

THE UNIVERSITY CORPORATION,
SAN FRANCISCO STATE
(A COMPONENT UNIT OF SAN FRANCISCO
STATE UNIVERSITY)

JUNE 30, 2010 AND 2009

INDEPENDENT AUDITORS' REPORTS,

FINANCIAL STATEMENTS

AND

SUPPLEMENTAL INFORMATION

The University Corporation, San Francisco State

Independent Auditors' Report, Financial Statements and Supplemental Information

Independent Auditors' Report	1 - 2
Managements Discussion and Analysis	3 - 10
Financial Statements	
Statement of Net Assets	11
Statement of Revenues, Expenses and Changes in Net Assets	12
Statement of Cash Flows	13 - 14
Notes to Financial Statements	15 - 25
Supplementary Information	
Schedule of Net Assets	26
Schedule of Revenues, Expenses and Changes in Net Assets	27
Other Information	28 - 33



Independent Auditors' Report

THE BOARD OF DIRECTORS
THE UNIVERSITY CORPORATION, SAN FRANCISCO STATE
San Francisco, California

We have audited the accompanying statement of net assets of **THE UNIVERSITY CORPORATION, SAN FRANCISCO STATE (the Corporation)**, as of June 30, 2010 and 2009 and the related statements of revenues, expenses and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The University Corporation, San Francisco State at June 30, 2010 and 2009 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3 through 9 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

*Consultants and
Business Advisors*

100 First Street

14th Floor

San Francisco

CA 94105

415.781.0793

fax 415.421.2976

San Francisco

San Jose

Redwood Shores



As described in Note 3 to the financial statements, the 2009 financial statements have been restated to correct deferred revenue and opening capital project net asset balances. In our opinion, such adjustments are appropriate and have been properly applied.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Hood & Strong LLP

September 24, 2010

The University Corporation, San Francisco State

Management Discussion and Analysis (Unaudited)

The University Corporation, San Francisco State (the Corporation) presents its financial statements for fiscal year 2010 with comparative data presented for fiscal years 2009 and 2008. The emphasis of discussions concerning these statements will be for the fiscal years ended June 30, 2010 and 2009 (2010 and 2009, respectively). There are three financial statements presented: the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows.

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

The Corporation

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

The Corporation's June 30, 2010 and 2009 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Highlights of Financial Operations

- **Transfer of endowment balances to the San Francisco State University Foundation**

The Corporation transferred all endowment balances and associated investment accounts with the exception of one endowment to the San Francisco State University Foundation (the Foundation). The amount transferred from the Corporation was \$42,921,552.

- **Operating revenue and other additions**

Total operating revenue decreased by \$5.5 million which is primarily attributed to a decrease in program revenue of approximately \$5 million. During 2009, the Corporation received large multiyear private foundation grants not received in the fiscal year 2010. There was also a decrease in other revenue for fiscal year 2010, as a result of a decrease in indirect cost revenue earned. As a result of the transfer of endowment balances to the Foundation on September 30, 2009 there is a significant decrease in other additions. The Foundation would now receive all contributions related to endowments.

The University Corporation, San Francisco State

Management Discussion and Analysis (Unaudited)

- **Nonoperating revenues and expenses**

Total non-operating revenue increased by \$10.6 million which is primarily attributable to net investment return. Investments improved markedly during 2010 though volatility continues in the financial markets. The investment return represents the investment of endowed (through September 30, 2009) and unrestricted funds.

- **Restatement of 2009 financial statements**

The financial statements for fiscal year 2009 were restated thereby increasing opening net assets by \$7,043,728. As a result of the restatement, 2009 contributions increased by \$477,860 and investment loss increased by \$766,829. The details of the restatement will be discussed in more detail.

Financial Position

The statement of net assets presents the financial position of the Corporation at the end of fiscal year 2010 and 2009. The purpose of the statement of net assets is to present to the readers of the financial statements a fiscal snapshot of the Corporation. From the data presented, the readers of the statement of net assets are able to determine the assets available to continue the operations of the Corporation. They are also able to determine how much the Corporation owes its vendors as well as assessing other liabilities. Finally, the statement of net assets provides a picture of the net assets (assets minus liabilities) and their availability for expenditure.

Net assets are divided into three major categories. The first category, Invested in Capital Assets, presents the Corporation's equity in property and equipment. The next asset category is Restricted Net Assets, which is divided into two categories, Nonexpendable and Expendable. The corpus of nonexpendable restricted resources is only available for investment purposes. Expendable restricted net assets are available for expenditure by the Corporation, but must be spent for purposes as determined by 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 Assets that are available to the Corporation for any lawful purpose of the Corporation.

Detailed statements of net assets are included with the financial statements. A condensed version is shown below:

The University Corporation, San Francisco State

Management Discussion and Analysis (Unaudited)

Condensed Statement of Net Assets - 2010, 2009, and 2008

	2010	2009 (as restated)	2008
ASSETS			
Current Assets	\$ 7,123,720	\$ 9,994,408	\$ 10,722,383
Noncurrent Assets	9,952,616	47,676,895	46,466,778
Total assets	17,076,336	57,671,303	57,189,161
LIABILITIES			
Current Liabilities	2,816,364	971,962	1,235,346
Noncurrent Liabilities			7,271,200
Total liabilities	2,816,384	971,962	8,506,546
NET ASSETS			
Invested in capital assets	2,742,418	2,881,733	2,831,390
Restricted Net Assets:			
Nonexpendable - endowments	509,088	26,690,874	26,481,050
Expendable – scholarships, fellowships & capital projects	6,067,093	21,096,914	13,838,447
Unrestricted	4,941,353	6,029,820	5,531,728
Total net assets	\$ 14,259,952	\$ 56,699,341	48,682,615

Assets

For 2010, current assets decreased by approximately \$2,870,700 (-29%). The decrease was attributed primarily to a decrease in current investments of approximately \$1,264,200 and Pledge receivables of approximately \$1,198,200 as the outstanding balance for pledges continues to be paid down. Conversely for 2009, current assets decreased by approximately \$728,000 (-7%). Accounts receivable decreased by approximately \$768,000 due to collection of prior year balances offset by an increase in pledges receivable of \$1.6 million. In addition, current investments during 2009 decreased in value by approximately \$2,286,100 as a result of the continuing economic downturn in the financial market and increase in operating expenses.

The University Corporation, San Francisco State

Management Discussion and Analysis (Unaudited)

Noncurrent Assets decreased by approximately \$37,724,300 (-79%) primarily due to the transfer of investment accounts to the San Francisco State University Foundation. In 2009, noncurrent assets increased by \$1,210,117 (3%) due to an increase in long term pledges of \$824,000 as well as an increase in unrestricted investments of \$2.4 million. These items were offset by a decrease in restricted investments of \$2.1 million.

Liabilities

In 2010, current liabilities increased by \$1,844,422 (190%) due to related party activity with the San Francisco State University Foundation. The spendable accounts associated with the endowment are held by the Corporation thereby creating more transactions between the two entities. In 2009, current liabilities decreased by \$264,384 (27%) due to the Corporation improving on its invoice processing thus reducing the turnaround time of disbursing payments which caused the balance of accounts payables to decrease at year end.

Net Assets

At June 30, 2010, net assets were \$14,259,952 which decreased by approximately \$42,439,400 (-75%) from the previous year. The decrease was primarily attributed to the transfer of endowment balances to the San Francisco State University Foundation, the transfer included the opening net assets balance (including any underwater endowments), contribution, investment income and related expenditures through September 30, 2009. Further discussion of the Corporation's revenue and expenses under result of operations will highlight the changes that contributed to the overall increase in operating results.

At June 30, 2009, net assets were \$56,699,341 which increased by approximately \$8,016,700 (14%) from the previous year. The increase was primarily due to the restatement of the June 30, 2009 financial statements. The adjustment is a result of the removal of prior conditions related to a term-endowment for the creative arts building. Initial donor communication suggested conditions on the original pledge and thereby causing the gift to be recorded as deferred revenue during fiscal year ended 2005. The final gift agreement removed the previously suggested conditions and therefore the gift should have been recognized as revenue in October 2005. The impact of this restatement was to decrease deferred revenue and increase the Corporation's capital projects by \$7,043,728. The opening net asset balance for 2008 was increased by \$7,322,697.

Further discussion of the Corporation's revenue and expenses is under result of operations the section highlight the changes that contributed to the overall increase in operating results.

Results of Operations

The Statement of Revenues, Expenses and Changes in Net Assets presents the Corporation's operating results, as well as the nonoperating revenues and expenses. Operating revenues primarily includes grants, contracts, and program revenue. Gifts and investment income, is classified as prescribed by GASB. Net nonoperating revenues or expenses are an integral component in determining the increase or decrease in net assets.

The University Corporation, San Francisco State

Management Discussion and Analysis (Unaudited)

Detailed statement of Revenue, Expenses, and Changes in Net Assets for the year ended June 30, 2010 and 2009 is included in the financial statements.

Condensed Statement of Revenues, Expenses and Changes in Net Assets For the years ended June 30, 2010, 2009 and 2008

	2010	2009 (as restated)	2008
<u>Operating Revenues (Expenses):</u>			
Revenues	\$ 4,355,533	\$ 9,821,938	\$ 5,942,481
Expenses	(9,434,225)	(9,906,202)	(8,709,114)
<u>Operating loss</u>	<u>(5,078,692)</u>	<u>(84,264)</u>	<u>(2,766,633)</u>
<u>Nonoperating Revenues (Expenses):</u>			
Contributions	2,037,063	3,064,394	1,238,845
Investment return	3,523,792	(8,122,583)	(750,772)
Capital contributions		39,790	177,798
Additions to permanent endowments		6,359,087	503,282
Transfers to the University		(572,395)	(700,000)
<u>Total other Nonoperating Revenues (Expenses)</u>	<u>5,560,855</u>	<u>768,293</u>	<u>469,153</u>
<u>Change Net Assets</u>	<u>\$ 482,163</u>	<u>\$ 684,029</u>	<u>\$ (2,297,480)</u>
<u>Net assets:</u>			
Beginning of year	\$ 56,699,341	\$ 48,682,615	\$ 49,151,768
Change in net assets	482,163	684,029	469,153
Prior period adjustment		7,332,697	
Transfer to SF State Foundation	(42,921,552)		
<u>Net Assets end of year</u>	<u>\$ 14,259,952</u>	<u>\$ 56,699,341</u>	<u>\$ 48,682,615</u>

The University Corporation, San Francisco State

Management Discussion and Analysis (Unaudited)

OPERATING REVENUES

Program Revenue

Program revenues are the function of the many projects administered by the Corporation. During 2010 program revenue decreased approximately \$4,958,900 which was primarily attributed to multi-year grants and contracts received in 2009. Conversely, program revenue in 2009 increased \$3.6 million during the year which was primarily attributed to grants and contracts such as the Irvine Foundation of \$1 million, California Foundation of \$225,000, Johnson Foundation of \$420,000, and approximately \$2.35 million of other grants awarded.

Rental Income

Rental income is comprised mainly of food vending tenants and the fitness facility located on campus. Rental income was mainly flat in comparison to prior fiscal year. Tenants rent are increased based on the consumer price index (CPI) which is reviewed annually. During 2009 rental income had decreased due to a reduction of income from the fitness center.

Other Revenue

Other Revenue decreased during the year primarily as a result of the transfer of endowment balances to the Foundation. During the fiscal year 2009 an annual 2% administrative fee was charged on the endowment based on the average daily balance per the Corporation's investment policy. In 2010, the Corporation earned this fee for the first quarter of the fiscal year.

OPERATING EXPENSES

Operating Expenses

Operating expenses are tied to the use of funds, from grants, contracts, donations, and other miscellaneous sources. The program costs for all projects administered for the year ended June 30, 2010 are \$9,434,225 as compared to \$9,906,202 for the prior year ended June 30, 2009. Expenses decreased approximately \$472,000 as a result of more reimbursement release time (RRT), and reimbursement of salaries and benefits to the university during 2009. This was evident in projects like the Morrison Chamber Music and endowed chairs for approximately \$500,000. Similar costs for the project was not present in 2010.

NON-OPERATING REVENUES AND EXPENSES

Contributions

Contributions are recognized as revenue when they are verifiable, measurable, probable of collection, and the Corporation has met all time and eligibility requirements. Contributions decreased during 2010 by approximately \$1,027,300 due to decline in fund raising, scholarship and capital campaigns; these functions will be primarily handled by the San Francisco State University Foundation. Conversely, during 2009 contributions increased by approximately \$1,687,500 and campus programs received over \$2.4 million during fiscal year 2009 from contribution and fundraising activities.

The University Corporation, San Francisco State

Management Discussion and Analysis (Unaudited)

Investment Return

In 2010, investments began to show modest signs of recovery throughout the year. Investment return for the fiscal year 2010 was \$3.5 million as compared to a loss of \$8.1 million in year ended June 30, 2009. Though the financial markets continue to be volatile the overall outlook has improved from last fiscal year. In 2009, Interest and income from investments and net realized and unrealized loss on investments netted to a loss of \$8.1 million for the year ended June 30, 2009 compared to a loss of \$750,000 for the year ended June 30, 2008. The Corporation's portfolio has continued to perform higher than policy benchmarks. The board continues to monitor investments throughout the year along with the investment managers and adjust targets as well as allocation mix where necessary.

Additions to Permanent Endowments

Contributions are no longer accepted by the Corporations for capital campaigns and permanent endowments as these assets and related activity were part of the transfer to the San Francisco State University Foundation. In 2009 contributions to capital campaigns and permanent endowments continued to receive steady support from friends of the University in the amount of \$5.8 million. The Corporation received \$3.255 million from Goldman Foundation as well as over a \$1 million related to the W Smith Endowment, Raoul Bertrand Classics Endowment of \$750,000 as well as the Bernard Osher Foundation of \$1 million.

SIGNIFICANT ITEMS

In 2010 there was an operating loss of \$5,078,692 which is attributed to the decrease in program revenue where there were large multi-year grants received in fiscal year 2009. These multi-year grants would have expenditures in fiscal year 2010. Also, contributions are a significant part of a campus programs revenue as well as investment income used to fund endowment related activities.

During fiscal year 2010 all endowments, except for one endowment totaling approximately \$504,000, were transferred to the SF State University Foundation. Ownership of all the investment accounts related to these proceeds has been transferred to the Foundation. The philanthropic foundation is a new auxiliary established at San Francisco State University which took over the management of the endowments as of September 30, 2009. The impact of this change to the Corporations change in net assets was approximately \$42.9 million. The transfer was significant to the Corporations bottom line change in net assets but did not have a major impact on the Corporations overall financial position. The transfer resulted in approximately \$900,000 of loss revenue for the Corporation based on the 2% administrative fee charged for managing the endowments.

As a result of the transfer of endowment assets to the Foundation there will continue to exist a transactional relationship between the two entities. The Corporation maintains the spendable and scholarship accounts associated with the endowment accounts under the management of the Foundation. Periodically, the Foundation will process transfer request which move funds from specific endowments to the related spendable and scholarship accounts to cover scholarships, endowed chairs and other specific requirements of the endowment.

The University Corporation, San Francisco State

Management Discussion and Analysis (Unaudited)

The transfer of endowment balances has not impaired liquidity or impacted operating needs of the Corporation.

We believe all other significant items have already been disclosed and either they do not have a significant effect on future operations, or these effects have already been included in the current financial statements.

The University Corporation, San Francisco State

Statement of Net Assets

<i>June 30,</i>	2010	2009
		(as restated - see Note 3)
Assets		
Current Assets:		
Cash and cash equivalents	\$ 522,950	\$ 679,001
Investments, unrestricted	5,698,360	6,961,557
Pledges receivable	595,867	1,794,106
Accounts receivable, net	302,457	559,744
Prepaid expenses	4,086	
Total current assets	7,123,720	9,994,408
Noncurrent Assets:		
Pledges receivable, net	377,631	1,485,203
Investments, unrestricted	6,323,479	4,515,360
Investments, restricted	509,088	38,794,599
Capital assets, net	2,742,418	2,881,733
Total noncurrent assets	9,952,616	47,676,895
Total assets	\$ 17,076,336	\$ 57,671,303
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 1,264,188	\$ 727,463
Accrued salaries and benefits payable	145,862	141,092
Accrued compensated absences	80,807	103,407
Payable to related parties	1,325,527	
Total current liabilities	2,816,384	971,962
Net Assets:		
Invested in capital assets	2,742,418	2,881,733
Restricted for:		
Nonexpendable - endowments	509,088	26,690,874
Expendable - scholarships, fellowships, capital projects	6,067,093	21,096,914
Unrestricted	4,941,353	6,029,820
Total net assets	14,259,952	56,699,341
Total liabilities and net assets	\$ 17,076,336	\$ 57,671,303

The University Corporation, San Francisco State

Statement of Revenues, Expenses and Changes in Net Assets

<i>Year Ended June 30,</i>	2010	2009
		(as restated - see Note 3)
Revenues:		
Program, grants, and contract revenue	\$ 3,345,110	\$ 8,304,051
Rental income	410,242	408,537
Other revenues	600,181	1,109,350
Total revenues	4,355,533	9,821,938
Expenses:		
Grants, contracts, and campus programs	6,625,836	7,417,745
Rental expenses	13,770	13,555
Student scholarships	1,163,000	752,206
Management and general	1,346,021	1,477,463
Depreciation	285,598	245,233
Total expenses	9,434,225	9,906,202
Operating loss	(5,078,692)	(84,264)
Nonoperating Revenues (Expenses):		
Contributions	2,037,063	3,064,394
Investment return	3,523,792	(8,122,583)
Net nonoperating revenues (expenses)	5,560,855	(5,058,189)
Gain (loss) before other additions	482,163	(5,142,453)
Other Additions and Transfers:		
Capital contributions		39,790
Additions to permanent endowments		6,359,087
Transfers to the University		(572,395)
Total other additions and transfers	-	5,826,482
Change in Net Assets	482,163	684,029
Net Assets, beginning of the year	56,699,341	48,682,615
Prior Period Adjustment (Note 3)		7,332,697
Net Assets, beginning of year as restated	13,777,789	56,015,312
Transfer to San Francisco State University Foundation	(42,921,552)	
Net Assets, end of the year	\$ 14,259,952	\$ 56,699,341

The University Corporation, San Francisco State

Statement of Cash Flows

Year Ended June 30, 2009

Cash Flows from Operating Activities:

Receipts from programs	\$ 5,904,120	\$ 9,012,697
Rent receipts	410,242	408,538
Payments to suppliers	(3,160,533)	(5,888,166)
Payments to employees for services	(3,051,537)	(3,094,183)
Scholarships to students	(1,092,133)	(831,263)
Other	600,181	1,109,350
<hr/>		
Net cash (used) provided by operating activities	(389,660)	716,973

Cash Flows from Noncapital Financing Activities:

Donations received	2,037,063	6,506,824
Transfers to the University		(572,395)
Transfer to San Francisco State Foundation	1,700,842	
Bank overdraft		(40,538)
<hr/>		
Net cash provided by noncapital financing activities	3,737,905	5,893,891

Cash Flows from Capital and Related Financing Activities:

Capital asset additions	(146,283)	(299,026)
Donations received restricted for capital		(227,473)
<hr/>		
Net cash used by capital and related financing activities	(146,283)	(526,499)

Cash Flows from Investing Activities:

Proceeds from sales and maturities of investments	2,845,199	48,119,893
Purchase of investments	(9,477,168)	(39,195,226)
Investment income	3,273,956	(14,330,031)
<hr/>		
Net cash used by investing activities	(3,358,013)	(5,405,364)

Net Change in Cash and Cash Equivalents (156,051) 679,001

Cash and Cash Equivalents, beginning of year 679,001 -

Cash and Cash Equivalents, end of year \$ 522,950 \$ 679,001

The University Corporation, San Francisco State

Statement of Cash Flows (continued)

June 30, 2009

Reconciliation of Operating Loss to Net Cash

Flows Used by Operating Activities:

Operating loss	\$ (5,078,692)	\$ (84,264)
Adjustments to reconcile operating loss to net cash flows used by operating activities:		
Depreciation	285,598	245,233
Loss on disposal		3,450
Changes in assets and liabilities:		
Accounts receivable and pledge receivable	2,563,098	775,399
Prepaid expenses	(4,086)	
Accounts payable	536,725	(299,111)
Payable to related parties	1,325,527	
Accrued salaries and benefits payable	(22,600)	77,699
Accrued compensated absences	4,770	(1,433)
Total adjustments	4,689,032	801,237
Net cash (used) provided by operating activities	\$ (389,660)	\$ 716,973

Supplemental Disclosures of Cash Flow Activity:

Non-cash activity:

Donations of stock received		\$ 544,900
Transfer of Assets to Foundation	\$ 42,921,552	

The University Corporation, San Francisco State

Notes to Financial Statements

Note 1 - Organization:

The University Corporation, San Francisco State (Corporation), formerly the San Francisco State University Foundation, Inc., is a non-profit, tax-exempt California corporation. The Corporation serves as an auxiliary organization of San Francisco State University. The Corporation is a Component Unit of San Francisco State University (University).

The Corporation was established in 1946 for the purpose of promoting and assisting the University through administration of educational projects, University research and development projects, and community outreach programs. The Corporation has grants, contracts and agreements with state, local and private agencies and organizations.

Note 2 - Summary of Significant Accounting Policies:

a. Basis of Presentation

The basic financial statements required by GASB Statements number 34 and 35 includes a Statement of Net Assets, a Statement of Revenues, Expenses, and Changes in Net Assets and a Statement of Cash Flows. As a component unit of a public institution, the Corporation 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 Corporation to be reported in a single column in each of the basic financial statements. In accordance with the business-type activities reporting model, the Corporation 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, 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 Corporation uses all applicable GASB and FASB pronouncements and interpretations issued on or before November 30, 1989, unless these FASB pronouncements conflict with or contradict GASB. The Corporation has elected not to follow FASB pronouncements issued after 1989.

The University Corporation, San Francisco State

Notes to Financial Statements

The Corporation considers assets to be current that can reasonably be expected, as part of its normal business operations, to be converted to cash and be available for liquidation of current liabilities within twelve months of the date of the Statement of Net Assets. Liabilities that reasonably can be expected, as part of the Corporation's normal business operations, to be liquidated within twelve months of the date of the Statement of Net Assets are considered to be current. All other assets and liabilities are considered to be non-current.

The Corporation's net assets are classified into the following categories:

- *Invested in capital assets*: Capital assets, net of accumulated depreciation.
- *Restricted, non-expendable*: Net assets subject to externally imposed conditions that the Corporation retains in perpetuity. Net assets in this category consist of endowments.
- *Restricted, expendable*: Net assets subject to externally imposed conditions that can be fulfilled by the actions of the Corporation or by the passage of time.
- *Capital Projects*: Net assets subject to externally imposed conditions that whose restricted use is for capital projects which can be fulfilled by the actions of the Corporation.
- *Unrestricted*: This represents all unrestricted net assets. Unrestricted net assets may be designated for use by management or the Board of Directors.

b. Cash and Cash Equivalents

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

Custodial credit risk - In the case of bank deposits, this is the risk that in the event of a bank failure, the Corporation's deposits may not be returned. The Corporation does not have a formal policy addressing custodial credit risk for its bank deposits. The Corporation maintained deposits in excess of federally insured limits as of June 30, 2010 and 2009, respectively. Though the Corporation is not a government agency, Union Bank of California has collateralized the deposits in accordance with section 53601 et. Seq. of the California Government Code. Wells Fargo Bank does not collateralize the Corporation's deposits in accordance with section 53601 et. Seq. of the California Government Code. Wells Fargo Bank is a financial institution whereby Federal Deposit Insurance Corporation (FDIC) insures deposits. The Corporation's deposits under \$250,000 are insured by FDIC.

The University Corporation, San Francisco State

Notes to Financial Statements

c. Accounts Receivable, net

Accounts receivable include amounts due from special projects, business services, contracts and other receivables from San Francisco State University. Account receivables are shown net of an allowance for uncollectible accounts of \$50,000 as of June 30, 2010 and 2009.

d. Pledges Receivable, net

Unconditional promises of private gifts to the Corporation are recorded as pledges receivable and revenue in the year promised at the present value of expected cash flows. Conditional promises and intentions to pledge are recognized as receivables and revenue when the specific condition and or eligibility and recognition requirement is met. There were no conditional promises to give at June 30, 2010 and 2009. The pledge receivable discount at June 30, 2010 and 2009 is approximately \$6,800, and \$35,000, respectively.

e. Investments

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

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

f. Restricted Investments

Investments made from donor restricted endowments are pooled with the Corporation's other investments. Any appreciation of such investments is tracked separately and recorded in unrestricted net assets as long as the donor has not restricted those earnings. The Uniform Prudent Management of Institutional Funds Act (UPMIFA) passed in July 2006 and adopted by California in 2008 which authorizes an institution to spend the amount it deems prudent after considering the intent of the donor's intent, the purposes of the fund, and relevant economic factors. According to Corporation policy, up to 4% of the earnings may be distributed each year. Earnings available for distribution are identified as interest, dividends and realized gains and losses and are calculated quarterly based on the average daily balance of the portfolio.

The University Corporation, San Francisco State

Notes to Financial Statements

The Corporation 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. As of September 30, 2009 the donor restricted endowments were transferred to San Francisco State University Foundation.

g. Capital Assets

Capital assets, which include property and equipment, are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from five to ten years for personal property and ten to thirty years for buildings and related improvements. Personal property with a value of less than \$5,000 is not capitalized. Annually, the Corporation transfers ownership of the capital assets belonging to closed projects to the University, where appropriate. No transfers were made during the fiscal year ended June 30, 2010 and 2009.

h. Real Estate Held by Endowments

In 2009, the Corporation adopted GASB 52 Land and other Real Estate held as Investment by Endowments, and it was determined to have no material impact to the Corporation as of June 30, 2010 and 2009, respectively.

i. Deferred Revenue

Generally, cash received from donors in advance of complying with the eligibility requirements are recorded as deferred revenue.

j. Compensated Absences

Employees accrue annual vacation leave based on length of service and job classification.

k. Revenue and Expenses

The Corporation classifies operating revenues into three categories program revenue, rental income and other revenue. Program Revenue is derived of program-specific grants and contracts and contributions arising from exchange transactions with federal, state, local, private foundations and individual contributions restricted for a particular program.

Rental Income is revenue generated from food vendors and commercial space leased to Club One, Patelco Credit Union, Parking and Enterprise car rental.

The University Corporation, San Francisco State

Notes to Financial Statements

Other Revenue are revenues which are not required to be reported under program revenue or rental income such as indirect cost earned associated with administering grants and contracts, and campus programs.

Non-Operating revenue and expenses category includes revenue from restricted and unrestricted contributions where the restrictions have been met, and transfers. This category also includes investment returns which are net of administrative fees charged per the investment policy (such as, interest, dividends and net realized and unrealized gains and losses).

Other Additions and Transfers category includes contributions related to capital projects and permanent endowments and transfers related to funds given to the University as a gift.

l. Use of Estimates

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

m. Income Taxes

The Corporation is a not-for-profit corporation 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 Corporation may generate income that is taxable. No provision has been recorded for income taxes, as the net income, if any, from unrelated business in the opinion of management; it is not material to the basic financial statements taken as a whole.

n. New Accounting Pronouncements

In March 2009, the GASB issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, effective for the Corporation's fiscal year and beginning after June 15, 2010. Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and also clarifies the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The Corporation has yet to determine the impact this pronouncement will have on its financial statements.

The University Corporation, San Francisco State

Notes to Financial Statements

Note 3 - Prior Period Adjustment:

The 2009 financial statements have been restated to reflect an adjustment to deferred revenue. The adjustment is a result of the removal of prior conditions related to the term-endowment contribution for the creative arts building. Initial donor communication suggested conditions on the original pledge and thereby causing the gift to be recorded as deferred revenue during fiscal year ended 2005. The final gift agreement removed the previously suggested conditions and therefore the gift should have been recognized as revenue in October 2005.

The impact of this restatement was to decrease deferred revenue and increase the Corporation's capital projects by \$7,043,728. The opening net asset balance for 2009 was increased by \$7,322,697.

Note 4 - Investments:

Investments consist of the following as of June 30, 2010:

	Fair value	<1	Investment Maturities (Years)			Other
			1 - 5	6 - 10	10+	
Local agency investment fund	\$ 1,852,109	\$ 1,852,109				
Broker money market funds	1,360,734	1,360,734				
Mutual funds	2,349,583	2,349,583				
Treasury securities	1,427,752	36,206	\$ 823,569	\$ 368,265	\$ 199,712	
Corporate debt securities	1,244,105	99,728	664,535	479,842		
Equity securities	4,296,644					\$ 4,296,644
	<u>\$ 12,530,927</u>	<u>\$ 5,698,360</u>	<u>\$ 1,488,104</u>	<u>\$ 848,107</u>	<u>\$ 199,712</u>	<u>\$ 4,296,644</u>

Investments consist of the following as of June 30, 2009:

	Fair value	<1	Investment Maturities (Years)			Other
			1 - 5	6 - 10	10+	
Local agency investment fund	\$ 2,969,322	\$ 2,969,322				
Broker money market funds	4,513,172	4,513,172				
Mutual funds	2,910,411	2,910,411				
Treasury securities	11,297,403		\$ 7,309,398	\$1,979,911	\$2,008,094	
Corporate debt securities	8,724,659	760,985	4,522,843	3,014,736	426,096	
Equity securities	16,995,286					\$16,995,286
Alternative investments	2,861,262					2,861,262
	<u>\$ 50,271,516</u>	<u>\$ 11,153,890</u>	<u>\$ 11,832,241</u>	<u>\$4,994,647</u>	<u>\$2,434,189</u>	<u>\$19,856,548</u>

The Corporation ended the year with a net investment gain of approximately \$3.5 million for 2010 and a net investment loss of approximately \$8.1 million for 2009.

The University Corporation, San Francisco State

Notes to Financial Statements

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

Credit risk - The Corporation's investment policy provides that all investments must be rated at least investment grade by one nationally recognized ratings agency. In the event that an investment falls below investment grade, the manager must notify the Corporation of the downgrade and provide a recommended course of action. Securities rated BBB are limited to 10% of the managers' bond portfolio and the maximum exposure to an issuer rated BBB is limited to 3% of the Corporation's fixed income holdings.

Concentration of credit risk - Securities held in any one issuer are limited to 10% of a particular money manager's bond portfolio, and 3% of the Corporation's total fixed income holdings. Individual equities are also mandated to be no more than 5% of the stock portfolio. As a result, no one issuer exceeds 5% of the Corporation's total investments.

Custodial credit risk - Custodial credit risk represents the risk that, in the event of the failure of counterparty, the Corporation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Morgan Stanley account is insured with a combination of SIPC and other commercial insurance. SIPC coverage protects customers of a U.S. registered broker-dealer in the event the broker-dealer becomes financially insolvent and cannot return the full value of a customer's securities and cash in the broker-dealer's possession or control. SIPC covers each customer's account up to \$500,000, of which up to \$100,000 may be cash. Excess coverage follows the terms of SIPC coverage but covers each account up to its full net equity value, including all cash balances. CAPCO, an insurer who provides securities account protection for amounts in excess of SIPC, is rated A+ by Standard & Poor's. The Corporation does not have a formal policy covering custodial credit risk for its investments.

LAIF

Under Federal Law, the State of California cannot declare bankruptcy, thereby allowing the Government Code Section 16429.3 to stand. This section states that "moneys placed with the Treasurer for deposit in the LAIF by cities, counties, special districts, nonprofit corporations, 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 the 2002 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 corporation, 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."

The University Corporation, San Francisco State

Notes to Financial Statements

Note 5 - Endowments:

Endowments held and administered by the Corporation at June 30, 2010 are as follows:

	<u>Restricted Net Assets</u>		Total
	Nonexpendable	Expendable	
<u>Endowments</u>	<u>\$ 509,088</u>		<u>\$ 509,088</u>

Endowments held and administered by the Corporation at June 30, 2009 are as follows:

	<u>Restricted Net Assets</u>		Total
	Nonexpendable	Expendable (as restated)	
<u>Endowments</u>	<u>\$ 26,690,874</u>	<u>\$ 14,091,418</u>	<u>\$ 40,782,292</u>

As of September 30, 2009 all endowments balances and associated investment accounts with the exception of one endowment have been transferred to the San Francisco State University Foundation. The amount transferred was approximately \$42,900,000 from the Corporation.

The Corporations investment policy during fiscal year 2010 and 2009 allowed a 4% annual payout based on quarterly average daily balance of the fund. The 4% annual payout was not changed during the year and disbursements were allowed.

The University Corporation, San Francisco State

Notes to Financial Statements

Note 6 - Capital Assets, net:

The following is a roll forward schedule for capital assets for the year ended June 30, 2010:

	Balance June 30, 2009	Additions	Reductions	Transfers	Balance June 30, 2010
Capital Assets:					
Leasehold improvements	\$ 2,470,513				\$ 2,470,513
Personal property:					
Equipment	2,524,706	\$ 147,901	\$ 42,136		2,630,472
Total capital assets	4,995,219	147,901	42,136		5,100,984
Less Accumulated Depreciation:					
Leasehold improvements	570,590	124,288			694,879
Personal property:					
Equipment	1,542,895	161,310	40,518		1,663,687
Total accumulated depreciation	2,113,486	285,598	40,518		2,358,566
Net capital assets	\$ 2,881,733	\$ 137,697	\$ 1,618		\$ 2,742,418

Total depreciation expense for the year ended June 30, 2010 was \$285,598.

The following is a roll forward schedule of capital assets for the year ended June 30, 2009:

	Balance June 30, 2008	Additions	Reductions	Transfers	Balance June 30, 2009
Capital Assets:					
Leasehold improvements	\$ 2,455,628	\$ 14,885			\$ 2,470,513
Personal property:					
Equipment	2,293,904	284,141	\$ 53,339		2,524,706
Total capital assets	4,749,532	299,026	53,339		4,995,219
Less Accumulated Depreciation:					
Leasehold improvements	447,029	123,562			570,591
Personal property:					
Equipment	1,471,113	121,671	49,889		1,542,895
Total accumulated depreciation	1,918,142	245,233	49,889		2,113,486
Net capital assets	\$ 2,831,390	\$ 53,793	\$ 3,450		\$ 2,881,733

The University Corporation, San Francisco State

Notes to Financial Statements

Total depreciation expense for the year ended June 30, 2009 was \$245,233.

Note 7- Related Parties:

During the years ended June 30, 2010 and 2009, the Corporation paid \$3,786,865 and \$4,206,664, respectively to the University and its affiliates for salary reimbursement, tuition and fees, facilities, and other administrative costs. During 2010, the Corporation transferred \$42,921,552 of endowments to the San Francisco State Foundation along with the ownership of investment accounts. During the years ended June 30, 2010 and 2009, the Corporation received \$1,791,392 and \$5,973,992, respectively, from the University and its affiliate for reimbursements related to grants and contracts, campus programs, and operating facilities used by University students.

At June 30, 2010, the Corporation's recorded receivables from the University and its affiliate \$239,458 and payables to the University and its affiliate totaling \$2,355,477.

At June 30, 2009, the Corporation recorded receivables from the University totaling \$405,789 and payables to the University and its affiliate totaling \$375,520.

During 2009, the Corporation transferred \$572,395 to the University for expenses related to the Creative Art building project.

Note 8 - Administration Fees:

The Corporation charges an administrative fee of 5% on gifts and 10% on program revenue to campus programs. Grants and contracts are charged an administrative fee based on the rate provided by the granting agency. Scholarship funds are not charged an administrative fee by the Corporation. Administrative fees of \$455,760 and \$416,399 were charged by the Corporation during the years ended June 30, 2010 and 2009, respectively.

In addition, the Corporation charged an annual two percent administration fee for the administration of all endowment funds through September 30, 2009 while the management of endowments was handled by the Corporation. The Corporation earned an administrative fee of \$35,962 and \$496,942 as of June 30, 2010 and 2009, respectively.

The University Corporation, San Francisco State

Notes to Financial Statements

Note 9 - Risk Financing Activities:

The Corporation 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 Corporation carries commercial insurance. The Corporation 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 10 - Litigation:

From time to time, the Corporation 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 Corporation in connection with its legal proceedings will not have a material adverse effect on the Corporation's financial position and activities.

The University Corporation, San Francisco State

Schedule of Net Assets

June 30, 2010

(for inclusion in the California State University)

Assets:

Current assets:

Cash and cash equivalents	\$ 522,950
Short-term investments	5,698,360
Accounts receivable, net	302,456
Leases receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	595,867
Prepaid expenses and other assets	4,086
Total current assets	7,123,719

Noncurrent assets:

Restricted cash and cash equivalents	—
Accounts receivable, net	—
Leases receivable, net of current portion	—
Notes receivable, net of current portion	—
Student loans receivable, net	—
Pledges receivable, net	377,631
Endowment investments	509,088
Other long-term investments	6,323,479
Capital assets, net	2,742,419
Other assets	—
Total noncurrent assets	9,952,617
Total assets	17,076,336

Liabilities:

Current liabilities:

Accounts payable	1,264,188
Accrued salaries and benefits payable	145,862
Accrued compensated absences— current portion	80,807
Deferred revenue	—
Capitalized lease obligations – current portion	—
Long-term debt obligations – current portion	—
Self-insurance claims liability - current portion	—
Depository accounts	—
Other liabilities	1,325,527
Total current liabilities	2,816,384

Noncurrent liabilities:

Accrued compensated absences, net of current portion	—
Deferred revenue	—
Grants refundable	—
Capitalized lease obligations, net of current portion	—
Long-term debt obligations, net of current portion	—
Self-insurance claims liabilities, net of current portion	—
Depository accounts	—
Other postemployment benefits obligation	—
Other liabilities	—
Total noncurrent liabilities	—
Total liabilities	2,816,384

Net assets:

Invested in capital assets, net of related debt	2,742,419
Restricted for:	
Nonexpendable – endowments	509,088
Expendable:	
Scholarships and fellowships	6,067,093
Research	—
Loans	—
Capital projects	—
Debt service	—
Other	—
Unrestricted	4,941,352
Total net assets	\$ 14,259,952

See accompanying independent auditors' report.

The University Corporation, San Francisco State
Schedule of Revenues, Expenses, and Changes in Net Assets
Year Ended June 30, 2010
(for inclusion in the California State University)

Revenues:	
Operating revenues:	
Student tuition and fees (net of scholarship allowances of \$_____)	\$ —
Grants and contracts, noncapital:	
Federal	—
State	521,677
Local	(1,031)
Nongovernmental	392,168
Sales and services of educational activities	—
Sales and services of auxiliary enterprises (net of scholarship allowances of \$_____)	2,470,226
Other operating revenues	972,492
Total operating revenues	<u>4,355,533</u>
Expenses:	
Operating expenses:	
Instruction	259,803
Research	1,341,616
Public service	2,728,982
Academic support	1,641,380
Student services	25,809
Institutional support	774,578
Operation and maintenance of plant	—
Student grants and scholarships	1,298,570
Auxiliary enterprise expenses	1,077,889
Depreciation and amortization	285,598
Total operating expenses	<u>9,434,225</u>
Operating income (loss)	<u>(5,078,692)</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	—
Investment income (loss), net	3,523,790
Endowment income (loss), net	—
Interest Expenses	—
Other nonoperating revenues (expenses)	(40,884,487)
Net nonoperating revenues (expenses)	<u>(37,360,697)</u>
Income (loss) before other additions	(42,439,389)
State appropriations, capital	—
Grants and gifts, capital	—
Additions (reductions) to permanent endowments	—
Increase (decrease) in net assets	<u>(42,439,389)</u>
Net assets:	
Net assets at beginning of year, as previously reported	49,655,613
Restatements	7,043,728
Net assets at beginning of year, as restated	<u>56,699,341</u>
Net assets at end of year	<u>\$ 14,259,952</u>

See accompanying independent auditors' report.

The University Corporation, San Francisco State
Other Information
June 30, 2010
(for inclusion in the California State University)

1 Restricted cash and cash equivalents at June 30, 2010:

Portion of restricted cash and cash equivalents related to endowments	\$ -
All other restricted cash and cash equivalent	-
Total restricted cash and cash equivalents	<u>\$ -</u>

2.1 Composition of investments at June 30, 2010:

	<u>Current Unrestricted</u>	<u>Current Restricted</u>	<u>Total Current</u>	<u>Noncurrent Unrestricted</u>	<u>Noncurrent Restricted</u>	<u>Total Noncurrent</u>	<u>Total</u>
State of California Surplus Money Investment Fund (SMIF)	\$ -	-	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	1,852,108	-	1,852,108	-	-	-	1,852,108
Wachovia Short Term Fund	-	-	-	-	-	-	-
Wachovia Medium Term Fund	-	-	-	-	-	-	-
Wachovia Equity Fund	-	-	-	-	-	-	-
US Bank SWIFT pool	-	-	-	-	-	-	-
Common Fund - Short Term Fund	-	-	-	-	-	-	-
Common Fund - Others	-	-	-	-	-	-	-
Debt securities	99,387	-	99,387	-	1,144,718	1,144,718	1,244,105
Equity securities	22,659	-	22,659	256,386	4,039,866	4,296,252	4,318,911
Fixed income securities (Treasury notes, GNMA's)	36,155	-	36,155	-	1,391,597	1,391,597	1,427,752
Land and other real estate	-	-	-	-	-	-	-
Certificates of deposit	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-
Mutual funds	2,349,583	-	2,349,583	-	-	-	2,349,583
Money Market funds	1,338,468	-	1,338,468	-	-	-	1,338,468
Collateralized mortgage obligations:							
Inverse floaters	-	-	-	-	-	-	-
Interest-only strips	-	-	-	-	-	-	-
Agency pass-through	-	-	-	-	-	-	-
Private pass-through	-	-	-	-	-	-	-
Other major investments:							
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Total investments	<u>5,698,360</u>	<u>-</u>	<u>5,698,360</u>	<u>256,386</u>	<u>6,576,181</u>	<u>6,832,567</u>	<u>12,530,927</u>
Less endowment investments (enter as negative number)					(509,088)	(509,088)	(509,088)
Total investments	<u>5,698,360</u>	<u>-</u>	<u>5,698,360</u>	<u>256,386</u>	<u>6,067,093</u>	<u>6,323,479</u>	<u>12,021,839</u>

2.2 Investments held by the University under contractual agreements at June 30, 2010:

Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2010 :	-	-	-	-	-	-	-
---	---	---	---	---	---	---	---

2.3 Restricted current investments at June 30, 2010 related to:

	<u>Amount</u>
Restricted for Expendable scholarships, fellowships, capital project	\$ -
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Total restricted current investments at June 30, 2010	<u>\$ -</u>

2.4 Restricted noncurrent investments at June 30, 2010 related to:

	<u>Amount</u>
Endowment investment	\$ 509,088
Restricted for Expendable scholarships, fellowships, capital project	6,067,093
Add description	-
Total restricted noncurrent investments at June 30, 2010	<u>\$ 6,576,181</u>

The University Corporation, San Francisco State
Other Information
June 30, 2010
(for inclusion in the California State University)

3.1 Composition of capital assets at June 30, 2010:

	Balance June 30, 2009	Prior period Adjustments	Reclassifications	Balance June 30, 2009 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2010
Nondepreciable capital assets:								
Land and land improvement:	\$ -	-	-	-	-	-	-	-
Works of art and historical treasure:	-	-	-	-	-	-	-	-
Construction work in progress (CWIP):	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-
Total nondepreciable capital assets	-	-	-	-	-	-	-	-
Depreciable capital assets:								
Buildings and building improvement	-	-	-	-	-	-	-	-
Improvements, other than building:	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	2,470,512	-	-	2,470,512	-	-	-	2,470,512
Personal property:								
Equipment	2,524,706	-	-	2,524,706	147,901	(42,135)	-	2,630,472
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-
Total depreciable capital assets	4,995,218	-	-	4,995,218	147,901	(42,135)	-	5,100,984
Total capital assets	4,995,218	-	-	4,995,218	147,901	(42,135)	-	5,100,984
Less accumulated depreciation:								
Buildings and building improvement	-	-	-	-	-	-	-	-
Improvements, other than building:	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	(570,590)	-	-	(570,590)	(124,288)	-	-	(694,878)
Personal property:								
Equipment	(1,542,895)	-	-	(1,542,895)	(161,310)	40,518	-	(1,663,687)
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-
Total accumulated depreciation	(2,113,485)	-	-	(2,113,485)	(285,598)	40,518	-	(2,358,565)
Total capital assets, net	\$ 2,881,733	-	-	2,881,733	(137,697)	(1,617)	-	2,742,419

OK

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2010:

Depreciation and amortization expense related to capital assets	\$ 285,598
Amortization expense related to other asset:	-
Total depreciation and amortization	\$ 285,598

3.3 Detail of intangible assets as of June 30, 2010:

	Nonamortizable	Amortizable	Accumulated Amortization
Easements	-	-	-
Rights	-	-	-
Websites	-	-	-
Computer software	-	-	-
Licenses and permits	-	-	-
Patents	-	-	-
Copyrights	-	-	-
Trademarks	-	-	-
Others (please list):			
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Total Intangible Assets	\$ -	\$ -	\$ -

The University Corporation, San Francisco State
Other Information
June 30, 2010
(for inclusion in the California State University)

4 Long-term liabilities activity schedule:

	Balance June 30, 2009	Prior period adjustments	Reclassifications	Balance June 30, 2009 (restated)	Additions	Reductions	Balance June 30, 2010	Current portion	Long-term portion
Accrued compensated absences	\$ 103,408	—	—	103,408	69,545	(92,146)	80,807	80,807	—
Capitalized lease obligations									
Gross balance	—	—	—	—	-	-	—	—	—
Unamortized premium / (discount) on capitalized lease obligation	—	—	—	—	-	-	—	—	—
Total capitalized lease obligations	—	—	—	—	-	-	—	—	—
Long-term debt obligations:									
Revenue Bonds	—	—	—	—	-	-	—	—	—
Other bonds (non-Revenue Bonds)	—	—	—	—	-	-	—	—	—
Commercial Paper	—	—	—	—	-	-	—	—	—
Other:									
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Total long-term debt obligations	—	—	—	—	-	-	—	—	—
Unamortized bond premium / (discount)	—	—	—	—	-	-	—	—	—
Unamortized loss on refunding	—	—	—	—	-	-	—	—	—
Total long-term debt obligations, net	—	—	—	—	—	—	—	—	—
Total long-term liabilities	\$ 103,408	—	—	103,408	69,545	(92,146)	80,807	80,807	—

5 Future minimum lease payments - capital lease obligations:

	Principal	Interest	Principal and Interest
Year ending June 30:			
2011	-	-	—
2012	-	-	—
2013	-	-	—
2014	-	-	—
2015	-	-	—
2016 - 2020	-	-	—
2021 - 2025	-	-	—
2026 - 2030	-	-	—
2031 - 2035	-	-	—
2036 - 2040	-	-	—
2041 - 2045	-	-	—
2046 - 2050	-	-	—
2051 - 2055	-	-	—
2056 - 2060	-	-	—
Total minimum lease payments			—
Less amounts representing interest			—
Present value of future minimum lease payments			—
Less: current portion			—
Capitalized lease obligation, net of current portion			\$ —

The University Corporation, San Francisco State
Other Information
June 30, 2010
(for inclusion in the California State University)

6 Long-term debt obligation schedule

	Revenue Bonds			All other long-term debt obligations			Total		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
	Year ending June 30:								
2011	\$ -	-	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-
2016 - 2020	-	-	-	-	-	-	-	-	-
2021 - 2025	-	-	-	-	-	-	-	-	-
2026 - 2030	-	-	-	-	-	-	-	-	-
2031 - 2035	-	-	-	-	-	-	-	-	-
2036 - 2040	-	-	-	-	-	-	-	-	-
2041 - 2045	-	-	-	-	-	-	-	-	-
2046 - 2050	-	-	-	-	-	-	-	-	-
2051 - 2055	-	-	-	-	-	-	-	-	-
2056 - 2060	-	-	-	-	-	-	-	-	-
Total	\$ -	-	-	-	-	-	-	-	-

7 Calculation of net assets

	Auxiliary Organizations		Total
	GASB	FASB	Auxiliaries
7.1 Calculation of net assets - Invested in capital assets, net of related debt			
Capital assets, net of accumulated depreciation	\$ 2,742,419	—	2,742,419
Capitalized lease obligations - current portio	—	—	—
Capitalized lease obligations, net of current portio	—	—	—
Long-term debt obligations - current portio	—	—	—
Long-term debt obligations, net of current portio	—	—	—
Portion of outstanding debt that is unspent at year-en	—	—	—
Other adjustments: (please list)			
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Net assets - invested in capital assets, net of related debt	\$ 2,742,419	—	2,742,419

7.2 Calculation of net assets - Restricted for nonexpendable - endowments

Portion of restricted cash and cash equivalents related to endowments	\$ —	—	—
Endowment investments	509,088	—	509,088
Other adjustments: (please list)			
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Net assets - Restricted for nonexpendable - endowments per SNA	\$ 509,088	—	509,088

The University Corporation, San Francisco State
 Other Information
 June 30, 2010
 (for inclusion in the California State University)

8 Transactions with Related Entities

	Amount
Payments to University for salaries of University personnel working on contracts, grants, and other program	\$ 334,555
Payments to University for other than salaries of University person	2,855,165
Payments received from University for services, space, and program	1,572,535
Gifts-in-kind to the University from Auxiliary Organization	—
Gifts (cash or assets) to the University from recognized Auxiliary Organization	—
Accounts (payable to) University (enter as negative number)	(809,892)
Other amounts (payable to) University (enter as negative number)	—
Accounts receivable from University	237,741
Other amounts receivable from University	—

9 Other Postemployment Benefits Obligation (OPEB)

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

10 Pollution remediation liabilities under GASB Statement No. 49:

Description		Amount
Add description	\$	—
Add description		—
Total pollution remediation liabilities	\$	—
Less: current portion		—
Pollution remediation liabilities, net of current portion		—

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

		Net Asset Class	Amount Dr. (Cr.)
Net assets as of June 30, 2009, as previously reported	\$		49,655,613
Prior period adjustments			7,043,728
1 Restatement			—
2 (list description of each adjustment)			—
3 (list description of each adjustment)			—
4 (list description of each adjustment)			—
5 (list description of each adjustment)			—
6 (list description of each adjustment)			—
7 (list description of each adjustment)			—
8 (list description of each adjustment)			—
9 (list description of each adjustment)			—
10 (list description of each adjustment)			—
Net assets as of June 30, 2009, as restated	\$		56,699,341

The University Corporation, San Francisco State
 Other Information
 June 30, 2010
 (for inclusion in the California State University)

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

	<u>Debit</u>	<u>Credit</u>
Net asset class: _____ 1 (breakdown of adjusting journal entry	\$ —	—
Net asset class: _____ 2 (breakdown of adjusting journal entry	—	—
Net asset class: _____ 3 (breakdown of adjusting journal entry	—	—
Net asset class: _____ 4 (breakdown of adjusting journal entry	—	—
Net asset class: _____ 5 (breakdown of adjusting journal entry	—	—
Net asset class: _____ 6 (breakdown of adjusting journal entry	—	—
Net asset class: _____ 7 (breakdown of adjusting journal entry	—	—
Net asset class: _____ 8 (breakdown of adjusting journal entry	—	—
Net asset class: _____ 9 (breakdown of adjusting journal entry	—	—
Net asset class: _____ 10 (breakdown of adjusting journal entry	—	—