

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

JUNE 30, 2011 AND 2010

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
Management Discussion and Analysis	3 - 9
Financial Statements	
Statement of Net Assets	10
Statement of Revenues, Expenses and Changes in Net Assets	11
Statement of Cash Flows	12 - 13
Notes to Financial Statements	14 - 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, 2011 and 2010 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 audits.

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, 2011 and 2010 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.

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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

San Francisco, California
September 21, 2011

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 2011 with comparative data presented for fiscal years 2010 and 2009. The emphasis of discussions concerning these statements will be for the fiscal years ended June 30, 2011 and 2010 (2011 and 2010, 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 (the 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, 2011 and 2010 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

- **Operating revenue and other additions**

Total operating revenue increased by approximately \$2.1 million which is primarily attributed to the Corporation receiving additional revenue to support campus programs and student scholarships. During 2011, the Corporation did not experience any other significant fluctuations to its operating revenues as a result of the transfer of the endowments to the Foundation on September 30, 2009. The Corporation only has one remaining endowment and all endowment related contributions are received by the Foundation.

- **Nonoperating revenues and expenses**

Total non-operating revenue continued to show positively in 2011 primarily attributed to increased contributions of approximately \$1.17 million over 2010. Investments continued to improve markedly during 2011 though volatility continues in the world markets. The investment return for 2010 represents the investment of endowed (through September 2009) and unrestricted funds.

The University Corporation, San Francisco State

Management Discussion and Analysis (Unaudited)

Financial Position

The statement of net assets presents the financial position of the Corporation at the end of fiscal year 2011 and 2010. 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:

Condensed Statement of Net Assets - 2011, 2010, and 2009

	2011	2010	2009 As Restated
ASSETS			
Current Assets	\$ 4,820,876	\$ 7,123,720	\$ 9,994,408
Noncurrent Assets	11,491,960	9,952,616	47,676,895
Total assets	16,312,836	17,076,336	57,671,303
LIABILITIES			
Current Liabilities	961,184	2,816,364	971,962
NET ASSETS			
Invested in capital assets	2,512,427	2,742,418	2,881,733
Restricted Net Assets:			
Nonexpendable - Endowments	540,381	509,088	26,690,874
Expendable – Scholarships, Fellowships & Capital Projects	7,337,255	6,067,093	21,096,914
Unrestricted net assets	4,961,589	4,941,353	6,029,820
Total net assets	\$ 15,351,652	\$ 14,259,952	\$ 56,699,341

The University Corporation, San Francisco State

Management Discussion and Analysis (Unaudited)

Assets

In fiscal year 2011 current assets decreased by approximately \$2.3 million (-32%). The decrease was mainly attributed to the reduction of current investments of approximately \$3.2 million which was redistributed between current and noncurrent investments during the year. In addition, the corporation experienced increased program and operational costs during 2011.

In fiscal year 2010 current assets decreased by approximately \$2.9 million (-29%). The decrease was attributed to a decrease in current investments of approximately \$1.2 million which represented approximately \$1,145,000 pertaining to the transfer of assets to the San Francisco State University Foundation as well as approximately \$50,000 for operations. Pledge receivables were part of the decrease in current assets of approximately \$1,198,200 as the outstanding balance for pledges continued to be paid down. Noncurrent Assets decreased by approximately \$37,724,300 (-79%) primarily due to the transfer of related endowment balances and investments accounts to the San Francisco State University Foundation.

Liabilities

In fiscal year 2011, current liabilities decreased by approximately \$1.9 million (-66%) due to a reduction in related party activity and accounts payable by continuing to reduce the turnaround time for disbursing payments as well as being billed more timely from other related parties.

In fiscal year 2010, current liabilities increased by approximately \$1.8 million (190%) due to related party activity with the addition of the San Francisco State University Foundation as a new auxiliary. The spendable accounts associated with the endowment are held by the Corporation thereby creating more transactions between the two entities.

Net Assets

As of June 30, 2011, net assets were \$15,351,652 which is an increase of approximately \$1.1 million (8%) from the previous year. The increase is attributed to an increase in contribution revenue from friends of the University, investment income and an increase in program revenue from the previous year.

As of 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 the endowments to the San Francisco State University Foundation, the transfer included the opening net assets balance, contribution, investment income and related expenditures through September 30, 2009.

Further discussion of the Corporations revenue and expenses under result of operations will highlight the changes that contributed to the overall increase in operating results.

The University Corporation, San Francisco State

Management Discussion and Analysis (Unaudited)

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.

Detailed statements of Revenue, Expenses, and Changes in Net Assets for the years ended June 30, 2011 and 2010 is included in the financial statements.

Condensed Statement of Revenues, Expenses and Changes in Net Assets For the years ended June 30, 2011, 2010 and 2009

	2011	2010	2009 As Restated
<u>Operating Revenues (Expenses):</u>			
Revenues	\$ 5,999,404	\$ 3,874,052	\$ 9,821,938
Expenses	(8,642,151)	(8,952,744)	(9,906,202)
<u>Operating loss</u>	<u>(2,642,747)</u>	<u>(5,078,692)</u>	<u>(84,264)</u>
<u>Nonoperating Revenues (Expenses):</u>			
Contributions	3,207,481	2,037,063	3,064,394
Investment return	1,086,966	3,523,792	(8,122,583)
Capital contributions			39,790
Additions to permanent endowments			6,359,087
Transfers to the University			(572,395)
<u>Total other Nonoperating Revenues (Expenses)</u>	<u>4,294,447</u>	<u>5,560,855</u>	<u>768,293</u>
<u>Change Net Assets</u>	<u>\$ 1,651,700</u>	<u>\$ 482,163</u>	<u>\$ 684,029</u>

The University Corporation, San Francisco State

Management Discussion and Analysis (Unaudited)

OPERATING REVENUES

Program, Grants, and Contracts Revenue

Program revenues are the function of the many projects administered by the Corporation in order for the program offered to be self supporting. During 2011, program, grants and contract revenue increased approximately \$2.1 million which was primarily attributed to increased program revenue from campus programs that generate revenue in addition to contributions for services offered, and product sales. Program revenue increased approximately \$1.5 million in 2011 in comparison to 2010. Program revenue consists mainly of revenue received to support campus programs, and student scholarships. The Pacific Leadership program that offers ropes courses to the public and Whirlwind Wheelchairs which sells wheelchairs internationally are examples of programs that generate program revenue. Whirlwind saw an increase in program revenue of approximately \$745,000 from 2010 due to more wheelchair sales internationally in different regions.

Transfers received from endowments to support campus programs and scholarships increased approximately \$600,000 in 2011 and is part of the increase in operating revenues. Funding for grants and contracts revenue remained relatively flat at approximately \$1.3 million. The Corporation receives more Foundation grants which fund 501(c)(3) organizations where the majority of the funds are received upfront even for multiyear grants. During 2010 program revenue decreased approximately \$5,948,000 which was primarily attributed to multi-year grants and contracts received in 2009.

Indirect costs from grants, contracts and campus programs were eliminated against revenue as not to double count the total revenue and expenses. Indirect costs incurred for grants, contracts and campus programs were \$299,686.

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 the prior fiscal year. Tenant rents are increased based on the consumer price index (CPI) which is reviewed annually. During 2011 there was an increase of approximately \$20,000 in rental income based increases of rent to three tenants.

Other Revenue

During fiscal year 2011 other revenue decreased as a result of the Corporation no longer handling the management of the endowments in which a 2% administrative fee was charged. Fiscal year 2011 was the first full year this fee was not earned. In 2010 the Corporation earned this fee for the 1st quarter of the fiscal year.

The University Corporation, San Francisco State

Management Discussion and Analysis (Unaudited)

OPERATING EXPENSES

Operating Expenses

Operating expenses are tied to the use of funds, from grants, contracts, donations, program revenue, transfers and other miscellaneous sources.

The operating expenses decreased in fiscal year 2011 by approximately \$311,000. Indirect costs from grants, contracts and campus programs were eliminated against revenue as not to double count the total revenue and expenses. Indirect costs incurred for grants, contracts and campus programs were \$299,686. Expenses for grants and contracts are more than revenue received due to the receipt of significant multi-year grants in fiscal year 2009. Campus Programs expenses were also more than revenue collected as programs were spending from the cumulative balance from revenue earned in previous fiscal years that remained unspent.

The program costs for all projects administered for the year ended June 30, 2010 were \$8,952,052 as compared to \$9,906,202 for the prior year ended June 30, 2009. Expenses decreased approximately \$953,000 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 were 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 increased during fiscal year 2011 by approximately \$1.2 million (57%). Pledges receivable increased by approximately \$286,000 and regular contributions were up due to new programs and projects created such as the Family Acceptance, Annual Fund, Power Engineering and new projects totaling approximately \$400,000.

Contributions decreased during fiscal year 2010 by approximately \$1,027,300 from various fund raising, scholarships and capital campaigns; these functions will be primarily handled by the San Francisco State University Foundation. Conversely, during 2009 contributions increased by approximately \$1.7 million and campus programs received over \$2.4 million during fiscal year 2009 from contribution and fundraising activities.

Investment Return

The markets continued to be volatile in fiscal year 2011. However investment continued to recover during 2011 and investment return was approximately \$1.1 million which was less than fiscal year 2010 as a result of the first full year that the Corporation was no longer managing the endowment portfolio. Fiscal year 2010 still had three months of investment income from managing the endowments. During fiscal year 2011 the Corporation changed its investment custodian and manager from Morgan Stanley to UBS Financial Services, Inc. In addition, the Corporation also invested approximately \$1.2 million in alternative investments held by the San Francisco State University Foundation.

The University Corporation, San Francisco State

Management Discussion and Analysis (Unaudited)

Investment return for 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. 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 were part of the transfer to the San Francisco State University Foundation.

SIGNIFICANT ITEMS

The operating loss of \$2,642,747 in 2011 and \$5,078,692 in 2010 is attributed to the decrease in program and grants and contracts revenue. As discussed herein 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. Another important factor to consider when looking at expenses for campus programs are that all funds received in any given year are not always expensed at the same time but expensed over many fiscal years.

As a result of the transfer of endowment assets to the Foundation, a transactional relationship between the two entities will continue to exist. 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 requests which move funds from specific endowments to the related spendable and scholarship accounts to cover scholarships, endowed chairs and other specific requirements of the endowments.

In fiscal year 2012 the Corporation is looking to increase its rental income by bringing two new vending locations to the campus. One of the locations will be a café within the new remodeled Library which is projected to open during spring 2012.

Investment income is an important revenue source for the Corporation's unrestricted funds. Investments remained volatile in 2011 however, the Corporation revised its investment policy to continue its efforts spread its risk to different investments vehicles with the goal of minimizing losses as much as possible. The 2012 fiscal year started off with large market losses however this has had a minimal effect on the Corporation assets to date.

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>	2011	2010
Assets		
Current Assets:		
Cash and cash equivalents	\$ 870,399	\$ 522,950
Investments, unrestricted	2,485,882	5,698,360
Pledges receivable	823,541	595,867
Accounts receivable, net	641,054	302,457
Prepaid expenses		4,086
Total current assets	4,820,876	7,123,720
Noncurrent Assets:		
Pledges receivable, net	436,529	377,631
Investments, unrestricted	6,778,164	6,323,479
Investments receivable from SF State University Foundation	1,224,459	
Investments, restricted	540,381	509,088
Capital assets, net	2,512,427	2,742,418
Total noncurrent assets	11,491,960	9,952,616
Total assets	\$ 16,312,836	\$ 17,076,336
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 435,414	\$ 1,264,188
Accrued salaries and benefits payable	115,381	145,862
Accrued compensated absences	67,251	80,807
Payable to related parties	343,138	1,325,527
Total current liabilities	961,184	2,816,384
Net Assets:		
Invested in capital assets	2,512,427	2,742,418
Restricted for:		
Nonexpendable - endowments	540,381	509,088
Expendable - scholarships, fellowships, capital projects	7,337,255	6,067,093
Unrestricted	4,961,589	4,941,353
Total net assets	15,351,652	14,259,952
Total liabilities and net assets	\$ 16,312,836	\$ 17,076,336

The accompanying notes are an integral part of this statement.

The University Corporation, San Francisco State

Statement of Revenues, Expenses and Changes in Net Assets

<i>Year Ended June 30,</i>	2011	2010
Revenues:		
Grants and contract revenue	\$ 1,310,920	\$ 1,285,126
Program revenue	3,350,183	1,873,371
Programs funded by related parties	798,279	186,613
Rental income	429,356	410,242
Other revenues	110,666	118,700
Total revenues	5,999,404	3,874,052
Expenses:		
Grants and contracts	1,713,471	2,628,110
Campus programs	5,351,780	3,516,245
Rental expenses	6,570	13,770
Student scholarships	645,605	1,163,000
Management and general	667,866	1,346,021
Depreciation	256,859	285,598
Total expenses	8,642,151	8,952,744
Operating loss	(2,642,747)	(5,078,692)
Nonoperating Revenues (Expenses):		
Contributions	3,207,481	2,037,063
Investment return	1,086,966	3,523,792
Net nonoperating revenues (expenses)	4,294,447	5,560,855
Change in Net Assets	1,651,700	482,163
Net Assets, beginning of the year	14,259,952	56,699,341
Transfer to San Francisco State University Foundation	(560,000)	(42,921,552)
Net Assets, end of the year	\$ 15,351,652	\$ 14,259,952

The accompanying notes are an integral part of this statement.

The University Corporation, San Francisco State

Statement of Cash Flows

<i>Year Ended June 30,</i>	2011	2010
Cash Flows from Operating Activities:		
Receipts from programs	\$ 4,838,299	\$ 5,904,120
Rent receipts	429,356	410,242
Payments to suppliers	(6,957,745)	(3,160,533)
Payments to employees for services	(2,637,142)	(3,051,537)
Scholarships to students	(645,605)	(1,092,133)
Other	110,666	600,181
Net cash used by operating activities	(4,862,171)	(389,660)
Cash Flows from Noncapital Financing Activities:		
Donations received	2,729,952	2,037,063
Transfer to San Francisco State Foundation	560,000	1,700,842
Net cash provided by noncapital financing activities	3,289,952	3,737,905
Cash Flows from Capital and Related Financing Activities:		
Capital asset additions	(26,868)	(146,283)
Net cash used by capital and related financing activities	(26,868)	(146,283)
Cash Flows from Investing Activities:		
Proceeds from sales and maturities of investments	8,040,990	2,845,199
Purchase of investments	(7,181,420)	(9,477,168)
Investment income	1,086,966	3,273,956
Net cash provided (used) by investing activities	1,946,536	(3,358,013)
Net Change in Cash and Cash Equivalents	347,449	(156,051)
Cash and Cash Equivalents, beginning of year	522,950	679,001
Cash and Cash Equivalents, end of year	\$ 870,399	\$ 522,950

The accompanying notes are an integral part of this statement.

The University Corporation, San Francisco State

Statement of Cash Flows (continued)

<i>June 30,</i>	2011	2010
Reconciliation of Operating Loss to Net Cash		
Flows Used by Operating Activities:		
Operating loss	\$ (2,642,747)	\$ (5,078,692)
Adjustments to reconcile operating loss to net cash flows used by operating activities:		
Depreciation	256,859	285,598
Changes in assets and liabilities:		
Accounts receivable and pledge receivable	(625,169)	2,563,098
Prepaid expenses	4,086	(4,086)
Accounts payable	(828,774)	536,725
Payable to related parties	(982,389)	1,325,527
Accrued salaries and benefits payable	(30,481)	(22,600)
Accrued compensated absences	(13,556)	4,770
Total adjustments	(2,219,424)	4,689,032
Net cash used by operating activities	\$ (4,862,171)	\$ (389,660)

Supplemental Disclosures of Cash Flow Activity:

Non-cash activity:

Transfer of Assets to Foundation	\$ 42,921,552
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The accompanying notes are an integral part of this statement.

The University Corporation, San Francisco State

Notes to Financial Statements

Note 1 - Organization:

The University Corporation, San Francisco State (the 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 (the 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 did not maintain deposits in excess of federally insured limits as of June 30, 2011 and 2010, respectively.

c. Accounts Receivable, net

Accounts receivable include amounts due from special projects, business services, contracts and other receivables from San Francisco State University. Accounts receivable are shown net of an allowance for uncollectible accounts of \$50,000 as of June 30, 2011 and 2010.

The University Corporation, San Francisco State

Notes to Financial Statements

d. Pledges Receivable

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. Unconditional promises to give that are expected to be collected in future years are recorded at fair value based upon the present value of their estimated future cash flows. Discounts are computed using estimated market rates. Amortization of the discounts is included in contributed in grants and contracts revenue. The pledge receivable discount at June 30, 2011 and 2010 is approximately \$12,400 and \$6,800, respectively. Conditional promises and intentions to pledge are recognized as receivables and revenue when the specific condition and or eligibility and recognition requirement is met.

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. The donor restricted endowments were transferred to San Francisco State University Foundation in fiscal year 2010.

g. Capital Assets

Capital assets, which include property, leasehold improvements, 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 equipment and ten to thirty years for buildings and related improvements. Property and equipment 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, 2011 and 2010.

h. Compensated Absences

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

i. Revenue and Expenses

The Corporation classifies operating revenues into five categories program revenue, grants and contracts, programs funded by related parties, rental income and other revenues. Program revenue, grants and contracts, and programs funded 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. Programs funded by related parties represent primarily revenue transferred from the San Francisco State University Foundation for scholarships and campus programs.

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

Other Revenues 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).

The University Corporation, San Francisco State

Notes to Financial Statements

j. 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.

k. 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.

l. Reclassifications

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

m. Recent Accounting Pronouncements Adopted or Under Consideration

Effective July 1, 2010, the Corporation adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type*, the objective of this Statement is to enhance 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 determined that this pronouncement did not have a significant impact on its financial statements.

Effective July 1, 2010, the Corporation adopted GASB Statement No. 59, *Financial Instruments Omnibus*, the objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The Corporation determined that this pronouncement did not have a significant impact on its financial statements.

The University Corporation, San Francisco State

Notes to Financial Statements

The GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, the objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. The statement is applicable for fiscal year June 30, 2012. The Corporation is currently assessing the impact of this statement, if any.

The GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, should apply for financial statements for periods beginning after December 15, 2011. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a “facility”) in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The statement is applicable for fiscal year June 30, 2013. The Corporation is currently assessing the impact of this statement, if any.

The GASB issued Statement No.62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. The provisions of this Statement generally are required to be applied retroactively for all periods presented. The objective of this Statement is to incorporate into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements, includes Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants’ (AICPA) Committee on Accounting Procedure. The statement is applicable for fiscal year June 30, 2013. The Corporation is currently assessing the impact of this statement, if any.

The University Corporation, San Francisco State

Notes to Financial Statements

Note 3 - Investments:

Investments consist of the following as of June 30, 2011:

	Fair value	Investment Maturities (Years)					Other
		<1	1 – 5	6 – 10	10+		
Local agency investment fund	\$ 807,274	\$ 807,274					
Broker money market funds	1,529,943	1,529,943					
Treasury securities	2,674,348	50,441	\$ 1,916,417	\$ 707,490			
Asset-backed Securities	459,891		94,985	99,932	\$ 264,974		
Corporate debt securities	1,440,155	98,224	521,557	820,374			
Equity securities	2,892,816						\$ 2,892,816
Alternative investments	1,224,459						1,224,459
	<u>\$ 11,028,886</u>	<u>\$ 2,485,882</u>	<u>\$ 2,532,959</u>	<u>\$ 1,627,796</u>	<u>\$ 264,974</u>		<u>\$ 4,117,275</u>

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

	Fair value	Investment Maturities (Years)					Other
		<1	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>

Investment return for the years ended June 30, 2011 and 2010 consists of the following:

	2011	2010
Interest and dividends	\$ 216,159	\$ 412,200
Realized and unrealized gain	870,807	3,111,592
	<u>\$ 1,086,966</u>	<u>\$ 3,523,792</u>

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, 2011 are as follows:

	Restricted Net Assets Nonexpendable
Endowments	\$ 540,381

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

	Restricted Net Assets Nonexpendable
Endowments	\$ 509,088

All endowments balances and associated investment accounts with the exception of one endowment have been transferred to the San Francisco State University Foundation in year 2010. The amount transferred by the Corporation was approximately \$42,900,000.

The Corporation's investment policy during fiscal year 2011 and 2010 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:

The following is a roll forward schedule of capital assets for the year ended June 30, 2011:

	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011
Capital Assets:				
Leasehold improvements	\$ 2,470,512			\$ 2,470,512
Equipment	2,630,472	\$ 29,568	\$ (9,163)	2,650,877
Total capital assets	5,100,984	26,868	(4,663)	5,121,389
Less Accumulated Depreciation:				
Leasehold improvements	694,879	119,708		814,587
Equipment	1,663,687	137,151	(6,463)	1,794,375
Total accumulated depreciation	2,358,566	256,859	(6,463)	2,608,962
Net capital assets	\$ 2,742,418	\$ (227,291)	\$ (2,700)	\$ 2,512,427

Total depreciation expense for the year ended June 30, 2011 was \$256,859.

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

	Balance June 30, 2009	Additions	Reductions	Balance June 30, 2010
Capital Assets:				
Leasehold improvements	\$ 2,470,512			\$ 2,470,512
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
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 years ended June 30, 2010 was \$285,598.

The University Corporation, San Francisco State

Notes to Financial Statements

Note 7- Related Parties:

During the years ended June 30, 2011 and 2010, the Corporation paid \$4,877,572 and \$3,786,865, respectively to the University and its affiliates for salary reimbursement, tuition and fees, facilities, and other administrative costs. The Corporation paid \$1,679,678 to the San Francisco State Foundation and transferred \$560,000 in 2011 and \$42,921,552 in 2010 of endowments along with the ownership of investment accounts. During the years ended June 30, 2011 and 2010, the Corporation received \$2,848,542 and \$1,791,392, 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, 2011, the Corporation recorded receivables from the University totaling \$56,470 and payables to the University and its affiliate totaling \$594,197.

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

During 2011, the Corporation invested \$1,200,000 in alternative investments held by the San Francisco State Foundation. The fair value of the receivable for these investments at June 30, 2011 is \$1,224,459.

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 \$334,408 and \$455,760 were charged by the Corporation during the years ended June 30, 2011 and 2010, respectively.

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.

The University Corporation, San Francisco State

Notes to Financial Statements

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 is not expected to 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, 2011

(for inclusion in the California State University)

Assets:

Current assets:	
Cash and cash equivalents	\$ 870,399
Short-term investments	2,485,882
Accounts receivable, net	641,054
Leases receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	823,541
Prepaid expenses and other assets	—
Total current assets	<u>4,820,876</u>
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	436,529
Endowment investments	540,381
Other long-term investments	8,002,623
Capital assets, net	2,512,427
Other assets	—
Total noncurrent assets	<u>11,491,960</u>
Total assets	<u>16,312,836</u>

Liabilities:

Current liabilities:	
Accounts payable	435,415
Accrued salaries and benefits payable	115,379
Accrued compensated absences— current portion	67,252
Deferred revenue	—
Capitalized lease obligations – current portion	—
Long-term debt obligations – current portion	—
Self-insurance claims liability - current portion	—
Depository accounts	—
Other liabilities	343,138
Total current liabilities	<u>961,184</u>
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	<u>—</u>
Total liabilities	<u>961,184</u>

Net assets:

Invested in capital assets, net of related debt	2,512,427
Restricted for:	
Nonexpendable – endowments	540,381
Expendable:	
Scholarships and fellowships	7,337,255
Research	—
Loans	—
Capital projects	—
Debt service	—
Other	—
Unrestricted	<u>4,961,589</u>
Total net assets	<u>\$ 15,351,652</u>

See accompanying independent auditors' report.

The University Corporation, San Francisco State
Schedule of Revenues, Expenses, and Changes in Net Assets
Year Ended June 30, 2011
(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		132,557
Local		7,082
Nongovernmental		874,094
Sales and services of educational activities		—
Sales and services of auxiliary enterprises (net of scholarship allowances of \$_____)		4,533,097
Other operating revenues		452,574
		<hr/>
Total operating revenues		5,999,404
		<hr/>

Expenses:

Operating expenses:		
Instruction		219,378
Research		631,214
Public service		2,844,759
Academic support		2,242,709
Student services		93,540
Institutional support		980,172
Operation and maintenance of plant		—
Student grants and scholarships		758,945
Auxiliary enterprise expenses		1,174,575
Depreciation and amortization		256,859
		<hr/>
Total operating expenses		9,202,151
		<hr/>
Operating income (loss)		(3,202,747)
		<hr/>

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		1,086,966
Endowment income (loss), net		—
Interest Expenses		—
Other nonoperating revenues (expenses)		3,207,481
		<hr/>

 Net nonoperating revenues (expenses) 4,294,447

 Income (loss) before other additions 1,091,700

State appropriations, capital		—
Grants and gifts, capital		—
Additions (reductions) to permanent endowments		—
		<hr/>
Increase (decrease) in net assets		1,091,700

Net assets:

Net assets at beginning of year, as previously reported		14,259,952
Restatements		—
Net assets at beginning of year, as restated		<hr/> 14,259,952
Net assets at end of year	\$	<hr/> <hr/> 15,351,652

See accompanying independent auditors' report.

The University Corporation, San Francisco State
Other Information
June 30, 2011
(for inclusion in the California State University)

1 Restricted cash and cash equivalents at June 30, 2011:

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

2.1 Composition of investments at June 30, 2011:

	<u>Current Unrestricted</u>	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
State of California Surplus Money Investment Fund (SMIF)	\$ -	-	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	807,274	-	807,274	-	-	-	807,274
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	98,224	-	98,224	665,368	1,133,568	1,798,936	1,897,160
Equity securities	-	-	-	-	2,895,703	2,895,703	2,895,703
Fixed income securities (Treasury notes, GNMA's)	50,441	-	50,441	1	2,623,906	2,623,907	2,674,348
Land and other real estate	-	-	-	-	-	-	-
Certificates of deposit	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-
Mutual funds	-	-	-	-	-	-	-
Money Market funds	1,529,943	-	1,529,943	-	-	-	1,529,943
Collateralized mortgage obligations:	-	-	-	-	-	-	-
Inverse floaters	-	-	-	-	-	-	-
Interest-only strips	-	-	-	-	-	-	-
Agency pass-through	-	-	-	-	-	-	-
Private pass-through	-	-	-	-	-	-	-
Other major investments:	-	-	-	-	-	-	-
Alternative Investments:	-	-	-	-	1,224,458	1,224,458	1,224,458
Add descriptor	-	-	-	-	-	-	-
Add descriptor	-	-	-	-	-	-	-
Add descriptor	-	-	-	-	-	-	-
Add descriptor	-	-	-	-	-	-	-
Add descriptor	-	-	-	-	-	-	-
Add descriptor	-	-	-	-	-	-	-
Total investments	<u>2,485,882</u>	<u>-</u>	<u>2,485,882</u>	<u>665,369</u>	<u>7,877,635</u>	<u>8,543,004</u>	<u>11,028,886</u>
Less endowment investments (enter as negative number)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(540,381)</u>	<u>(540,381)</u>	<u>(540,381)</u>
Total investments	<u><u>2,485,882</u></u>	<u><u>-</u></u>	<u><u>2,485,882</u></u>	<u><u>665,369</u></u>	<u><u>7,337,254</u></u>	<u><u>8,002,623</u></u>	<u><u>10,488,505</u></u>

2.2 Investments held by the University under contractual agreements at June 30, 2011

Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2011 :	-	-	-	-	-	-	-
---	---	---	---	---	---	---	---

2.3 Restricted current investments at June 30, 2011 related to:

<u>Amount</u>
\$ <u>-</u>
Add descriptor
Add descriptor
Add descriptor
Add descriptor
Add descriptor
Add descriptor
Add descriptor
Add descriptor
Add descriptor
Add descriptor
Add descriptor
Add descriptor
<u>-</u>
<u>\$ -</u>

2.4 Restricted noncurrent investments at June 30, 2011 related to:

<u>Amount</u>
\$ <u>540,381</u>
Scholarships and fellowship:
7,337,254
Add descriptor
Add descriptor
Add descriptor
Add descriptor
Add descriptor
Add descriptor
Add descriptor
Add descriptor
Add descriptor
Add descriptor
Add descriptor
<u>-</u>
<u>7,877,635</u>
<u>\$ <u>7,877,635</u></u>

The University Corporation, San Francisco State
Other Information
June 30, 2011
(for inclusion in the California State University)

3.1 Composition of capital assets at June 30, 2011:

	Balance June 30, 2010	Prior period Adjustments	Reclassifications	Balance June 30, 2010 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2011
Nondepreciable/nonamortizable capital assets:								
Land and land improvement	\$ -	-	-	-	-	-	-	-
Works of art and historical treasures	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	-	-	-	-	-	-	-	-
Intangible assets:								
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyrights and trademark:	-	-	-	-	-	-	-	-
Internally generated intangible assets in progress	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total nondepreciable/nonamortizable capital assets	-	-	-	-	-	-	-	-
Depreciable/amortizable capital assets:								
Buildings and building improvement	-	-	-	-	-	-	-	-
Improvements, other than building	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvement	2,470,512	-	-	2,470,512	-	-	-	2,470,512
Personal property:								
Equipment	2,630,472	-	-	2,630,472	29,568	(9,163)	-	2,650,877
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyright and trademark:	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	5,100,984	-	-	5,100,984	29,568	(9,163)	-	5,121,389
Total capital assets	5,100,984	-	-	5,100,984	29,568	(9,163)	-	5,121,389
Less accumulated depreciation/amortization:								
Buildings and building improvement	-	-	-	-	-	-	-	-
Improvements, other than building	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvement	(694,879)	-	-	(694,879)	(119,708)	-	-	(814,587)
Personal property:								
Equipment	(1,663,687)	-	-	(1,663,687)	(137,151)	6,463	-	(1,794,375)
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyright and trademark:	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	(2,358,566)	-	-	(2,358,566)	(256,859)	6,463	-	(2,608,962)
Total capital assets, net	\$ 2,742,418	-	-	2,742,418	(227,291)	(2,700)	-	2,512,427

See accompanying independent auditors' report.

The University Corporation, San Francisco State
Other Information
June 30, 2011
(for inclusion in the California State University)

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2011:

Depreciation and amortization expense related to capital assets	\$ 256,859
Amortization expense related to other asset	<u>—</u>
Total depreciation and amortization	<u>\$ 256,859</u>

4 Long-term liabilities activity schedule:

	Balance June 30, 2010	Prior period adjustments	Reclassifications	Balance June 30, 2010 (restated)	Additions	Reductions	Balance June 30, 2011	Current portion	Long-term portion
Accrued compensated absences	\$ 80,807	—	—	80,807	51,528	(65,083)	67,252	67,252	—
Capitalized lease obligations:									
Gross balance	—	—	—	—	-	-	—	—	—
Unamortized premium / (discount) on capitalized lease obligator	—	—	—	—	-	-	—	—	—
Total capitalized lease obligations	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>-</u>	<u>-</u>	<u>—</u>	<u>—</u>	<u>—</u>
Long-term debt obligations:									
Revenue Bonds	—	—	—	—	-	-	—	—	—
Other bonds (non-Revenue Bonds)	—	—	—	—	-	-	—	—	—
Commercial Paper	—	—	—	—	-	-	—	—	—
Other:									
Add descriptor	—	—	—	—	-	-	—	—	—
Add descriptor	—	—	—	—	-	-	—	—	—
Add descriptor	—	—	—	—	-	-	—	—	—
Add descriptor	—	—	—	—	-	-	—	—	—
Add descriptor	—	—	—	—	-	-	—	—	—
Add descriptor	—	—	—	—	-	-	—	—	—
Add descriptor	—	—	—	—	-	-	—	—	—
Total long-term debt obligations	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>-</u>	<u>-</u>	<u>—</u>	<u>—</u>	<u>—</u>
Unamortized bond premium / (discount)	—	—	—	—	-	-	—	—	—
Unamortized loss on refunding	—	—	—	—	-	-	—	—	—
Total long-term debt obligations, net	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>-</u>	<u>-</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total long-term liabilities	<u>\$ 80,807</u>	<u>—</u>	<u>—</u>	<u>80,807</u>	<u>51,528</u>	<u>(65,083)</u>	<u>67,252</u>	<u>67,252</u>	<u>—</u>

5 Future minimum lease payments - capital lease obligations:

	Principal	Interest	Principal and Interest
Year ending June 30:			
2012	-	-	—
2013	-	-	—
2014	-	-	—
2015	-	-	—
2016	-	-	—
2017 - 2021	-	-	—
2022 - 2026	-	-	—
2027 - 2031	-	-	—
2032 - 2036	-	-	—
2037 - 2041	-	-	—
2042 - 2046	-	-	—
2047 - 2051	-	-	—
2052 - 2056	-	-	—
2057 - 2061	-	-	—
Total minimum lease payments	<u>—</u>	<u>—</u>	<u>—</u>
Less amounts representing interest			<u>—</u>
Present value of future minimum lease payments			<u>—</u>
Less: current portion			<u>—</u>
Capitalized lease obligation, net of current portion			<u>\$ —</u>

The University Corporation, San Francisco State
Other Information
June 30, 2011
(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:									
2012	\$ -	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2017 - 2021	-	-	-	-	-	-	-	-	-
2022 - 2026	-	-	-	-	-	-	-	-	-
2027 - 2031	-	-	-	-	-	-	-	-	-
2032 - 2036	-	-	-	-	-	-	-	-	-
2037 - 2041	-	-	-	-	-	-	-	-	-
2042 - 2046	-	-	-	-	-	-	-	-	-
2047 - 2051	-	-	-	-	-	-	-	-	-
2052 - 2056	-	-	-	-	-	-	-	-	-
2057 - 2061	-	-	-	-	-	-	-	-	-
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	\$ 2,512,427	—	2,512,427
Capitalized lease obligations - current portion	—	—	—
Capitalized lease obligations, net of current portion	—	—	—
Long-term debt obligations - current portion	—	—	—
Long-term debt obligations, net of current portion	—	—	—
Portion of outstanding debt that is unspent at year-end	—	—	—
Other adjustments: (please list)			
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Net assets - invested in capital assets, net of related debt	\$ 2,512,427	—	2,512,427
7.2 Calculation of net assets - Restricted for nonexpendable - endowments			
Portion of restricted cash and cash equivalents related to endowments	\$ —	—	—
Endowment investments	540,381	—	540,381
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	\$ 540,381	—	540,381

See accompanying independent auditors' report.

The University Corporation, San Francisco State
 Other Information
 June 30, 2011
 (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	\$ 599,455
Payments to University for other than salaries of University personnel	4,258,595
Payments received from University for services, space, and program	1,986,066
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)	(250,576)
Other amounts (payable to) University (enter as negative number)	—
Accounts receivable from University	—
Other amounts receivable from University	—

9 Other Postemployment Benefits Obligation (OPEB)

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

10 Pollution remediation liabilities under GASB Statement No. 49:

Description	Amount
Add descriptor	\$ —
Add descriptor	—
Add descriptor	—
Add descriptor	—
Add descriptor	—
Add descriptor	—
Add descriptor	—
Add descriptor	—
Add descriptor	—
Add descriptor	—
Add descriptor	<u>—</u>
Total pollution remediation liabilities	\$ —
Less: current portion	<u>—</u>
Pollution remediation liabilities, net of current portion	<u>—</u>

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, 2010, as previously reported	\$	14,259,952
Prior period adjustments		
1 (list description of each adjustment)		—
2 (list description of each adjustment)		—
3 (list description of each adjustment)		—
4 (list description of each adjustment)		—
5 (list description of each adjustment)		—
6 (list description of each adjustment)		—
7 (list description of each adjustment)		—
8 (list description of each adjustment)		—
9 (list description of each adjustment)		—
10 (list description of each adjustment)		<u>—</u>
Net assets as of June 30, 2010, as restated	\$	<u>14,259,952</u>

See accompanying independent auditors' report.

The University Corporation, San Francisco State
 Other Information
 June 30, 2011
 (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:

	Debit	Credit
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	—	—