

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

FINANCIAL STATEMENTS

June 30, 2022 and 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
San Francisco State University Foundation

Opinion

We have audited the accompanying financial statements of San Francisco State University Foundation (Component Unit of San Francisco State University) (the Foundation), which comprise the statements of net position as of June 30, 2022 and 2021, and the related statements of revenue, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2022 and 2021, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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 4-11 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying supplemental informational schedules on pages 29-42 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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, including comparing and reconciling such 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 supplemental informational schedules are fairly stated, in all material respects, in relation to the basic 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 23, 2022 on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.



Long Beach, California
September 23, 2022

**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, 2022 and 2021.

The Foundation presents its management discussion and analysis for fiscal year 2022, with comparative data presented for fiscal years 2021 and 2020. The emphasis of the discussions concerning these statements will be on the fiscal years ended June 30, 2022 and 2021. There are three financial statements presented: the statements of net position; the statements of revenues, expenses, and changes in net position; and the statements 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 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, 2022 and 2021 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 2022, the Foundation continued adding and changing its portfolio mix based on recommendations and review from Cambridge Associates, its investment consultant. During the fiscal year, the Foundation added eight new alternative investments to its portfolio.

The Foundation's operating revenue for 2022 decreased from the previous fiscal year. Operating revenue consists of administrative fees earned from the management of the endowments. There was a change in fiscal year 2022 due to implementing an endowment management software Fundriver. The fee is determined based on the average unitized quarterly balance of the endowment, which can fluctuate with contributions, endowment payouts, interest/dividends and realized and unrealized income earned. 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 \$1,122,396, 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 decreased significantly in 2022 over the previous fiscal year by 152%, due primarily to the investment loss.

Additions to permanent endowments decreased in fiscal year 2022 by \$4,048,831 (74%), over fiscal year 2021. Transfers to the University Corporation increased \$573,128 (15%) in fiscal year 2022. 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 2022 and 2021. 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 can 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 Net Position, 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 Net Position 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 - 2022, 2021, and 2020:

	2022	2021	2020
Assets:			
Current assets	\$ 24,901,356	\$ 31,560,949	\$ 40,178,462
Noncurrent assets	135,430,282	152,115,869	102,806,197
 Total assets	 <u>\$ 160,331,638</u>	 <u>\$ 183,676,818</u>	 <u>\$ 142,984,659</u>
Liabilities:			
Current liabilities	\$ 166,088	\$ 86,685	\$ 638,573
 Deferred inflows of resources (Note 2)	 <u>48,356</u>	 <u>50,412</u>	 <u>1,586,837</u>
Net position:			
Restricted net position:			
Nonexpendable - endowments	\$ 107,728,960	\$ 97,930,186	\$ 90,292,454
Expendable - scholarships, fellowships, capital projects, Quasi endowments	45,092,108	70,228,160	39,045,067
Unrestricted net position	<u>7,296,126</u>	<u>15,381,375</u>	<u>11,421,728</u>
 Total net position	 <u>160,117,194</u>	 <u>183,539,721</u>	 <u>140,759,249</u>
 Total liabilities, deferred inflows of resources, and net position	 <u>\$ 160,331,638</u>	 <u>\$ 183,676,818</u>	 <u>\$ 142,984,659</u>

Assets

As of June 30, 2022, current assets decreased \$6,659,593 (21%) when compared to the prior fiscal year. Current assets are comprised of cash and cash equivalents, short-term investments, accounts receivable, and other assets. Cash and cash equivalents increased \$ 70,327(10%) over the prior fiscal year. The change is related to the Foundation receiving a large transfer from its Local Investment Agency Fund (LAIF) account on June 30, 2022 to cover year-end ACH and check payments. Short-term investments decreased by \$6,691,626 (22%) in fiscal year 2022. The decrease in current Investments is related to the pull back in the market and allocation of Foundation investment holdings, which are based on the investment maturities at year-end. Accounts receivable decreased \$7,017 (30%) and from related parties which decreased by \$10,595 (48%) during fiscal year 2022 compared to fiscal year 2021 due to processing payments quicker using ACH (the Foundation continues to process payments via ACH, when possible). The Foundation's other assets in fiscal year 2022 decreased \$20,682 (26%) over the prior fiscal year. The decrease was attributable to the Foundation recognizing a tax liability of \$20,635 for Unrelated Business Income Tax ("UBIT") in fiscal year 2022.

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

MANAGEMENT DISCUSSION AND ANALYSIS – CONTINUED
(Unaudited)

As of June 30, 2021, total assets increased to \$40,692,159 (28%) when compared to the prior fiscal year. Current assets are comprised of cash and cash equivalents, short-term investments, accounts receivable, 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 July 2021. Receivables from related parties increased by \$19,690 (859%) during fiscal year 2021 compared to fiscal year 2020 due to timing differences, payments were issued by the Corporation the last day of the fiscal year via ACH and not received by the Foundation until the following day in the new fiscal. 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.

The Foundation and the Corporation are auxiliaries of San Francisco State University, that have an ongoing relationship where the entities transfer funds between the two organizations throughout the year. The Corporation manages the spending accounts that are associated with the endowments maintained by the Foundation. The Foundation transfers endowment payouts to the Corporation's associated spending account, also the Corporation or Foundation may transfer a portion of contributed funds the entity receives that have a split allocation between the two organizations. In this case, the receiving entity would issue a payment to the other auxiliary for its portion of any contributions received in this manner..

Liabilities

As of June 30, 2022, total liabilities increased \$79,403 (92%) 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 total liabilities, on June 30, 2022, decreased by \$380 (88%). Payables to the University were reduced during the fiscal year by \$15,387(99%) due to having only a small payable remaining to the campus at June 30, 3022. Payables to the University Corporation increased by \$84,040 (148%) over the fiscal year 2022 primarily because of \$70,000 in donations received by the Foundation which belonged to the Corporation that had not been paid out at fiscal year-end.

As of June 30, 2021, total liabilities decreased \$551,888 (86%) when compared to the prior year. 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.

The Foundation's deferred inflows includes a charitable annuity held by the CSU Foundation on behalf of the University. The charitable annuity held by the Foundation is \$48,356 and \$50,412 for fiscal years 2022 and 2021, respectively. Deferred inflows of resources decreased \$2,056 (4%) over fiscal year 2021. The decrease was related to present value adjustment related to the charitable annuity for fiscal year 2022 over fiscal year 2021.

Deferred inflows of resources were \$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 the 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.

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 2022 is \$160,117,194, which is a decrease of \$23,422,527 (13%) from the previous year. The overall decrease is mainly attributed to the investment market being down in fiscal year 2022 which significantly impacted the Foundation's investment holdings.

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 fiscal year. The overall increase is directly attributed to contributions received and investment earnings in fiscal year 2021.

Results of Operations

The statements of revenues, expenses, and changes in net position present 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, 2022 and 2021 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:

	2022	2021	2020
Operating revenues (expenses):			
Revenues	\$ 2,174,444	\$ 3,696,281	\$ 2,331,079
Expenses	(1,122,396)	(1,006,442)	(1,157,642)
Operating income	1,052,048	2,689,839	1,173,437
Non-operating revenues (expenses):			
Contributions	1,419,975	1,613,671	2,314,254
Endowment management fees	(2,174,444)	(3,696,281)	(2,330,966)
Investment return, net	(19,661,052)	41,243,117	3,223,389
Additions to permanent endowments	1,441,599	5,490,430	4,752,582
Contribution return	(1,255,528)	-	-
Gains on sale of capital assets		3,645,661	-
Transfer from transitional funds	146,950	(2,107,135)	-
Transfer from the University	15,459	(2,264,424)	-
Transfer to the University Corporation, SF State	(4,407,534)	(3,834,406)	(5,453,931)
Total other non-operating revenues (expenses)	(24,474,575)	40,090,633	2,505,328
Change in net position	\$ (23,422,527)	\$ 42,780,472	\$ 3,678,765

**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, 2022, total operating revenue was \$2,174,444, which is a decrease of \$1,521,837(41%) from the prior year.

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.

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 charged by the Foundation. For fiscal year 2022, the Foundation changed how the recoupment of investment fees were handled with the implementation of the new endowment software (Fundriver) used to manage the endowments activity. Investment fees are directly charged and distributed against the endowment pool, which is charged on a quarterly basis and allocated based on each endowments' unitized value.

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 salary reimbursements to the University 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 \$281,000 and \$254,000 for fiscal years 2022 and 2021, respectively.

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 \$1,419,975 for fiscal year 2022, a decrease of \$193,696 (12%). Contributions were down in fiscal year 2022 over prior fiscal year due to ongoing impact of the global pandemic. Contributions were down in fiscal year 2021 mainly due to the impact of the global pandemic and receiving fewer large contributions.

Investment Return

The Foundation has a balanced and diversified investment portfolio positioned to perform according to the portfolio targets to outperform the policy benchmarks. During year 2022, investment earnings decreased substantially over the previous fiscal year. Investment returns for fiscal year 2022 was a net loss of \$19,661,052, a decrease of \$60,904,169 (148%) compared to last fiscal year due to the US and global markets experiencing a significant downturn. The Foundation portfolio consists of the endowment and green funds. The endowment fund returned a preliminary 12% behind the policy benchmark. Diversifiers was the top performing asset class leading the benchmark by 4.1%. Emerging Markets Stocks was the weakest performing asset class, returning -28.6%. The green fund at fiscal year ending June 30, 2022 returned a -17%. Global Stocks was the weakest performing asset class, returning -22.1%.

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

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

The Foundation investment portfolio performed well during year 2021 as investment earnings increased income 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 consisted 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 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 the permanent endowments. Additions to permanent endowments were down \$4,048,831 (74%) in fiscal year 2022 over the prior fiscal year; however, the Foundation continues to receive donations to support the mission of the University including \$111,800 in ongoing support for students in Chemistry and Biochemistry, \$50,000 received for ongoing support of majors of merit, including those students with financial need, \$101,408 for ongoing support of students with financial need in the Department of Elementary and Secondary education and \$250,000 to support students by providing scholarships. In fiscal year 2022, the Foundation returned the Modern Greek Studies Foundation contribution plus earnings of \$1,255,528. The Foundation sadly ended its longstanding relationship with the Modern Greek Studies Foundation (MGSF) after numerous attempts to rectify a consistent decline in student and faculty interest in the study of Modern Greece. After close consultation with the Dean of the College of Liberal & Creative Arts and Provost, the Foundation undertook a productive dialogue with MGSF, which entailed the closure of the Center on campus and returning the endowed funds so MGSF could pursue other means that would fulfill their goals.

Other Additions in fiscal year 2021 was \$5,490,430, an increase over the previous fiscal year of \$737,848 (16%). 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.

The transfers section highlights 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 2022, \$4,407,534 was transferred to the Corporation which represented the payout from endowments to the related spending accounts managed by the Corporation to provide scholarships, support department chairs, program supplies, and reimbursed release time. The payout transfer to the Corporation in fiscal year 2022 increased 573,128 (15%) over the prior fiscal year. The increase is attributed to the growth of the endowment funds which represents 4% of average of the unitized balance of the endowment pool. During fiscal year 2021, \$3,834,406 was transferred to the Corporation to fund the spending accounts managed by 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.

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

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

During fiscal year 2022, the Foundation received a transfer of \$15,459 from the University closing out an Athletic account held by the University. This was a reduction of \$2,279,883 (101%) over prior fiscal year due the Foundation performing a onetime transfer to the University of remaining funds in the capital endowment for the Mashouf Wellness Center. 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.

The Foundation process transfers from its transitional accounts created to hold funds that are pending classification to temporary, Quasi or permanent endowment. The Foundation processed transfers from transitional accounts of \$146,950 and (\$2,107,135) for 2022 and 2021, respectively. All the required documents for determining the purpose and correct classification of these transitional accounts were completed during fiscal year 2022. There was a total of five funds classified to the permanent endowment.

The Foundation in fiscal year 2022 no longer had any intangible capital assets. The Foundation in fiscal year 2021 sold all its intangible capital assets which was part of 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 \$2,333,223 and temporary endowment of \$1,312,438.

SIGNIFICANT ITEMS

The Foundation provided \$700,000 gap funding to the campus to facilitate the renovation of its Student Advising and Career Services & Leadership Development center. The facility will open in January 2023 with 20 private offices for one-on-one meetings with counselors, among other amenities, and would include a prominent acknowledgement of the Foundation's contribution.

The ad-hoc working group established to review and update the Foundation's existing investment policy statement (IPS) concluded its meetings towards the end of the fiscal year. The resulting draft, which includes aggressive policy targets for Environmental, Social, and Corporate Governance (ESG) investing, will be approved and rolled-out in the media in the coming fiscal year. The Foundation will partner with the Intentional Endowment Network (IEN) and its investment advisor, Cambridge Associates, on this media release.

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

STATEMENTS OF NET POSITION

June 30,

	<u>2022</u>	<u>2021</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 754,970	\$ 684,643
Investments, unrestricted	6,621,604	14,659,483
Investments, restricted	17,439,142	16,092,889
Receivable from related parties	11,388	21,983
Accounts receivable	16,657	23,674
Other assets	<u>57,595</u>	<u>78,277</u>
Total current assets	<u>24,901,356</u>	<u>31,560,949</u>
Noncurrent assets:		
Investments, restricted	135,381,926	152,065,457
Pledge receivables, net	<u>48,356</u>	<u>50,412</u>
Total noncurrent assets	<u>135,430,282</u>	<u>152,115,869</u>
Total assets	160,331,638	183,676,818
Deferred outflows of resources (Note 2)	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u><u>\$ 160,331,638</u></u>	<u><u>\$ 183,676,818</u></u>
Liabilities		
Current liabilities:		
Accounts payable	\$ 50	\$ 430
Payable to San Francisco State University	202	15,589
Payable to the University Corporation, SF State	140,659	56,619
Other liabilities	<u>25,177</u>	<u>14,047</u>
Total current liabilities	<u>166,088</u>	<u>86,685</u>
Deferred inflows of resources (Note 2)	<u>48,356</u>	<u>50,412</u>
Net position:		
Restricted for:		
Nonexpendable - endowments	107,728,960	97,930,186
Expendable - scholarships, fellowships, capital projects, Quasi endowments	45,092,108	70,228,160
Unrestricted	<u>7,296,126</u>	<u>15,381,375</u>
Total net position	<u>160,117,194</u>	<u>183,539,721</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 160,331,638</u></u>	<u><u>\$ 183,676,818</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

Year ended June 30,

	<u>2022</u>	<u>2021</u>
Operating revenues:		
Administrative fees	\$ 2,174,444	\$ 3,696,281
Total operating revenues	<u>2,174,444</u>	<u>3,696,281</u>
Operating expenses:		
Management and general	<u>1,122,396</u>	<u>1,006,442</u>
Total operating expenses	<u>1,122,396</u>	<u>1,006,442</u>
Operating income, net	<u>1,052,048</u>	<u>2,689,839</u>
Nonoperating revenues (expenses):		
Contributions	1,419,975	1,613,671
Endowment management fees	(2,174,444)	(3,696,281)
Investment return, net	<u>(19,661,052)</u>	<u>41,243,117</u>
Net nonoperating revenues (expenses)	<u>(20,415,521)</u>	<u>39,160,507</u>
Income before other additions and transfers	<u>(19,363,473)</u>	<u>41,850,346</u>
Other additions and transfers:		
Additions to permanent endowments	1,441,599	5,490,430
Transfers to The University Corporation, SF State	(4,407,534)	(3,834,406)
Transfer from the University	15,459	(2,264,424)
Transfers from transitional funds	146,950	(2,107,135)
Contribution return	(1,255,528)	-
Gains on sale of capital assets	<u>-</u>	<u>3,645,661</u>
Total other additions and transfers	<u>(4,059,054)</u>	<u>930,126</u>
Change in net position	(23,422,527)	42,780,472
Net position, beginning of year	<u>183,539,721</u>	<u>140,759,249</u>
Net position, end of year	<u>\$ 160,117,194</u>	<u>\$ 183,539,721</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

Year ended June 30,

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Payments to suppliers	\$ (1,022,311)	\$ (1,533,331)
Net cash used in operating activities	<u>(1,022,311)</u>	<u>(1,533,331)</u>
Cash flows from noncapital financing activities:		
Donations received	3,056,595	3,430,534
Transfers to the University Corporation, SF State	(4,407,534)	(3,834,406)
Contribution return	(1,255,528)	
Transfer to the University	<u>-</u>	<u>(2,264,424)</u>
Net cash used in noncapital financing activities	<u>(2,606,467)</u>	<u>(2,668,296)</u>
Cash flows from capital and related financing activities:		
Disposal of capital asset (intangible asset)	<u>-</u>	<u>5,185,031</u>
Net cash provided by capital and related financing activities	<u>-</u>	<u>5,185,031</u>
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	28,123,007	85,638,089
Purchase of investments	(27,001,399)	(94,612,904)
Investment income (loss)	<u>2,577,497</u>	<u>8,337,715</u>
Net cash provided by (used in) investing activities	<u>3,699,105</u>	<u>(637,100)</u>
Net change in cash and cash equivalents	70,327	346,304
Cash and cash equivalents, beginning of year	<u>684,643</u>	<u>338,339</u>
Cash and cash equivalents, end of year	<u><u>\$ 754,970</u></u>	<u><u>\$ 684,643</u></u>
Reconciliation of operating income to net cash		
Flows provided by operating activities:		
Operating income	<u>\$ 1,052,048</u>	<u>\$ 2,689,839</u>
Adjustments to reconcile operating income to net cash flows used in operating activities:		
Changes in assets and liabilities:		
Other Assets	20,682	24,999
Accounts payable	(380)	(109,998)
Payable to San Francisco State University	(15,387)	(399,837)
Payable to the University Corporation, SF State	84,040	(31,714)
Other liabilities	11,130	(10,339)
Administrative fees	<u>(2,174,444)</u>	<u>(3,696,281)</u>
Total adjustments	<u>(2,074,359)</u>	<u>(4,223,170)</u>
Net cash used in operating activities	<u><u>\$ (1,022,311)</u></u>	<u><u>\$ (1,533,331)</u></u>
Supplemental disclosures of cash flow activity:		
Noncash activity:		
Donations of stock received	\$ 327,892	\$ 69,970
Unrealized gain (loss)	\$ (22,314,143)	\$ 32,925,036
Cash paid for income taxes	\$ 51,054	\$ -

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, 2022 and 2021

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 current. All other assets and liabilities are considered noncurrent, except for 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, 2022 and 2021, the Foundation had transactions that met the definition of deferred inflows. At June 30, 2022 and 2021, the Foundation reported deferred inflows of \$48,356 and \$50,412 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 position subject to externally imposed conditions that the Foundation retain the corpus in perpetuity. Net position in this category are permanent endowments.
- Restricted, expendable: Net position subject to externally imposed conditions that can be fulfilled by the actions of the Foundation or by the passage of time. Net position in this category include endowments for temporary endowments where there is not a requirement for the corpus to be held in perpetuity, capital projects which can be fulfilled by the actions of the University, and quasi – temporary restricted endowment with purpose restriction which are designated as endowments by the Foundation's board.

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

- **Unrestricted:** This represents all Foundation unrestricted net position and quasi-unrestricted endowments. Quasi-unrestricted endowments are contributions received by the Foundation with no purpose or endowment designation and the Foundation Board determines the designation and use of funds. Unrestricted net position may be designated for use by management or the Board of Directors. As of June 30, 2022 and 2021, the Foundation maintains operating reserves of \$501,013 and \$492,566, 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, 2022 and 2021, 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, 2022 and 2021.

Investments

Investments are stated at fair value. The Foundation pools available resources into savings, banking, 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.

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

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 no intangible assets at June 30, 2022 and 2021, 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 position. 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 unitized 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 transfer category includes contributions related to capital projects and permanent endowments and transfers related to funds given to the Corporation and the University as a gift.

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Income Taxes

The Foundation is a not-for-profit Foundation and is exempt from federal and state income taxes under provisions of Section 501(c)(3) of the Internal Revenue Code and the California Tax Code. Continuance of such exemption is subject to compliance with laws and regulations of the taxing authorities. Certain activities considered unrelated to the tax-exempt purposes of the Foundation might generate income, which is taxable. The Foundation paid \$51,054 and \$0 for unrelated business income in fiscal year 2022 and 2021, 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.

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 3 - INVESTMENTS

Investments consists of the following as of June 30, 2022:

	Fair value	Maturities				
		<1 year	1 – 5 years	6 – 10 years	10+ years	Other
Local agency investment fund	\$ 5,647,428	\$ 5,647,428	\$ -	\$ -	\$ -	\$ -
Broker money market funds	849,870	849,870	-	-	-	-
Treasury securities	4,923,115	875,015	2,375,256	1,672,844	-	-
Municipal securities	2,568,650	240,282	1,800,627	527,741	-	-
Corporate debt securities	5,415,159	188,327	2,546,564	2,680,268	-	-
Mutual funds	13,799,614	13,799,614	-	-	-	-
Equity securities	2,457,309	2,457,309	-	-	-	-
REIT	2,901	2,901	-	-	-	-
Alternative investments	123,778,626	-	-	-	-	123,778,626
	<u>\$159,442,672</u>	<u>\$ 24,060,746</u>	<u>\$ 6,722,447</u>	<u>\$ 4,880,853</u>	<u>\$ -</u>	<u>\$123,778,626</u>

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>

Investment return for the years ended June 30, 2022 and 2021 consists of the following:

	2022	2021
Interest and dividends	\$ 893,153	\$ 1,000,156
Realized and unrealized gains (losses)	(18,961,009)	42,064,680
Management fees	(1,593,196)	(1,821,719)
	<u>\$ (19,661,052)</u>	<u>\$ 41,243,117</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
(Component Unit of San Francisco State University)**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022 and 2021

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, 2022, the Foundation's fixed income investments did not have exposure to any single issuer exceeding 5% of the total endowment portfolio, except for 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 a \$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
(Component Unit of San Francisco State University)

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 4 - FAIR VALUE MEASUREMENT

At June 30, 2022 and 2021, 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:

	2022				
	Level 1	Level 2	Level 3	NAV	Total
Cash and Money Market	\$ 849,870	\$ -	\$ -	\$ -	\$ 849,870
Local agency investment fund	-	-	-	5,647,428	5,647,428
Treasury securities	4,923,115	-	-	-	4,923,115
Municipal securities	-	2,568,650	-	-	2,568,650
Corporate debt securities	-	5,415,159	-	-	5,415,159
Mutual funds	13,799,614	-	-	-	13,799,614
Equity securities	2,457,309	-	-	-	2,457,309
REITS	2,901	-	-	-	2,901
Alternative Investments	-	-	-	123,778,626	123,778,626
	<u>\$ 22,032,809</u>	<u>\$ 7,983,809</u>	<u>\$ -</u>	<u>\$ 129,426,054</u>	<u>\$ 159,442,672</u>

	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>

Alternative Investments Measured at NAV

	Fair Value	Unfunded Commitments	Lock-up	Redemption Frequency (If Currently Eligible)
Equity long/short hedge funds	\$ 254,696	-	N/A	25% Calendar Quarter
Hedge funds	65,829,809	-	12 Months	Semi Annually – Daily
Private equity	14,098,685	8,795,896	N/A	Not redeemable
Multi-strategy hedge funds	3,684,954	-	N/A	50% Semi Annually (Jun/Dec)
Private equity/real estate funds	1,202,259	-	N/A	Not redeemable
Commingled fund	35,359,698	-	N/A	Monthly - Daily
Open-ended mutual fund	3,348,525	-	N/A	Daily
Total alternative investments measured at NAV	<u>\$ 123,778,626</u>			

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

June 30, 2022 and 2021

NOTE 4 - FAIR VALUE MEASUREMENT (CONTINUED)

Alternative Investments Measured at NAV (Continued)

1. Equity long/short hedge funds. This type includes one fund in small-cap public companies as a long-term and value-added shareholder. This hedge fund invests in both long and short in U.S. common stocks. The fair value 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 17 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 Weatherlow Offshore Fund I - Class IIA, valued at \$1,594,688, has nine months remaining of its 36-month lock-up period. The redemption for The Weatherlow Offshore Fund is quarterly after the 3-year anniversary.
3. Private equities. This type includes 17 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. 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.
5. 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. Two of the funds have been liquidated.
6. Commingled funds. This type includes seven 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. Most of the funds can be redeemed monthly.
7. 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.

San Francisco State University Foundation
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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 5 - ENDOWMENTS

Changes in the endowment net position for year ended June 30, 2022 were as follows:

	<u>Restricted net position</u>		
	<u>Nonexpendable</u>	<u>Expendable</u>	<u>Total</u>
Account balances as of July 1, 2021	\$ 97,930,186	\$ 70,228,160	\$ 168,158,346
Contributions and donations	1,541,600	242,827	1,784,427
Investment income, net	-	(18,348,065)	(18,348,065)
Transfer to Corporation	-	(4,239,755)	(4,239,755)
Transfer from University	15,459	-	15,459
Transfers-transitional	148,450	(945,761)	(797,311)
Transfers-temporarily restricted	9,000,004	(9,000,004)	-
Transfer - Quasi endowments	-	9,456,728	9,456,728
Contribution return	(906,739)	(348,789)	(1,255,528)
Endowment Mgmt Fee	-	(1,953,233)	(1,953,233)
	<u> </u>	<u> </u>	<u> </u>
Account balances as of June 30, 2022	<u>\$ 107,728,960</u>	<u>\$ 45,092,108</u>	<u>\$ 152,821,068</u>

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

	<u>Restricted net position</u>		
	<u>Nonexpendable</u>	<u>Expendable</u>	<u>Total</u>
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 Corporation	-	(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)
	<u> </u>	<u> </u>	<u> </u>
Account balances as of June 30, 2021	<u>\$ 97,930,186</u>	<u>\$ 70,228,160</u>	<u>\$ 168,158,346</u>

The Foundation's endowment policy during fiscal years 2022 and 2021 allowed up to a 4% annual payout based on the rolling 12-quarter average unitized balance of the endowment 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 \$187,673 and \$13,697 at June 30, 2022 and 2021, 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, 2022 and 2021

NOTE 6 – TRANSACTIONS WITH RELATED ENTITIES

The Foundation is an auxiliary organization affiliated with the University and the California State University (CSU) System statewide. The Foundation is also affiliated with the Corporation, an auxiliary organization of the University and CSU. The accompanying financial statements include transactions with related parties as of and for the years ended June 30, 2022 and 2021, as follows:

	June 30,	
	2022	2021
Payments to the University for salaries of University personnel working on contracts, grants, and other programs	\$ 3,000	\$ 570,189
Payments to the University for other than salaries of University personnel	\$ 566,671	\$ 335,590
Payments to Corporation 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	\$ 5,266,704	\$ 4,285,697
Payments received from University for services, spaces, and programs	\$ 15,459	\$ -
Payments received from the Corporation	\$ 503,192	\$ 522,218
Gifts (cash or assets) to the University from discretely presented component units	\$ -	\$ 2,264,424
Amounts payable to the University	\$ 202	\$ 15,589
Amounts due to Corporation	\$ 140,659	\$ 56,619
Amounts due from Corporation	\$ 11,388	\$ 21,983

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.

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 8 – COMMITMENTS AND CONTINGENCIES

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 quarterly on the average unitized balance of all endowments managed by the Foundation per the endowment policy. Administrative fees of 1.25% in the amounts of \$2,174,444 and \$3,696,281 were earned by the Foundation during the years ended June 30, 2022, and 2021, respectively. In fiscal year 2022, the Foundation directly charged investment fees to each endowment fund account due to implementing Fundriver, a software program for managing endowments, which was a change from the prior fiscal year. In fiscal year 2021, the Foundation earned \$1,821,719 to offset investment management fees.

NOTE 10 - CAPITAL ASSETS

The following is a roll-forward schedule of capital assets for the year ended June 30, 2022:

	<u>June 30, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Transfers</u>	<u>June 30, 2022</u>
Capital assets not being depreciated:					
Intangible 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)	\$ -	\$ -

NOTE 11 – SUBSEQUENT EVENTS

The Foundation has reviewed its financial statements for all subsequent events through September 23, 2022, the date the financial statements were issued. The Foundation will be approving a revised Investment Policy Statement (IPS) with some aggressive targets, including moving toward net-zero carbon emission with all expediency, marked by at least a 50% reduction in net carbon emissions from 2022 levels in 2030, at least a 75% reduction in 2035, and a 100% reduction in 2040 as well as increasing diversity within its portfolio of underrepresented funds and fund managers. The Foundation will also launch a strategic planning process to develop a five-year strategic plan that is aligned with the University's values and priorities.

**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, 2022 and 2021, and the related statements of revenue, 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 23, 2022.

Report on 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.

Report on 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 23, 2022

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

**Schedule of Findings
For the Year Ended June 30, 2022**

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

None reported

SAN FRANCISCO STATE UNIVERSITY FOUNDATION

SUPPLEMENTARY FINANCIAL INFORMATION

SCHEDULE OF NET POSITION

JUNE 30, 2022

(for inclusion in the California State University)

Assets:

Current assets:

Cash and cash equivalents	\$ 754,970
Short-term investments	24,060,746
Accounts receivable, net	28,045
Lease receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	57,595
Total current assets	<u>24,901,356</u>

Noncurrent assets:

Restricted cash and cash equivalents	-
Accounts receivable, net	-
Lease receivable, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	48,356
Endowment investments	135,381,926
Other long-term investments	-
Capital assets, net	-
Other assets	-
Total noncurrent assets	<u>135,430,282</u>
Total assets	<u>160,331,638</u>

Deferred outflows of resources:

Unamortized loss on debt refunding	-
Net pension liability	-
Net OPEB liability	-
Leases	-
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, 2022

(for inclusion in the California State University)

(Continued)

Liabilities:	
Current liabilities:	
Accounts payable	140,911
Accrued salaries and benefits	-
Accrued compensated absences, current portion	-
Unearned revenues	-
Lease liabilities, current portion	-
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	25,177
Total current liabilities	<u>166,088</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	-
Unearned revenues	-
Grants refundable	-
Lease liabilities, 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>166,088</u>
Deferred inflows of resources:	
Service concession arrangements	-
Net pension liability	-
Net OPEB liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	48,356
Lease	-
Others	-
Total deferred inflows of resources	<u>48,356</u>
Net position:	
Net investment in capital assets	-
Restricted for:	
Nonexpendable – endowments	107,728,960
Expendable:	
Scholarships and fellowships	33,856,937
Research	-
Loans	-
Capital projects	1,778,443
Debt service	-
Others	9,456,728
Unrestricted	<u>7,296,126</u>
Total net position	<u>\$ 160,117,194</u>

See Independent Auditors' Report

SAN FRANCISCO STATE UNIVERSITY FOUNDATION

SUPPLEMENTARY FINANCIAL INFORMATION
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
JUNE 30, 2022
(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>2,174,444</u>
Total operating revenues		<u>2,174,444</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		1,122,396
Depreciation and amortization		<u>-</u>
Total operating expenses		<u>1,122,396</u>
Operating income (loss)		<u>1,052,048</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		1,419,975
Investment income (loss), net		-
Endowment income (loss), net		(21,835,496)
Interest expense		-
Other nonoperating revenues (expenses) - excl. interagency transfers		<u>(5,500,653)</u>
Net nonoperating revenues (expenses)		<u>(25,916,174)</u>

See Independent Auditors' Report

SAN FRANCISCO STATE UNIVERSITY FOUNDATION

SUPPLEMENTARY FINANCIAL INFORMATION
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
JUNE 30, 2022
(for inclusion in the California State University)
(Continued)

Income (loss) before other revenues (expenses)	<u>(24,864,126)</u>
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	<u>1,441,599</u>
Increase (decrease) in net position	<u>(23,422,527)</u>
Net position:	
Net position at beginning of year, as previously reported	183,539,721
Restatements	<u>-</u>
Net position at beginning of year, as restated	<u>183,539,721</u>
Net position at end of year	<u>\$ 160,117,194</u>

See Independent Auditors' Report

SAN FRANCISCO STATE UNIVERSITY FOUNDATION

SUPPLEMENTARY FINANCIAL INFORMATION OTHER INFORMATION

JUNE 30, 2022

(for inclusion in the California State University)

1. CASH AND CASH EQUIVALENTS:

Portion of restricted cash and cash equivalents related to endowments	\$ -
All other restricted cash and cash equivalents	-
Noncurrent restricted cash and cash equivalents	-
Current cash and cash equivalents	754,970
Total	\$ 754,970

2.1. COMPOSITION OF INVESTMENTS:

Investment Type	Current	Noncurrent	Total
Money Market funds	\$ 849,870	\$ -	\$ 849,870
Repurchase agreements	-	-	-
Certificates of deposit	-	-	-
U.S. agency securities	-	-	-
U.S. treasury securities	875,015	4,048,100	4,923,115
Municipal bonds	240,282	2,328,368	2,568,650
Corporate bonds	188,327	5,226,832	5,415,159
Asset-backed securities	-	-	-
Mortgage-backed securities	-	-	-
Commercial paper	-	-	-
Mutual funds	13,799,614	-	13,799,614
Exchange-traded funds	-	-	-
Equity securities	2,457,309	-	2,457,309
Alternative investments:			
Private equity (including limited partnerships)	-	-	-
Hedge funds	-	-	-
Managed futures	-	-	-
Real estate investments (including REITs)	2,901	-	2,901
Commodities	-	-	-
Derivatives	-	-	-
Other alternative investment types	-	123,778,626	123,778,626
Other external investment pools	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	-	-	-
State of California Local Agency Investment Fund (LAIF)	5,647,428	-	5,647,428
State of California Surplus Money Investment Fund (SMIF)	-	-	-
Other investments	-	-	-
Foreign issues	-	-	-
REIT	-	-	-
Total other investments	-	-	-
Total investments	24,060,746	135,381,926	159,442,672
Less endowment investments	-	(135,381,926)	(135,381,926)
Total investments, net of endowments	\$ 24,060,746	\$ -	\$ 24,060,746

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SAN FRANCISCO STATE UNIVERSITY FOUNDATION

SUPPLEMENTARY FINANCIAL INFORMATION OTHER INFORMATION

JUNE 30, 2022

(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	\$ 849,870	\$ 849,870	\$ -	\$ -	\$ -
Repurchase agreements	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
U.S. agency securities	-	-	-	-	-
U.S. treasury securities	4,923,115	4,923,115	-	-	-
Municipal bonds	2,568,650	-	2,568,650	-	-
Corporate bonds	5,415,159	-	5,415,159	-	-
Asset-backed securities	-	-	-	-	-
Mortgage-backed securities	-	-	-	-	-
Commercial paper	-	-	-	-	-
Mutual funds	13,799,614	13,799,614	-	-	-
Exchange-traded funds	-	-	-	-	-
Equity securities	2,457,309	2,457,309	-	-	-
Alternative investments:					
Private equity (including limited partnerships)	-	-	-	-	-
Hedge funds	-	-	-	-	-
Managed futures	-	-	-	-	-
Real estate investments (including REITs)	2,901	2,901	-	-	-
Commodities	-	-	-	-	-
Derivatives	-	-	-	-	-
Other alternative investment types	123,778,626	-	-	-	123,778,626
Other external investment pools	-	-	-	-	-
CSU consolidated investment pool (formerly SWIFT)	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	5,647,428	-	-	-	5,647,428
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-
Other investments	-	-	-	-	-
Foreign issues	-	-	-	-	-
REIT	-	-	-	-	-
Other investments	1,488,933	1,488,933	-	-	-
Total investments	<u>\$ 159,442,672</u>	<u>\$ 22,032,809</u>	<u>\$ 7,983,809</u>	<u>\$ -</u>	<u>\$ 129,426,054</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, 2022

(for inclusion in the California State University)

(Continued)

3.1. COMPOSITION OF CAPITAL ASSETS:

	Balance June 30, 2021	Reclassifications	Prior-Period Adjustments	Balance June 30, 2021 (Restated)	Additions	Retirements	Transfers of Completed CWIP/PWIP	Balance June 30, 2022
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	-	-	-	-	-	-	-	-
Total other intangible assets	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total nondepreciable/nonamortizable capital assets	-	-	-	-	-	-	-	-
Depreciable/amortizable capital assets:								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-
Personal property:								
Equipment	-	-	-	-	-	-	-	-
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	-	-	-	-	-	-	-	-
Total capital assets	-	-	-	-	-	-	-	-
Less accumulated depreciation/amortization:								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-
Personal property:								
Equipment	-	-	-	-	-	-	-	-
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyright and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-
Total capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditors' Report

SUPPLEMENTARY FINANCIAL INFORMATION
OTHER INFORMATION
JUNE 30, 2022
(for inclusion in the California State University)
(Continued)

Lease assets, net	-	-	-
	-	-	-
Total capital assets, net	-	-	-

See Independent Auditors' Report

SAN FRANCISCO STATE UNIVERSITY FOUNDATION

SUPPLEMENTARY FINANCIAL INFORMATION OTHER INFORMATION

JUNE 30, 2022

(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	-
Total depreciation and amortization	<u>\$ -</u>

4. LONG-TERM LIABILITIES:

	Balance June 30, 2021	Prior-Period Adjustments Reclassifications	Balance June 30, 2021 (Restated)	Additions	Reductions	Balance June 30, 2022	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)	-	-	-	-	-	-	-	-
Total capitalized lease obligations	-	-	-	-	-	-	-	-
4. Long-term debt obligations:								
4.1 Auxiliary revenue bonds (non-SRB related)	-	-	-	-	-	-	-	-
4.2 Commercial Paper	-	-	-	-	-	-	-	-
4.3 Note payable (SRB related)	-	-	-	-	-	-	-	-
4.4 Others:	-	-	-	-	-	-	-	-
Total others	-	-	-	-	-	-	-	-
Sub-total long-term debt obligations	-	-	-	-	-	-	-	-
Unamortized net bond premium/(discount)	-	-	-	-	-	-	-	-
Total long-term debt obligations	-	-	-	-	-	-	-	-
Total long-term liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5. Lease liabilities						-	-	-
Total long-term liabilities						-	-	-
	<u>Balance</u>	<u>Additions</u>	<u>Measurement</u>	<u>Reductions</u>	<u>June 30, 2022</u>	<u>Current Portion</u>	<u>Noncurrent Portion</u>	
Lease liabilities total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

See Independent Auditors' Report

SAN FRANCISCO STATE UNIVERSITY FOUNDATION

**SUPPLEMENTARY FINANCIAL INFORMATION
OTHER INFORMATION**

JUNE 30, 2022

(for inclusion in the California State University)

(Continued)

5. LEASE LIABILITIES SCHEDULE

Year Ending June 30,	Lease Liabilities Related to SRB			All Other Lease Liabilities			Total Lease Liabilities	
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only
2023	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2024	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-
2028-2032	-	-	-	-	-	-	-	-
2033-2037	-	-	-	-	-	-	-	-
2038-2042	-	-	-	-	-	-	-	-
2043-2047	-	-	-	-	-	-	-	-
2048-2052	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-
Total minimum lease payments	<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 lease payments								-
Total lease liabilities								-
Less: current portion								-
Lease liabilities, net of current portion							<u>\$ -</u>	

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
2023	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-
2028-2032	-	-	-	-	-	-	-	-	-
2033-2037	-	-	-	-	-	-	-	-	-
2038-2042	-	-	-	-	-	-	-	-	-
2043-2047	-	-	-	-	-	-	-	-	-
2048-2052	-	-	-	-	-	-	-	-	-
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	\$ 3,000
Payments to University for other than salaries of University personnel	\$ 566,671
Payments received from University for services, space, and programs	\$ 15,459
Gifts-in-kind to the University from discretely presented component units	\$ -
Gifts (cash or assets) to the University from discretely presented component units	\$ -
Accounts (payable to) University	\$ (202)
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	-	-	-	-	-	1,122,396	-	1,122,396
Depreciation and amortization	-	-	-	-	-	-	-	-
Total Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,122,396</u>	<u>\$ -</u>	<u>\$ 1,122,396</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 - leases	
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	48,356
Deferred inflows - leases	
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	\$ 48,356

11. OTHER NONOPERATING REVENUES (EXPENSE)

Other nonoperating revenues	\$ -
Other nonoperating (expenses)	(5,500,653)
Total other nonoperating revenues (expenses)	\$ (5,500,653)

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