

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

FINANCIAL STATEMENTS

June 30, 2023 and 2022

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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, 2023 and 2022, 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, 2023 and 2022, 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 29-44 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 20, 2023 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 20, 2023

**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, 2023 and 2022.

The Foundation presents its management discussion and analysis for fiscal year 2023, with comparative data presented for fiscal years 2022 and 2021. The emphasis of the discussions concerning these statements will be on the fiscal years ended June 30, 2023 and 2022. 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, 2023 and 2022 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 2023, 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 six new investments to its portfolio.

The Foundation's operating revenue for 2023 decreased from the previous fiscal year. Operating revenue consists of administrative fees earned from the management of the endowments. The fee is determined based on the average unitized quarterly balance of the endowments, 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 was \$1,348,485, which is primarily composed of the administrative cost for accounting services performed by the University Corporation, San Francisco State (the "Corporation"), Auxiliary Business Services unit, auditing services, legal, professional consultancy, and salary reimbursement to the University for University staff, who manage the Foundation.

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

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

- **Non-Operating Revenue**

Non-operating revenue increased significantly in 2023 over the previous fiscal year by 167%, as a result of positive returns from the investments for the fiscal year.

Additions to permanent endowments increased in fiscal year 2023 by \$1,782,942 (958%), over fiscal year 2022. Transfers to the University Corporation increased \$4,586,568 (104%) in fiscal year 2023. 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 2023 and 2022. 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 - 2023, 2022, and 2021:

	2023	2022	2021
Assets:			
Current assets	\$ 42,973,039	\$ 24,901,356	\$ 31,560,949
Noncurrent assets	122,877,437	135,430,282	152,115,869
	<u>\$ 165,850,476</u>	<u>\$ 160,331,638</u>	<u>\$ 183,676,818</u>
Liabilities:			
Current liabilities	\$ 112,205	\$ 166,088	\$ 86,685
Deferred inflows of resources (Note 2)	<u>-</u>	<u>48,356</u>	<u>50,412</u>
Net position:			
Restricted net position:			
Nonexpendable - endowments	\$ 110,276,380	\$ 107,728,960	\$ 97,930,186
Expendable - scholarships, fellowships, capital projects, Quasi endowments	47,196,959	45,092,108	70,228,160
Unrestricted net position	8,264,932	7,296,126	15,381,375
	<u>165,738,271</u>	<u>160,117,194</u>	<u>183,539,721</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 165,850,476</u>	<u>\$ 160,331,638</u>	<u>\$ 183,676,818</u>

Assets

As of June 30, 2023, current assets increased \$18,071,683 (73%) 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 decreased (\$584,337) (77%) over the prior fiscal year. The change is related to the Foundation reducing the amount of cash held on hand with Wells Fargo for operations and increasing LAIF holdings. Short-term investments increased by \$9,489,066 (39%) in fiscal year 2023. The increase in short-term investments is primarily related to liquidating some investment holdings which was transferred to LAIF. The remaining funds which had not been reinvested in new investment vehicles at June 30, 2023, resided in the Foundation Broker Money Market fund. Accounts receivable increased \$9,018,719 (54144%) and from related parties which increased by \$153,250 (1346%) during fiscal year 2023 compared to fiscal year 2022. Accounts Receivable increased mainly as a result of DE Shaw redemption of \$8,894,601. Related party receivable increased primarily as a result of payments received from auxiliaries for donations due to the Foundation. The Foundation's other assets in fiscal year 2023 decreased by \$5,015 (9%) over the prior fiscal year. The decrease was attributable to the Foundation recognizing a tax liability of \$5,015 for Unrelated Business Income Tax ("UBIT") in fiscal year 2023.

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

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

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 the prior fiscal year 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.

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, 2023, total liabilities decreased \$ 53,883 (32%) 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, 2023, decreased by \$50 (100%). Payables to the University increased during the fiscal year by \$2,266 (1122%) due to having only a small payable remaining to the campus on June 30, 2023. Payables to the University Corporation decreased by \$128,564 (91%) over fiscal year 2022 primarily because payments to the Corporation, for accounting services were paid more frequently during fiscal year.

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 on June 30, 2022. 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.

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 \$0 and \$48,356 for fiscal years 2023 and 2022, respectively. Deferred inflows of resources decreased \$48,356 (100%) over fiscal year 2022. The decrease was due to fully receiving the charitable annuity held by the CSU Foundation.

Deferred inflows of resources were \$48,356 in fiscal year 2022, which decreased slightly 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.

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

MANAGEMENT DISCUSSION AND ANALYSIS – CONTINUED
(Unaudited)

Net Position

As of June 30, 2023, the Foundation's net position is \$165,738,271, which is an increase of \$5,621,077 (4%) from the prior fiscal year. The overall increase is derived from increases in investment performance during fiscal year 2023.

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.

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, 2023 and 2022 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:

	2023	2022	2021
Operating revenues (expenses):			
Revenues	\$ 1,824,647	\$ 2,174,444	\$ 3,696,281
Expenses	(1,348,485)	(1,122,396)	(1,006,442)
Operating income	476,162	1,052,048	2,689,839
Non-operating revenues (expenses):			
Contributions	893,195	1,419,975	1,613,671
Endowment management fees	(1,824,647)	(2,174,444)	(3,696,281)
Investment return, net	13,221,341	(19,661,052)	41,243,117
Additions to permanent endowments	1,969,013	186,071	5,490,430
Gains on sale of capital assets	-	-	3,645,661
Transfer from transitional funds	580,115	146,950	(2,107,135)
Transfer from the University	(700,000)	15,459	(2,264,424)
Transfer to the University Corporation, SF State	(8,994,102)	(4,407,534)	(3,834,406)
Total other non-operating revenues (expenses)	5,144,915	(24,474,575)	40,090,633
Change in net position	<u>\$ 5,621,077</u>	<u>\$ (23,422,527)</u>	<u>\$ 42,780,472</u>

**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, 2023, total operating revenue was \$1,824,647, which is a decrease of \$349,797(16%) from the prior year.

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.

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.

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 \$325,189 and \$281,000 for fiscal years 2023 and 2022, 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 purpose restrictions. Contributions were \$893,195 for fiscal year 2023, a decrease of \$526,780 (37%). The change in contributions for fiscal year 2023 was down over prior fiscal year as a result of reallocations of contributions from temporarily restricted to permanently restricted. Contributions over all were flat in fiscal year 2023. Contributions were down in fiscal year 2022 mainly due to ongoing impact of the global pandemic.

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 2023, investment earnings rebounded over the previous fiscal year. Investment earnings for fiscal year 2023 returned \$13,221,341, an increase of \$32,882,393 (167%) compared to last fiscal year, as in the later part of the fiscal year inflation continued to drop from high levels producing better than expected growth. During fiscal year 2023, the Foundation merged the endowment and green funds into one portfolio in which all endowment funds participate. The endowment fund returned for the fiscal year a preliminary return of 9.7% lagging behind the policy benchmark of 11.9%. Global Equities was the top performing asset class leading the benchmark by 3%. Real Assets was the weakest performing asset class, returning 1.6 % lagging behind the policy benchmark by 12.4%.

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

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

The Foundation investment portfolio decreased significantly during year 2022 year due to the US and global markets experiencing a significant downturn Investment return for fiscal year 2022 was a net loss of \$19,661,052, a decrease of \$60,904,169 (148%) compared to last fiscal year. The Foundation portfolio consisted 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%.

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 increased in fiscal year 2023 over the prior fiscal year by \$527,414 (37%). Donations received by the Foundation support the mission of the University including \$109,000 in ongoing support for students in Chemistry and Biochemistry, \$500,000 received for ongoing support of masters and credentials students in Graduate College of Education, \$100,000 for support for students in Lam Family College of Business with minor in information system.

Other Additions in fiscal year 2022 was \$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 such as \$111,800 received for 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.

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 2023, \$8,994,102 was transferred to the Corporation which represented the payout and additional transfer 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 and additional transfer to the Corporation in fiscal year 2023 increased 4,586,568 (104%) over the prior fiscal year. The increase is attributed to the growth of the overall endowment pool funds which payout represents 4% average of the unitized balance of the endowment pool. During the fiscal year, there was also an additional transfer to the Corporation from a temporary endowment fund of \$2,859,730 to support the Diverse Climate Leaders Program. During fiscal year 2022, \$4,407,534 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.

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

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

During fiscal year 2023, the Foundation transferred \$700,000 to the University to support the renovation of the University Academic Advising/CSLD center. This was a reduction of \$715,459 (4628%) over prior fiscal year. 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.

The Foundation processes 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 \$588,238 and \$146,950 for 2023 and 2022, respectively. All the required documents for determining the purpose and correct classification of these transitional accounts were completed during fiscal year 2023. There was a total of six funds classified to the permanent endowment.

SIGNIFICANT ITEMS

The Foundation revised its 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 also adopted a new strategic plan aligned with the University's values and priorities.

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

STATEMENTS OF NET POSITION

June 30,

	<u>2023</u>	<u>2022</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 170,633	\$ 754,970
Investments, unrestricted	7,848,511	6,621,604
Investments, restricted	25,701,301	17,439,142
Receivable from related parties	164,638	11,388
Accounts receivable	9,035,376	16,657
Other assets	<u>52,580</u>	<u>57,595</u>
Total current assets	<u>42,973,039</u>	<u>24,901,356</u>
Noncurrent assets:		
Investments, restricted	122,877,437	135,381,926
Pledge receivables, net	<u>-</u>	<u>48,356</u>
Total noncurrent assets	<u>122,877,437</u>	<u>135,430,282</u>
Total assets	<u><u>\$ 165,850,476</u></u>	<u><u>\$ 160,331,638</u></u>
Liabilities		
Current liabilities:		
Accounts payable	\$ -	\$ 50
Payable to San Francisco State University	2,468	202
Payable to the University Corporation, SF State	12,095	140,659
Other liabilities	<u>97,642</u>	<u>25,177</u>
Total current liabilities	<u>112,205</u>	<u>166,088</u>
Deferred inflows of resources (Note 2)	<u>-</u>	<u>48,356</u>
Net position:		
Restricted for:		
Nonexpendable - endowments	110,276,380	107,728,960
Expendable - scholarships, fellowships, capital projects	47,196,959	45,092,108
Unrestricted	<u>8,264,932</u>	<u>7,296,126</u>
Total net position	<u>165,738,271</u>	<u>160,117,194</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 165,850,476</u></u>	<u><u>\$ 160,331,638</u></u>

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

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

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Years ended June 30,

	<u>2023</u>	<u>2022</u>
Operating revenues:		
Administrative fees	\$ 1,824,647	\$ 2,174,444
	<u>1,824,647</u>	<u>2,174,444</u>
Total operating revenues	<u>1,824,647</u>	<u>2,174,444</u>
Operating expenses:		
Management and general	<u>1,348,485</u>	<u>1,122,396</u>
	<u>1,348,485</u>	<u>1,122,396</u>
Total operating expenses	<u>1,348,485</u>	<u>1,122,396</u>
Operating income, net	<u>476,162</u>	<u>1,052,048</u>
Nonoperating revenues (expenses):		
Contributions	893,195	1,419,975
Endowment management fees	(1,824,647)	(2,174,444)
Investment return, net	<u>13,221,341</u>	<u>(19,661,052)</u>
	<u>12,289,889</u>	<u>(20,415,521)</u>
Net nonoperating revenues	<u>12,289,889</u>	<u>(20,415,521)</u>
Income (loss) before other additions and transfers	<u>12,766,051</u>	<u>(19,363,473)</u>
Other additions and transfers:		
Additions to permanent endowments	1,969,013	186,071
Transfers to The University Corporation, SF State	(8,994,102)	(4,407,534)
Transfer (to) from the University	(700,000)	15,459
Transfers from transitional funds	<u>580,115</u>	<u>146,950</u>
	<u>(7,144,974)</u>	<u>(4,059,054)</u>
Total other additions and transfers	<u>(7,144,974)</u>	<u>(4,059,054)</u>
Change in net position	5,621,077	(23,422,527)
Net position, beginning of year	<u>160,117,194</u>	<u>183,539,721</u>
Net position, end of year	<u><u>\$ 165,738,271</u></u>	<u><u>\$ 160,117,194</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 CASH FLOWS

Years ended June 30,

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Payments to suppliers	\$ (1,397,353)	\$ (1,022,311)
Net cash used in operating activities	<u>(1,397,353)</u>	<u>(1,022,311)</u>
Cash flows from noncapital financing activities:		
Donations received	3,164,955	3,056,595
Transfers to the University Corporation, SF State	(8,994,102)	(4,407,534)
Contribution Return	-	(1,255,528)
Transfer to the University	<u>(700,000)</u>	<u>-</u>
Net cash used in noncapital financing activities	<u>(6,529,147)</u>	<u>(2,606,467)</u>
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	128,526,834	28,123,007
Purchase of investments	(117,694,777)	(27,001,399)
Investment income (loss)	<u>(3,489,894)</u>	<u>2,577,497</u>
Net cash provided by investing activities	<u>7,342,163</u>	<u>3,699,105</u>
Net change in cash and cash equivalents	(584,337)	70,327
Cash and cash equivalents, beginning of year	<u>754,970</u>	<u>684,643</u>
Cash and cash equivalents, end of year	<u><u>\$ 170,633</u></u>	<u><u>\$ 754,970</u></u>
Reconciliation of operating income to net cash		
Flows provided by operating activities:		
Operating income	<u>\$ 476,162</u>	<u>\$ 1,052,048</u>
Adjustments to reconcile operating income to net cash flows used in operating activities:		
Changes in assets and liabilities:		
Other Assets	5,015	20,682
Accounts payable	(50)	(380)
Payable to San Francisco State University	2,266	(15,387)
Payable to the University Corporation, SF State	(128,564)	84,040
Other liabilities	72,465	11,130
Administrative fees	<u>(1,824,647)</u>	<u>(2,174,444)</u>
Total adjustments	<u>(1,873,515)</u>	<u>(2,074,359)</u>
Net cash provided by (used by) operating activities	<u><u>\$ (1,397,353)</u></u>	<u><u>\$ (1,022,311)</u></u>
Supplemental disclosures of cash flow activity:		
Noncash activity:		
Donations of stock received	\$ 27,899	\$ 327,892
Unrealized gain (loss)	\$ 7,747,516	\$ (22,314,143)
Cash paid for income taxes	\$ 5,093	\$ 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, 2023 and 2022

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 position in one period that are applicable to future periods. The Foundation reported deferred inflows of \$48,356 as of June 30, 2022, associated with the gifts received for which time requirements have not been met. At June 30, 2023, the Foundation recognized the contribution and no longer held a transactions that met the definition of deferred inflows.

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, 2023 and 2022

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, 2023 and 2022, the Foundation maintains operating reserves of \$602,683 and \$501,013, respectively.

New Accounting Pronouncements

In March 2020, the GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements (PPPs) effective for the Foundation's fiscal year beginning July 1, 2022. This statement improves financial reporting by addressing public-private and public-public partnership arrangements which encompass government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset. The Foundation has adopted and evaluated the effect of GASB Statement 96 and there are no PPPs to disclose on its financial statements and related disclosures.

In May 2020, the GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs) effective for the Foundation's fiscal year beginning July 1, 2022. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The Foundation has adopted and evaluated the effect of GASB Statement No. 96 and there are no SBITAs to disclose on its financial statements and related disclosures.

Reclassification

Certain amounts related to the June 30, 2022, financial statements have been reclassified to conform to the current year financial statement presentation

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, 2023 and 2022, 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.

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivables are presented net of an allowance for uncollectible accounts. There is no allowance for uncollectible accounts at June 30, 2023 and 2022. Included in accounts receivable is \$8,894,601 related to a full redemption of an investment at June 30, 2023.

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.

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, 2023 and 2022

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 \$5,093 and \$51,054 for unrelated business income in fiscal year 2023 and 2022, 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. At June 30, 2023, the Foundation recognized the contribution and no longer held a transaction that met the definition of deferred inflows.

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE 3 - INVESTMENTS

Investments consists of the following as of June 30, 2023:

	Fair value	Maturities (Years)				
		<1	1 – 5	6 – 10	10	Other
Broker Money Market Funds	\$ 4,542,893	\$ 4,542,893	\$ -	\$ -	\$ -	\$ -
Local Agency Investment Fund	8,254,380	8,254,380	-	-	-	-
Treasury Securities	2,698,496	-	1,026,919	846,539	825,038	-
Municipal Securities	1,505,916	108,956	1,054,654	342,306	-	-
Corporate Debt Securities	3,600,878	24,578	1,555,998	1,060,215	960,087	-
Mutual Funds	10,360,912	10,360,912	-	-	-	-
Equity Securities	10,258,093	10,258,093	-	-	-	-
Alternative Investments	115,205,681	-	-	-	-	115,205,681
	<u>\$ 156,427,249</u>	<u>\$ 33,549,812</u>	<u>\$ 3,637,571</u>	<u>\$ 2,249,060</u>	<u>\$ 1,785,125</u>	<u>\$ 115,205,681</u>

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

	Fair value	Maturities (Years)				
		<1	1 – 5	6 – 10	10+	Other
Broker Money Market Funds	\$ 849,870	\$ 849,870	\$ -	\$ -	\$ -	\$ -
Local Agency Investment Fund	5,647,428	5,647,428	-	-	-	-
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>

Investment return for the years ended June 30, 2023 and 2022 consists of the following:

	2023	2022
Interest and Dividends	\$ 991,321	\$ 893,153
Realized and Unrealized Gains/(Losses)	13,493,357	(18,961,009)
Management Fees	(1,263,337)	(1,593,196)
	<u>\$ 13,221,341</u>	<u>\$ (19,661,052)</u>

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE 3 – INVESTMENTS (CONTINUED)

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.

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, 2023, 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
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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE 4 - FAIR VALUE MEASUREMENT

At June 30, 2023 and 2022, 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:

	2023				
	Level 1	Level 2	Level 3	NAV	Total
Broker Money Market Funds	\$ 4,542,893	\$ -	\$ -	\$ -	\$ 4,542,893
Local Agency Investment Fund	-	-	-	8,254,380	8,254,380
Treasury Securities	2,698,496	-	-	-	2,698,496
Municipal Securities	-	1,505,916	-	-	1,505,916
Corporate Debt Securities	-	3,600,878	-	-	3,600,878
Mutual Funds	10,360,912	-	-	-	10,360,912
Equity Securities	10,258,093	-	-	-	10,258,093
Alternative Investments	-	-	-	115,205,681	115,205,681
	<u>\$ 27,860,394</u>	<u>\$ 5,106,794</u>	<u>-</u>	<u>\$ 123,460,061</u>	<u>\$ 156,427,249</u>

	2022				
	Level 1	Level 2	Level 3	NAV	Total
Broker Money Market Funds	\$ 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>

Alternative Investments Measured at NAV

	Fair Value	Unfunded Commitments	Lock-up	Redemption Frequency (If Currently Eligible)
Equity long/short hedge funds	\$ 177,704	\$ -	N/A	25% Calendar Quarter
Hedge funds	25,653,285	-	N/A	Semi Annually – Daily
Private equity	16,808,863	7,803,676	N/A	Not redeemable
Multi-strategy hedge funds	3,873,909	-	N/A	50% Semi Annually (Jun/Dec)
Private equity/real estate funds	115,865	-	N/A	Not redeemable
Commingled fund	65,205,563	-	N/A	Quarterly - Daily
Open-ended mutual fund	3,370,492	-	N/A	Daily
Total alternative investments measured at NAV	<u>\$ 115,205,681</u>			

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

June 30, 2023 and 2022

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.
2. Hedge funds. This type of investment vehicle includes 10 funds investing primarily in securities emerging markets, international equity, global equity, and fixed income.
3. Private equities. This type includes 21 funds that invests in technology, education, healthcare and financial services; private equity funds; start-ups addressing disparities in historically marginalized communities; and renewable energy and closely related companies and assets, which represent the largest exposure. For this type of investment, 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. 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 one fund that invests in real estate projects in Northern California, with a primary focus on the SF Bay Area. Distributions from the fund will be received as the underlying investments of the funds are liquidated.
6. Commingled funds. This type includes 11 funds consisting of assets from blended accounts, which invest in long/short equity. The underlining investments are invested in U.S. 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 investing in companies that are expected to benefit from global climate change efforts. The fund invests in clean energy holdings, energy efficiency, agriculture, copper, electric grid, and water. The fair value for this investment type has been determined by the portfolio's daily NAV.

San Francisco State University Foundation
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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE 5 – ENDOWMENTS

Changes in the endowment net position for year ended June 30, 2023 were as follows:

	Restricted net Position		Total
	Nonexpendable	Expendable	
Account balances as of July 1, 2022	\$107,728,960	\$45,092,108	\$152,821,068
Contributions and Donations	1,974,565	495,997	2,470,562
Investment Income, net	-	12,790,185	12,790,185
Transfer to Corporation	-	(8,911,443)	(8,911,443)
Transfers – Transitional	563,238	(588,238)	(25,000)
Transfers – Temporary Restricted	9,617	94,776	104,393
Endowment Management Fee	-	(1,776,426)	(1,776,426)
Account balances as of June 30, 2023	<u>\$110,276,380</u>	<u>\$47,196,959</u>	<u>\$157,473,339</u>

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

	Restricted net Position		Total
	Nonexpendable	Expendable	
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 – Temporary Restricted	9,000,004	(9,000,004)	-
Transfers – Quasi	-	9,456,728	9,456,728
Contribution Return	(906,739)	(348,789)	(1,255,528)
Endowment Management Fee	-	(1,953,233)	(1,953,233)
Account balances as of June 30, 2022	<u>\$ 107,728,960</u>	<u>\$ 45,092,108</u>	<u>\$ 152,821,068</u>

The Foundation's endowment policy during fiscal years 2023 and 2022 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 \$100,850 and \$187,673 at June 30, 2023 and 2022, 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, 2023 and 2022

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, 2023 and 2022, as follows:

	<u>2023</u>	<u>2022</u>
Payments to the University for salaries of University personnel working on contracts, grants, and other programs	\$ -	\$ 3,000
Payments to the University for other than salaries of University personnel	\$ 1,250,637	\$ 566,671
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	\$ 10,534,309	\$ 5,266,704
Payments received from University for services, Spaces, and programs	\$ -	\$ 15,459
Payments received from the Corporation	\$ 1,167,204	\$ 503,192
Amounts payable to the University	\$ 2,468	\$ 202
Amounts due to the Corporation	\$ 12,095	\$ 140,659
Amounts due from the Corporation	\$ 164,638	\$ 11,388

NOTE 7 - RISK FINANCING ACTIVITIES

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

NOTE 8 – 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.

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023 and 2022

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 \$1,824,647 and \$2,174,444 were earned by the Foundation during the years ended June 30, 2023 and 2022, 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. In the year ended June 30, 2023, the Foundation earned \$1,263,337 to offset investment management fees.

NOTE 10 – SUBSEQUENT EVENTS

The Foundation has reviewed its financial statements for all subsequent events through September 20, 2023 the date the financial statements were issued.

The Foundation will be releasing a Request for Proposal (RFP) in the fall for its investment program oversight. It will also be releasing an RFP for a consultant to conduct a campaign feasibility/readiness study to support the University's next fundraising campaign.

**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, 2023 and 2022, 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 20, 2023.

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 20, 2023

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

**Schedule of Findings
For the Year Ended June 30, 2023**

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, 2023

(for inclusion in the California State University Financial Statements)

Assets:

Current assets:

Cash and cash equivalents	\$ 170,633
Short-term investments	7,848,511
Accounts receivable, net	9,200,014
Lease receivable, current portion	-
P3 receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	52,580
Total current assets	<u>17,271,738</u>

Noncurrent assets:

Restricted cash and cash equivalents	-
Accounts receivable, net	-
Lease receivable, net of current portion	-
P3 receivable, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	-
Endowment investments	148,578,738
Other long-term investments	-
Capital assets, net	-
Other assets	-
Total noncurrent assets	<u>148,578,738</u>
Total assets	<u>165,850,476</u>

Deferred outflows of resources:

Unamortized loss on debt refunding	-
Net pension liability	-
Net OPEB liability	-
Leases	-
P3	-
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, 2023

(for inclusion in the California State University Financial Statements)

(Continued)

Liabilities:	
Current liabilities:	
Accounts payable	112,205
Accrued salaries and benefits	-
Accrued compensated absences, current portion	-
Unearned revenues	-
Lease liabilities, current portion	-
Long-term debt obligations, current portion	-
SBITA liabilities - current portion	-
P3 liabilities - current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	-
Total current liabilities	<u>112,205</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	-
Unearned revenues	-
Grants refundable	-
Lease liabilities, net of current portion	-
SBITA liabilities, net of current portion	-
P3 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>112,205</u>
Deferred inflows of resources:	
P3 liabilities, net of current portion	-
Net pension liability	-
Net OPEB liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Lease	-
P3	-
Others	-
Total deferred inflows of resources	<u>-</u>
Net position:	
Net investment in capital assets	-
Restricted for:	
Nonexpendable – endowments	110,276,380
Expendable:	
Scholarships and fellowships	35,093,541
Research	-
Loans	-
Capital projects	1,913,485
Debt service	-
Others	10,189,933
Unrestricted	<u>8,264,932</u>
Total net position	<u>\$ 165,738,271</u>

See Independent Auditors' Report

SAN FRANCISCO STATE UNIVERSITY FOUNDATION

**SUPPLEMENTARY FINANCIAL INFORMATION
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

JUNE 30, 2023

(for inclusion in the California State University Financial Statements)

(Continued)

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>1,824,647</u>
Total operating revenues		<u>1,824,647</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	1,348,485
Depreciation and amortization	<u>-</u>
Total operating expenses	<u>1,348,485</u>
Operating income (loss)	<u>476,162</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	893,195
Investment income (loss), net	-
Endowment income (loss), net	11,396,694
Interest expense	-
Other nonoperating revenues (expenses) - excl. interagency transfers	<u>(9,113,987)</u>
Net nonoperating revenues (expenses)	<u>3,175,902</u>

See Independent Auditors' Report

SAN FRANCISCO STATE UNIVERSITY FOUNDATION

SUPPLEMENTARY FINANCIAL INFORMATION
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
JUNE 30, 2023
(for inclusion in the California State University Financial Statements)
(Continued)

Income (loss) before other revenues (expenses)	<u>3,652,064</u>
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	<u>1,969,013</u>
Increase (decrease) in net position	<u>5,621,077</u>
Net position:	
Net position at beginning of year, as previously reported	160,117,194
Restatements	-
Net position at beginning of year, as restated	<u>160,117,194</u>
Net position at end of year	<u>\$ 165,738,271</u>

See Independent Auditors' Report

SAN FRANCISCO STATE UNIVERSITY FOUNDATION

SUPPLEMENTARY FINANCIAL INFORMATION OTHER INFORMATION

JUNE 30, 2023

(for inclusion in the California State University Financial Statements)

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	170,633
Total	<u><u>\$ 170,633</u></u>

2.1. COMPOSITION OF INVESTMENTS:

Investment Type	Current	Noncurrent	Total
Money Market funds	\$ 4,542,893	\$ -	\$ 4,542,893
Repurchase agreements	-	-	-
Certificates of deposit	-	-	-
U.S. agency securities	-	-	-
U.S. treasury securities	-	2,698,496	2,698,496
Municipal bonds	-	1,505,916	1,505,916
Corporate bonds	-	3,600,878	3,600,878
Asset-backed securities	-	-	-
Mortgage-backed securities	-	-	-
Commercial paper	-	-	-
Mutual funds	-	10,360,912	10,360,912
Exchange-traded funds	-	-	-
Equity securities	-	10,258,093	10,258,093
Alternative investments:			
Private equity (including limited partnerships)	-	16,808,863	16,808,863
Hedge funds	-	29,704,898	29,704,898
Managed futures	-	-	-
Real estate investments (including REITs)	-	115,865	115,865
Commodities	-	-	-
Derivatives	-	-	-
Other alternative investment types	-	68,576,055	68,576,055
Other external investment pools	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	-	-	-
State of California Local Agency Investment Fund (LAIF)	3,305,618	4,948,762	8,254,380
State of California Surplus Money Investment Fund (SMIF)	-	-	-
Other investments	-	-	-
Foreign issues	-	-	-
REIT	-	-	-
Total other investments	-	-	-
Total investments	<u>7,848,511</u>	<u>148,578,738</u>	<u>156,427,249</u>
Less endowment investments	<u>-</u>	<u>(148,578,738)</u>	<u>(148,578,738)</u>
Total investments, net of endowments	<u><u>\$ 7,848,511</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7,848,511</u></u>

See Independent Auditors' Report

SAN FRANCISCO STATE UNIVERSITY FOUNDATION

SUPPLEMENTARY FINANCIAL INFORMATION

OTHER INFORMATION

JUNE 30, 2023

(for inclusion in the California State University Financial Statements)

(Continued)

2.2 FAIR VALUE HIERARCHY IN INVESTMENTS:

Investment Type	Total	FAIR VALUE MEASUREMENTS USING			Net Asset Value (NAV)
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Money Market funds	\$ 4,542,893	\$ 4,542,893	\$ -	\$ -	\$ -
Repurchase agreements	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
U.S. agency securities	-	-	-	-	-
U.S. treasury securities	2,698,496	2,698,496	-	-	-
Municipal bonds	1,505,916	-	1,505,916	-	-
Corporate bonds	3,600,878	-	3,600,878	-	-
Asset-backed securities	-	-	-	-	-
Mortgage-backed securities	-	-	-	-	-
Commercial paper	-	-	-	-	-
Mutual funds	10,360,912	10,360,912	-	-	-
Exchange-traded funds	-	-	-	-	-
Equity securities	10,258,093	10,258,093	-	-	-
Alternative investments:					
Private equity (including limited partnerships)	16,808,863	-	-	-	16,808,863
Hedge funds	29,704,898	-	-	-	29,704,898
Managed futures	-	-	-	-	-
Real estate investments (including REITs)	115,865	-	-	-	115,865
Commodities	-	-	-	-	-
Derivatives	-	-	-	-	-
Other alternative investment types	68,576,055	-	-	-	68,576,055
Other external investment pools	-	-	-	-	-
CSU consolidated investment pool (formerly SWIFT)	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	8,254,380	-	-	-	8,254,380
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-
Other investments	-	-	-	-	-
Foreign issues	-	-	-	-	-
REIT	-	-	-	-	-
Total investments	<u>\$ 156,427,249</u>	<u>\$ 27,860,394</u>	<u>\$ 5,106,794</u>	<u>\$ -</u>	<u>\$ 123,460,061</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>

See Independent Auditors' Report

SAN FRANCISCO STATE UNIVERSITY FOUNDATION

SUPPLEMENTARY FINANCIAL INFORMATION OTHER INFORMATION

JUNE 30, 2023

(for inclusion in the California State University Financial Statements)

(Continued)

3.1. CAPITAL ASSETS, EXCLUDING ROU ASSETS:

Composition of capital assets, excluding ROU assets:	Balance June 30, 2022	Reclassifications	Prior-Period Adjustments	Prior-Period Retirements	Balance June 30, 2022 (Restated)	Additions	Retirements	Transfers of Completed CWIP/PWIP	Balance June 30, 2023
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 excluding ROU assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See Independent Auditors' Report

SAN FRANCISCO STATE UNIVERSITY FOUNDATION

SUPPLEMENTARY FINANCIAL INFORMATION

OTHER INFORMATION

JUNE 30, 2023

(for inclusion in the California State University Financial Statements)

(Continued)

CAPITAL ASSETS, RIGHT OF USE

Composition of capital assets - Lease ROU, net:	Balance								Balance
	June 30, 2022	Prior-Period Reclassifications	Prior-Period Additions	Prior-Period Reductions	June 30, 2022 (Restated)	Additions	Remeasurements	Reductions	June 30, 2023
Nondepreciable/nonamortizable lease assets:									
Land and land improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total intangible assets	-	-	-	-	-	-	-	-	-
Total nondepreciable/nonamortizable lease	-	-	-	-	-	-	-	-	-
Depreciable/amortizable lease assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable lease assets	-	-	-	-	-	-	-	-	-
Less accumulated depreciation/amortization:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-	-
Total capital assets - lease ROU, net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Composition of capital assets - SBITA ROU, net	Balance								Balance
	June 30, 2022	Reclassifications	Prior-Period Additions	Prior-Period Reductions	June 30, 2022 (Restated)	Additions	Remeasurements	Reductions	June 30, 2023
Depreciable/Amortizable SBITA assets:									
Software	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable SBITA assets	-	-	-	-	-	-	-	-	-
Less accumulated depreciation/amortization:									
Software	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-	-
Total capital assets - SBITA ROU, net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See Independent Auditors' Report

SAN FRANCISCO STATE UNIVERSITY FOUNDATION

SUPPLEMENTARY FINANCIAL INFORMATION OTHER INFORMATION

JUNE 30, 2023

(for inclusion in the California State University Financial Statements)

(Continued)

CAPITAL ASSETS, RIGHT OF USE (CONTINUED)

	Balance				Balance				Balance
Composition of capital assets - P3 ROU, net:	June 30, 2022	Reclassifications	Prior-Period Additions	Prior-Period Reductions	June 30, 2022 (Restated)	Additions	Remeasurements	Reductions	June 30, 2023
Non-depreciable/Non-amortizable P3 assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable P3 assets	-	-	-	-	-	-	-	-	-
Depreciable/Amortizable P3 assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:	-	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable P3 assets	-	-	-	-	-	-	-	-	-
Less accumulated depreciation/amortization:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:	-	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-	-
Total capital assets - P3 ROU, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total capital assets, net including ROU assets									<u>\$ -</u>

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3.2 DETAIL OF DEPRECIATION AND AMORTIZATION EXPENSE:

	<u>Amount</u>
Depreciation and amortization expense related to capital assets	\$ -
Depreciation and amortization expense - capital assets, excluding ROU assets	-
Amortization expense - Leases ROU	-
Amortization expense - SBITA ROU	-
Amortization expense - P3 ROU	-
Depreciation and Amortization expense - Others	-
Amortization expense related to other assets	-
Total depreciation and amortization	<u><u>\$ -</u></u>

4. LONG-TERM LIABILITIES:

	Balance June 30, 2022	Prior-Period Adjustments Reclassifications	Balance June 30, 2022 (Restated)	Additions	Reductions	Balance June 30, 2023	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 Finance purchase of capital assets	-	-	-	-	-	-	-	-
4.5 Others:	-	-	-	-	-	-	-	-
Total others	-	-	-	-	-	-	-	-
Sub-total long-term debt obligations	-	-	-	-	-	-	-	-
4.6 Unamortized net bond premium/(discount)	-	-	-	-	-	-	-	-
Total long-term debt obligations	-	-	-	-	-	-	-	-
5. Lease, SBITA, P3 liabilities:								
	Balance June 30, 2022	Prior Period Adjustments/ Reclassifications	Additions	Remeasurements	Reductions	Balance June 30, 2023	Current Portion	Noncurrent Portion
Lease liabilities	-	-	-	-	-	-	-	-
SBITA liabilities	-	-	-	-	-	-	-	-
P3 liabilities - SCA	-	-	-	-	-	-	-	-
P3 liabilities - non-SCA	-	-	-	-	-	-	-	-
Total Lease, SBITA, P3 liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total long-term liabilities	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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5. FUTURE MINIMUM PAYMENTS SCHEDULE - LEASES, SBITA, P3:

<u>Year Ending June 30,</u>	<u>Lease Liabilities</u>			<u>SBITA liabilities</u>		
	<u>Principal Only</u>	<u>Interest Only</u>	<u>Principal and Interest</u>	<u>Principal Only</u>	<u>Interest Only</u>	<u>Principal and Interest</u>
2024	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029 - 2033	-	-	-	-	-	-
2034 - 2038	-	-	-	-	-	-
2039 - 2043	-	-	-	-	-	-
2044 - 2048	-	-	-	-	-	-
2049 - 2053	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-
Total minimum lease payments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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<u>Public-Private or Public-Public Partnerships (P3)</u>			<u>Total Leases, SBITA, P3 liabilities</u>		
<u>Principal Only</u>	<u>Interest Only</u>	<u>Principal and Interest</u>	<u>Principal Only</u>	<u>Interest Only</u>	<u>Principal and Interest</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
Less amounts representing interest					<u>-</u>
Present value of future minimum payments					<u>-</u>
Total Leases, SBITA, P3 liabilities					<u>-</u>
Less: current portion					<u>-</u>
Leases, SBITA, P3 liabilities, net of current portion					<u>\$ -</u>

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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	\$ -
Payments to University for other than salaries of University personnel	\$ 1,250,637
Payments received from University for services, space, and programs	\$ -
Gifts-in-kind to the University from discretely presented component units	\$ -
Gifts (cash or assets) to the University from discretely presented component units	\$ -
Accounts (payable to) University	\$ (2,468)
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	-	-	-	-	-	1,348,485	-	1,348,485
Depreciation and amortization	-	-	-	-	-	-	-	-
Total Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,348,485</u>	<u>\$ -</u>	<u>\$ 1,348,485</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 - P3	-
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 - P3 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	-
Deferred inflows - leases	-
Deferred inflows - P3	-
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	\$ -
--	-------------

11. OTHER NONOPERATING REVENUES (EXPENSE)

Other nonoperating revenues	\$ 580,115
Other nonoperating (expenses)	(9,694,102)
Total other nonoperating revenues (expenses)	\$ (9,113,987)

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