,874)	(102)
Endowment Mgmt Fee	(1,606,178)	(491,877)	(2,098,055)
Account balances as of June 30, 2020	<u>\$ 90,292,454</u>	<u>\$ 39,045,067</u>	<u>\$ 129,337,521</u>

The Foundation's endowment policy during fiscal years 2021 and 2020 allowed up to a 4% annual payout based on the quarterly average daily balance of the fund. The 4% annual payout was not changed during the year and disbursements were allowed. The Foundation had endowment funds underwater in the amount of \$13,697 and \$176,520 at June 30, 2021 and 2020, respectively. Underwater is defined as the current endowment value of an endowment gift being less than the value of the original endowment gift.

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 6 - RELATED PARTIES

During the years ended June 30, 2021 and 2020, the Foundation paid \$3,170,503 and \$136,844, respectively, to the University for reimbursements and funding for salary reimbursements, cost allocation, and other expense reimbursements. The total paid includes \$2,264,424 for funds transferred to the University for the Mashouf Wellness Center. During the years ended June 30, 2021 and 2020, the Foundation received \$0 and \$26,682 from the University, respectively.

At June 30, 2021 and 2020, the Foundation recorded payables to the University totaling \$15,589 and \$415,426, respectively.

During the years ended June 30, 2021 and 2020, the Foundation paid \$4,285,697 and \$5,995,175, 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 \$3,834,406 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 \$522,218 and \$107,900 to the Foundation in 2021 and 2020, respectively.

At June 30, 2021 and 2020, the Foundation recorded receivables from the Corporation totaling \$21,983 and \$2,293, respectively.

At June 30, 2021 and 2020, the Foundation recorded payables to the Corporation totaling \$56,619 and \$88,333, respectively.

NOTE 7 - RISK FINANCING ACTIVITIES

The Foundation is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Foundation carries commercial insurance. The Foundation has not had any significant reduction in insurance coverage, and there have been no claims in excess of coverage in any of the past three years.

NOTE 8 - LITIGATION

From time to time, the Foundation is subject to various claims and legal proceedings covering a range of matters that arise in the ordinary course of its business activities. In the opinion of management, although 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 \$3,696,281 and \$2,330,966 were earned by the Foundation during the years ended June 30, 2021 and 2020, respectively. The Foundation administrative fee charged for fiscal year 2021 includes \$1,821,719 recouped to offset investment management fees. In fiscal year 2020, the Foundation earned \$683,829 to offset investment management fees.

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 10 - CAPITAL ASSETS

The following is a roll-forward schedule of capital assets for the year ended June 30, 2021:

	<u>June 30, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Transfers</u>	<u>June 30, 2021</u>
Capital assets not being depreciated:					
Intangible assets	\$ 1,539,370	\$ -	\$ (1,539,370)	\$ -	\$ -

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

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

NOTE 11 – SUBSEQUENT EVENTS

The Foundation has reviewed its financial statements for all subsequent events through September 17, 2021, the date the financial statements were issued. The Foundation will be implementing a new financial software, Fundriver in fiscal year 2021 - 2022. Fundriver is an endowment accounting software that will fully automate the distribution, allocation of investment earnings, increased ownership share in the endowment pool with new contributions and overall endowment stewardship.

Management continues to evaluate the ongoing impact of the COVID-19 pandemic as new variants emerge on higher education and its own operations. Ongoing concerns over the COVID-19 virus could have an impact on the fair value of the Foundation's investments and contribution revenue. The beginning of the outbreak of COVID-19, the markets were significantly volatile. In fiscal year 2021, the Foundation's investments experience tremendous growth up over 20% with continued optimism related to the vaccine. Contribution revenue increased overall in 2021 with donors still providing support to the campus. The specific impact of COVID-19 on these two revenue sources is not readily determinable as the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of
San Francisco State University Foundation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of San Francisco State University Foundation (Component Unit of San Francisco State University) (the Foundation), which comprise the statement of net position as of June 30, 2021, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 17, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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*.

Purpose of this Report

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 communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Windes, Inc.".

Long Beach, California
September 17, 2021

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

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021**

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

The auditors’ report expressed an unmodified opinion on whether the financial statements of San Francisco State University Foundation were prepared in accordance with generally accepted accounting principles.

Internal control over financial reporting

1. Material weakness(es) identified? – None reported
2. Significant deficiencies identified? – None reported
3. Noncompliance material to financial statements noted? – No

SECTION II – FINDINGS - FINANCIAL STATEMENTS AUDIT

None reported

SECTION III – STATUS OF CORRECTIVE ACTION ON PRIOR-YEAR FINDINGS

2020-001 – Accounting for Earnings on Permanent Endowments

Finding: During the fiscal year 2020 audit, it was noted that the Foundation was accumulating earnings on permanent endowments in restricted nonexpendable net assets, when it should have accumulated such earnings in restricted expendable net assets.

The above finding was initially made in the year ended June 30, 2020 and was satisfactorily addressed and resolved during the year ended June 30, 2021.

SAN FRANCISCO STATE UNIVERSITY FOUNDATION

SUPPLEMENTARY FINANCIAL INFORMATION

SCHEDULE OF NET POSITION

JUNE 30, 2021

(for inclusion in the California State University)

Assets:

Current assets:

Cash and cash equivalents	\$ 684,643
Short-term investments	30,752,372
Accounts receivable, net	45,657
Capital lease receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	78,277
Total current assets	<u>31,560,949</u>

Noncurrent assets:

Restricted cash and cash equivalents	-
Accounts receivable, net	-
Capital lease receivable, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	50,412
Endowment investments	152,065,457
Other long-term investments	-
Capital assets, net	-
Other assets	-
Total noncurrent assets	<u>152,115,869</u>
Total assets	<u>183,676,818</u>

Deferred outflows of resources:

Unamortized loss on debt refunding	-
Net pension liability	-
Net OPEB liability	-
Others	-
Total deferred outflows of resources	<u>-</u>

See Independent Auditors' Report

SAN FRANCISCO STATE UNIVERSITY FOUNDATION

SUPPLEMENTARY FINANCIAL INFORMATION

SCHEDULE OF NET POSITION

JUNE 30, 2021

(for inclusion in the California State University)

(Continued)

Liabilities:

Current liabilities:

Accounts payable	72,638
Accrued salaries and benefits	-
Accrued compensated absences, current portion	-
Unearned revenues	-
Capital lease obligations, current portion	-
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	14,047
Total current liabilities	<u>86,685</u>

Noncurrent liabilities:

Accrued compensated absences, net of current portion	-
Unearned revenues	-
Grants refundable	-
Capital lease obligations, net of current portion	-
Long-term debt obligations, net of current portion	-
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Net other postemployment benefits liability	-
Net pension liability	-
Other liabilities	-
Total noncurrent liabilities	<u>-</u>
Total liabilities	<u>86,685</u>

Deferred inflows of resources:

Service concession arrangements	-
Net pension liability	-
Net OPEB liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	50,412
Others	-
Total deferred inflows of resources	<u>50,412</u>

Net position:

Net investment in capital assets	-
Restricted for:	
Nonexpendable – endowments	97,930,186
Expendable:	
Scholarships and fellowships	68,202,062
Research	-
Loans	-
Capital projects	2,026,098
Debt service	-
Others	-
Unrestricted	<u>15,381,375</u>

Total net position	<u>\$ 183,539,721</u>
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SAN FRANCISCO STATE UNIVERSITY FOUNDATION

**SUPPLEMENTARY FINANCIAL INFORMATION
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
JUNE 30, 2021
(for inclusion in the California State University)**

Revenues:

Operating revenues:

Student tuition and fees, gross	\$ -
Scholarship allowances (enter as negative)	-
Grants and contracts, noncapital:	
Federal	-
State	-
Local	-
Nongovernmental	-
Sales and services of educational activities	-
Sales and services of auxiliary enterprises, gross	-
Scholarship allowances (enter as negative)	-
Other operating revenues	<u>3,696,281</u>
Total operating revenues	<u>3,696,281</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	1,006,442
Depreciation and amortization	<u>-</u>
Total operating expenses	<u>1,006,442</u>
Operating income (loss)	<u>2,689,839</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	1,613,671
Investment income (loss), net	41,243,117
Endowment income (loss), net	-
Interest expense	-
Other nonoperating revenues (expenses) - excl. interagency transfers	<u>(8,256,585)</u>
Net nonoperating revenues (expenses)	<u>34,600,203</u>

See Independent Auditors' Report

SAN FRANCISCO STATE UNIVERSITY FOUNDATION

SUPPLEMENTARY FINANCIAL INFORMATION
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
JUNE 30, 2021
(for inclusion in the California State University)
(Continued)

Income (loss) before other revenues (expenses)	<u>37,290,042</u>
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	<u>5,490,430</u>
Increase (decrease) in net position	<u>42,780,472</u>
Net position:	
Net position at beginning of year, as previously reported	140,759,249
Restatements	-
Net position at beginning of year, as restated	<u>140,759,249</u>
Net position at end of year	<u><u>\$ 183,539,721</u></u>

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SAN FRANCISCO STATE UNIVERSITY FOUNDATION

SUPPLEMENTARY FINANCIAL INFORMATION OTHER INFORMATION

JUNE 30, 2021

(for inclusion in the California State University)

(Continued)

1. CASH AND CASH EQUIVALENTS:

Portion of restricted cash and cash equivalents related to endowments	\$ -
All other restricted cash and cash equivalents	-
Noncurrent restricted cash and cash equivalents	-
Current cash and cash equivalents	684,643
Total	<u><u>\$ 684,643</u></u>

2.1. COMPOSITION OF INVESTMENTS:

Investment Type	Current	Noncurrent	Total
Money Market funds	\$ 4,687,229	\$ -	\$ 4,687,229
Repurchase agreements	-	-	-
Certificates of deposit	-	-	-
U.S. agency securities	-	-	-
U.S. treasury securities	425,963	3,842,831	4,268,794
Municipal bonds	196,447	2,582,506	2,778,953
Corporate bonds	512,712	6,015,214	6,527,926
Asset backed securities	-	-	-
Mortgage backed securities	-	-	-
Commercial paper	-	-	-
Mutual funds	12,345,030	-	12,345,030
Exchange traded funds	-	-	-
Equity securities	1,450,334	-	1,450,334
Alternative investments:			
Private equity (including limited partnerships)	-	-	-
Hedge funds	-	-	-
Managed futures	-	-	-
Real estate investments (including REITs)	-	-	-
Commodities	-	-	-
Derivatives	-	-	-
Other alternative investment types	-	139,348,744	139,348,744
Other external investment pools	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	-	-	-
State of California Local Agency Investment Fund (LAIF)	9,921,886	-	9,921,886
State of California Surplus Money Investment Fund (SMIF)	-	-	-
Other investments	-	-	-
Foreign issues	1,209,132	276,162	1,485,294
REIT	3,639	-	3,639
Total other investments	<u>1,212,771</u>	<u>276,162</u>	<u>1,488,933</u>
Total investments	<u>30,752,372</u>	<u>152,065,457</u>	<u>182,817,829</u>
Less endowment investments	<u>-</u>	<u>(152,065,457)</u>	<u>(152,065,457)</u>
Total investments, net of endowments	<u><u>\$ 30,752,372</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 30,752,372</u></u>

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SAN FRANCISCO STATE UNIVERSITY FOUNDATION

SUPPLEMENTARY FINANCIAL INFORMATION

OTHER INFORMATION

JUNE 30, 2021

(for inclusion in the California State University)

(Continued)

2.2 FAIR VALUE HIERARCHY IN INVESTMENTS:

Investment Type	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)	
Money Market funds	\$ 4,687,229	\$ 4,687,229	\$ -	\$ -	\$ -
Repurchase agreements	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
U.S. agency securities	-	-	-	-	-
U.S. treasury securities	4,268,794	4,268,794	-	-	-
Municipal bonds	2,778,953	-	2,778,953	-	-
Corporate bonds	6,527,926	-	6,527,926	-	-
Asset-backed securities	-	-	-	-	-
Mortgage-backed securities	-	-	-	-	-
Commercial paper	-	-	-	-	-
Mutual funds	12,345,030	12,345,030	-	-	-
Exchange-traded funds	-	-	-	-	-
Equity securities	1,450,334	1,450,334	-	-	-
Alternative investments:					
Private equity (including limited partnerships)	-	-	-	-	-
Hedge funds	-	-	-	-	-
Managed futures	-	-	-	-	-
Real estate investments (including REITs)	-	-	-	-	-
Commodities	-	-	-	-	-
Derivatives	-	-	-	-	-
Other alternative investment types	139,348,744	-	-	-	139,348,744
Other external investment pools	-	-	-	-	-
CSU consolidated investment pool (formerly SWIFT)	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	9,921,886	-	-	-	9,921,886
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-
Other investments	-	-	-	-	-
Foreign issues	1,485,294	1,485,294	-	-	-
REIT	3,639	3,639	-	-	-
Other investments	1,488,933	1,488,933	-	-	-
Total investments	<u>\$ 182,817,829</u>	<u>\$ 24,240,320</u>	<u>\$ 9,306,879</u>	<u>\$ -</u>	<u>\$ 149,270,630</u>

2.3 INVESTMENTS HELD BY THE UNIVERSITY UNDER CONTRACTUAL AGREEMENTS:

	Current	Noncurrent	Total
Investments held by the University under contractual agreements (e.g. CSU Consolidated SWIFT Inv Pool)	\$ -	\$ -	\$ -
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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SAN FRANCISCO STATE UNIVERSITY FOUNDATION

SUPPLEMENTARY FINANCIAL INFORMATION OTHER INFORMATION

JUNE 30, 2021

(for inclusion in the California State University)

(Continued)

3.1. COMPOSITION OF CAPITAL ASSETS:

	Balance June 30, 2020	Reclassifications	Prior-Period Adjustments	Balance June 30, 2020 (Restated)	Additions	Retirements	Transfers of Completed CWIP/PWIP	Balance June 30, 2021
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	-	-	-	-	-	-	-	-
Intangible assets in progress (PWIP)	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets								
Cryptocurrency	1,539,370	-	-	1,539,370	-	(1,539,370)	-	-
Total other intangible assets	1,539,370	-	-	1,539,370	-	(1,539,370)	-	-
Total intangible assets	1,539,370	-	-	1,539,370	-	(1,539,370)	-	-
Total nondepreciable/nonamortizable capital assets	1,539,370	-	-	1,539,370	-	(1,539,370)	-	-
Depreciable/amortizable capital assets:								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-
Personal property:								
Equipment	-	-	-	-	-	-	-	-
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	-	-	-	-	-	-	-	-
Total capital assets	1,539,370	-	-	1,539,370	-	(1,539,370)	-	-
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	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-
Total capital assets, net	\$ 1,539,370	\$ -	\$ -	\$ 1,539,370	\$ -	\$ (1,539,370)	\$ -	\$ -

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SAN FRANCISCO STATE UNIVERSITY FOUNDATION

SUPPLEMENTARY FINANCIAL INFORMATION OTHER INFORMATION

JUNE 30, 2021

**(for inclusion in the California State University)
(Continued)**

3.2 DETAIL OF DEPRECIATION AND AMORTIZATION EXPENSE:

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

4. LONG-TERM LIABILITIES:

	Balance June 30, 2020	Prior-Period Adjustments Reclassifications	Balance June 30, 2020 (Restated)	Additions	Reductions	Balance June 30, 2021	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2. Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-
3. Capitalized lease obligations:								
Gross balance	-	-	-	-	-	-	-	-
Unamortized premium/(discount)	<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>
4. Long-term debt obligations:								
4.1 Auxiliary revenue bonds (non-SRB relat	-	-	-	-	-	-	-	-
4.2 Commercial Paper	-	-	-	-	-	-	-	-
4.3 Note payable (SRB related)	-	-	-	-	-	-	-	-
4.4 Others:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total others	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Sub-total long-term debt obligations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unamortized net bond premium/(discount)	<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>
Total long-term liabilities	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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SAN FRANCISCO STATE UNIVERSITY FOUNDATION

SUPPLEMENTARY FINANCIAL INFORMATION OTHER INFORMATION

JUNE 30, 2021

(for inclusion in the California State University)

(Continued)

5. CAPITALIZED LEASE OBLIGATIONS SCHEDULE:

Year Ending June 30,	Capitalized Lease Obligations Related to SRB			All Other Long-Term Lease Obligations			Total Capital Lease Obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
2027-2031	-	-	-	-	-	-	-	-	-
2032-2036	-	-	-	-	-	-	-	-	-
2037-2041	-	-	-	-	-	-	-	-	-
2042-2046	-	-	-	-	-	-	-	-	-
2047-2051	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total Minimum Lease Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Less amounts representing interest									-
Present value of future minimum payments									-
Unamortized net premium (discount)									-
Total capital lease obligations									-
Less current portion									-
Capital lease obligations, net of current portion									\$ -

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6. LONG-TERM DEBT OBLIGATIONS SCHEDULE:

Year Ending June 30,	Auxiliary Revenue Bonds (non-SRB related)			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
2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
2027-2031	-	-	-	-	-	-	-	-	-
2032-2036	-	-	-	-	-	-	-	-	-
2037-2041	-	-	-	-	-	-	-	-	-
2042-2046	-	-	-	-	-	-	-	-	-
2047-2051	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total Minimum Payment	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
Less amounts representing interest									-
Present value of future minimum payments									-
Unamortized net premium (discount)									-
Total long-term debt obligations									-
Less current portion									-
Long-term debt obligations, net of current portion									<u>\$ -</u>

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7. TRANSACTIONS WITH RELATED ENTITIES

	<u>Amount</u>
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 570,189
Payments to University for other than salaries of University personnel	\$ 335,590
Payments received from University for services, space, and programs	\$ -
Gifts-in-kind to the University from discretely presented component units	\$ -
Gifts (cash or assets) to the University from discretely presented component units	\$ 2,264,724
Accounts (payable to) University	\$ (15,589)
Other amounts (payable to) University	\$ -
Accounts receivable from University	\$ -
Other amounts receivable from University	\$ -

8. RESTATEMENTS/PRIOR-PERIOD ADJUSTMENTS

Intentionally left blank - no restatements/prior-period adjustments

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9. NATURAL CLASSIFICATIONS OF OPERATING EXPENSES:

	<u>Salaries</u>	<u>Benefits- Other</u>	<u>Benefits- Pension</u>	<u>Benefits- OPEB</u>	<u>Scholarships and Fellowships</u>	<u>Supplies and Other Services</u>	<u>Depreciation and Amortization</u>	<u>Total Operating Expenses</u>
Instruction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Research	-	-	-	-	-	-	-	-
Public service	-	-	-	-	-	-	-	-
Academic support	-	-	-	-	-	-	-	-
Student services	-	-	-	-	-	-	-	-
Institutional support	-	-	-	-	-	-	-	-
Operation and maintenance of plant	-	-	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	-	-	-	-
Auxiliary enterprise expenses	-	-	-	-	-	1,006,442	-	1,006,442
Depreciation and amortization	-	-	-	-	-	-	-	-
Total Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,006,442</u>	<u>\$ -</u>	<u>\$ 1,006,442</u>

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10. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

1. Deferred outflows of resources

Deferred outflows - unamortized loss on refunding(s)	\$	-
Deferred outflows - net pension liability		-
Deferred outflows - net OPEB liability		-
Deferred outflows - others		-
Sales/intra-entity transfers of future revenues		-
Gain/loss on sale leaseback		-
Loan origination fees and costs		-
Change in fair value of hedging derivative instrument		-
Irrevocable split-interest agreements		-
Total deferred outflows - others		-

Total deferred outflows of resources

\$ -

2. Deferred inflows of resources

Deferred inflows - service concession arrangements	\$	-
Deferred inflows - net pension liability		-
Deferred inflows - net OPEB liability		-
Deferred inflows - unamortized gain on debt refunding(s)		-
Deferred inflows - nonexchange transactions		50,412
Deferred inflows - other		-
Sales/intra-entity transfers of future revenues		-
Gain/loss on sale leaseback		-
Loan origination fees and costs		-
Change in fair value of hedging derivative instrument		-
Irrevocable split-interest agreements		-
Total deferred inflows - others		-

Total deferred inflows of resources

\$ 50,412

11. OTHER NONOPERATING REVENUES (EXPENSE)

Other nonoperating revenues	\$	3,645,661
Other nonoperating (expenses)		(11,902,246)

Total other nonoperating revenues (expenses)

\$ (8,256,585)

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