

Financial Statements, Supplementary
Information and Report of Independent
Certified Public Accountants

**The University Corporation (Component Unit of
San Francisco State University)**

June 30, 2019 and 2018

	Page
Contents	
Report of Independent Certified Public Accountants	3-5
Management Discussion and Analysis	6-18
Statements of Net Position	19
Statements of Revenues, Expenses, and Changes in Net Position	20
Statements of Cash Flows	21-22
Notes to Financial Statements	23-40
Supplementary Information	
Schedule of Net Position	41-42
Schedule of Revenues, Expenses, and Changes in Net Position	43
Other Information	45-50

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors
University Corporation, San Francisco State

Report on the financial statements

We have audited the accompanying financial statements of The University Corporation, San Francisco State (Component Unit of San Francisco State University) (the Corporation), which comprise the statements of net position as of June 30, 2019 and 2018, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net financial position of The University Corporation, San Francisco State (Component Unit of San Francisco State University) as of June 30, 2019 and 2018, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Other matters*Required supplementary information*

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis on pages 6-18 be presented to supplement the financial statements. Such information, although not a required part of the financial statements, is required by the Financial Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operations, economic, or historical context. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with the sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Corporation's financial statements. The supplementary information on pages 41-50 is presented for purposes of additional analysis and is not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.



San Francisco, California
September 26, 2019

The University Corporation, San Francisco State
(Component Unit of San Francisco State University)

Management Discussion and Analysis
(Unaudited)

This section of the University Corporation, San Francisco State (the Corporation) annual financial report presents management's discussion and analysis of the financial performance of the Corporation for the fiscal year ended June 30, 2019.

The Corporation presents its financial statements for fiscal year 2019 with comparative data presented for fiscal year 2018. The emphasis of discussions concerning these statements will be for the fiscal years ended June 30, 2019 and 2018 respectively). There are three financial statements presented: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows.

The following discussion and analysis is intended to 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 nonprofit 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 business-type activities (BTA) reporting model has been adopted by the California State University (CSU) system for use by all of its member campuses. The CSU determined the BTA model best represents the combined activities of the CSU and its auxiliary corporations.

The Corporation's June 30, 2019 and 2018 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.

Franciscan Shops

The Franciscan Shops was a not-for-profit organization with a 501(c)(3) designation with the Internal Revenue Service established for the purpose of promoting and assisting the educational services, development, maintenance and operations of San Francisco State University. The Franciscan Shops provided commercial services to the campus community through the operation of the bookstore and convenience stores at San Francisco State University.

The University Corporation, San Francisco State
(Component Unit of San Francisco State University)

Management Discussion and Analysis
(Unaudited)

On June 26, 2012, the Franciscan Shops' Board of Directors amended the Articles of Incorporation to designate the Corporation as the Franciscan Shops sole member effective July 1, 2012, at which point the Franciscan Shops ceased its auxiliary function with the University.

In a 2015 audit of the Corporation conducted by the Chancellor's Office, audit personnel determined that the current structure of Franciscan as an auxiliary controlled and operated by another auxiliary required revision and clarification. In response, the Corporation management noted that it would proceed with a dissolution of Franciscan. In 2016, the Franciscan Shops' was dissolved by merging Franciscan with and into the Corporation, which remained as the surviving corporation.

Highlights of Financial Operations

- **Net Position**

The Corporation's net position increased during fiscal year 2018 – 2019. The Corporation's overall net position stands at 33,612,887 at June 30, 2019, up from the previous fiscal year of 1,861,456.

The Corporation's Board Finance Committee in consultation with its investment consultant, Beacon Pointe decided to move to fossil fuel free investment portfolio during the fiscal year. As a result of this move some assets were liquidated and reinvested in fossil fuel free investment vehicles. Corporation investments has continued to perform well with earnings of \$1,481,592.

- **Operating Revenues and Expenses**

In fiscal year 2019, the Corporation continued managing the Student Organization banking program assumed in fiscal year 2018. The Student Organizations generated approximately \$397,712 in program revenue and contributions. The Student Organizations also generated approximately \$238,577 in expenses. During fiscal year 2019, all current vending locations were fully occupied. Rental income in fiscal year 2019 was \$2,759,970, which includes recharges (charged back to tenants) of \$675,912. Construction commenced in October 2018 for the Holloway Project and the Corporation began receiving construction rent and stated in the amended and restated ground sublease between the Corporation and American Campus Communities (ACC)

Expenses for the vendors in the Cesar Chavez Student Center were \$1,107,012. The management arrangement with the University and Associated Students of San Francisco State University (AS) required the Corporation to donate any residual net rental income to AS. For the year ended June 30, 2019, the residual net rental income contributed to AS was \$325,720. This was an increase over the previous year largely due to a reduction in expenses. The net impact to the Corporation's change in net position was an increase of \$252,837 for the administrative fee charged for managing the vending.

The Corporation under the direction of Beacon Point, its investment consultant, updated its investment policy and has also changed some of the investment holdings and managers during 2019.

The University Corporation, San Francisco State
(Component Unit of San Francisco State University)

Management Discussion and Analysis
(Unaudited)

- **Non-Operating Revenues and Expenses**

Total non-operating revenue increased significantly during fiscal year 2019 as a result of contributions being up in comparison to last fiscal year.

Financial Position

The statement of net position presents the financial position of the Corporation at the end of fiscal year 2019 and 2018. The purpose of the statement of net position is to present to the readers of the financial statements a fiscal summary of the Corporation. From the data presented, the readers of the statement of net position are able to determine the assets available to continue the operations of the Corporation. The readers are also able to determine how much the Corporation owes its vendors as well as assess other liabilities. Finally, the statement of net position provides an overview of the net position (assets, deferred outflows of resources minus liabilities, deferred inflows of resources) and their availability for expenditure.

Net position is 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 assets, which is divided into two categories, nonexpendable and expendable.

The corpus of nonexpendable restricted resources is only available for investment purposes. Expendable restricted 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 assets that are available to the Corporation for any lawful purpose of the Corporation.

The University Corporation, San Francisco State
(Component Unit of San Francisco State University)

Management Discussion and Analysis
(Unaudited)

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

Condensed Statements of Net Position – June 30, 2019, 2018, and 2017

	2019	2018	2017
Assets:			
Current assets	\$ 24,069,871	\$ 32,155,380	\$ 30,870,015
Noncurrent assets	13,219,103	3,421,013	4,079,143
Total assets	37,288,974	35,576,393	34,949,158
Deferred Outflows of Resources			
	-	-	-
Total assets and deferred outflows of resources	\$ 37,288,974	\$ 35,576,393	\$ 34,949,158
Liabilities:			
Current liabilities	\$ 3,129,977	\$ 3,689,296	\$ 3,043,241
Noncurrent liabilities	349,712	-	22,385
Total liabilities	3,479,689	3,689,296	3,065,626
Deferred Inflows of Resources			
	196,398	135,666	-
Net Position:			
Investment in capital assets	1,356,245	1,149,000	1,091,600
Restricted:			
Nonexpendable - endowments	625,499	618,392	613,935
Expendable - grants and contracts, scholarships, fellowships, capital projects	20,947,060	20,078,552	20,763,209
Unrestricted	10,684,083	9,905,487	9,414,788
Total net position	33,612,887	31,751,431	31,883,532
Total liabilities, deferred inflows of resources, and net position	\$ 37,288,974	\$ 35,576,393	\$ 34,949,158

The University Corporation, San Francisco State
(Component Unit of San Francisco State University)

Management Discussion and Analysis
(Unaudited)

Assets

Current assets in fiscal year 2019 decreased by \$8,085,509 (-25%). The decrease was attributed to the distribution of investment assets between current and noncurrent during the fiscal year. The Corporation changed its mix of bond funds to obtain more Fossil Fuel Free investments. Accounts receivables decreased -28% in 2019. The decrease in receivables for fiscal year 2019 is primarily related to improving collection of overdue invoices greater than 90 days by following up on outstanding invoices more frequently and working with vendors that have fallen behind. During 2019 the Corporation continued to invoice the campus for more activity between the two entities to better track revenue owed. The Corporation recorded a receivable of \$790,771. The distribution of Pledge Receivables increased current assets (16%) with pledges due within one year.

Current assets in fiscal year 2018 increased by approximately \$1,285,365 (4%). The increase was attributed to the investment income earned by the Corporation during the fiscal year. Accounts receivables increased 108% in 2018. The increase in receivables for fiscal year 2018 is primarily related to more invoices generated between San Francisco State University. During 2018 the Corporation invoiced the campus for more activity between the two entities to better track revenue owed. There were also more outstanding invoices at year-end related to vending and related parties due to timing. The Corporation recorded a receivable of \$150,000 which contributed to the increase in receivables. This receivable is for the return of the excess funds held for the unemployment insurance program. At June 30, 2018 the Corporation had an excess balance of \$211,118. The Corporation with the return of excess funds will maintain a balance that is over 85% of the required safe level by CSURMA.

In fiscal year 2019, noncurrent assets increased by \$9,798,090 (286%). The increase in noncurrent assets is attributed to the increase in investment assets. As a result of the Corporation's move to fossil fuel free investments some investments were switched out to new vehicles that fit the fossil fuel free criteria. With the change there were a total of four new investment vehicles, two in equities, one bond fund and one new alternative. For the alternative class the Corporation will be divesting in its last holding that is not fossil fuel free as capital calls are called for the new alternative real estate vehicle. The Corporation also recorded a lease rent receivable, representing the straight line method to record rent revenue related to the sublease the Corporation has with ACC for the Holloway project.

In fiscal year 2018, noncurrent assets decreased by approximately \$658,000 (16%). The decrease in noncurrent assets is attributed to the decrease in pledge receivables. The Corporation received fewer pledges during the current fiscal year as well as paying down of existing pledges.

The University Corporation, San Francisco State
(Component Unit of San Francisco State University)

Management Discussion and Analysis
(Unaudited)

Liabilities

In fiscal year 2019, current liabilities decreased \$559,319 (-15%) over 2018. The decrease is mainly attributed to the decrease in payables to the university for scholarships, salary and benefits as well as various programs. The decrease was part of a coordinated effort between the Corporation and SFSU to process all payments related to fiscal year 2019 before closing, which led to increased payments to SFSU thereby reducing accrued payables.

In fiscal year 2018, current liabilities increased \$646,000 (21%) over 2017. The increase is mainly attributed to the increase in payables to the university for scholarships, salary and benefits as well as various programs. Related party payables increased in 2018 due an increased effort to make sure all activity was appropriately captured in the correct fiscal year by extending the accrual recording period between the two entities. There were also more related party payables due to the accrual of increased scholarships awarded in fiscal year 2018.

In fiscal year 2019 the Corporation non-current liabilities increased as a result of recording a rent payable based on the straight line method representing the rent payable from revenue collected for the Holloway Project and paid to San Francisco State University.

Deferred inflows of resources was \$196,398 and \$135,666 respectively in 2019 and 2018. In fiscal year 2019, the Corporation recorded a charitable annuity held by the California State University Foundation of \$60,732 for new charitable annuities added.

Net Position

As of June 30, 2019, total net position was \$33,612,887, which is an increase of \$1,861,456. During 2019, the Corporation saw an increase in contributions for current use gifts of 1,445,912 over fiscal year 2018. The Corporation's investments income yielded positive returns with a slight increase over fiscal year 2018.

As of June 30, 2018, total net position was \$31,751,431, which is a decrease of approximately \$132,101. The net position decrease is due to the Corporation expenses related to the Holloway Avenue Project which will be reimbursed when the construction for the project is complete and the annual base rent for the project commences. The Corporation's investments continued to show healthy returns and operating revenue for the Corporation's retail operations as well as programs the Corporation manages had positive income for fiscal year 2018.

Further discussion of the Corporation's revenue and expenses under results of operations will highlight the changes that contributed to the overall fluctuation in operating results.

The University Corporation, San Francisco State
(Component Unit of San Francisco State University)

Management Discussion and Analysis
(Unaudited)

Results of Operations

The statement of revenues, expenses, and changes in net position presents the Corporation's operating results, as well as the non-operating revenues and expenses. Operating revenues primarily include grants, contracts, retail operations and program revenue. Gifts and investment income is classified as prescribed by GASB. Net non-operating revenues or expenses are an integral component in determining the increase or decrease in net position.

The detailed statement of revenues, expenses, and changes in net position for the years ended June 30, 2019 and 2018 is included in the financial statements.

The University Corporation, San Francisco State
(Component Unit of San Francisco State University)

Management Discussion and Analysis
(Unaudited)

Condensed Statements of Revenues, Expenses, and Changes in Net Position – for the years ended June 30, 2019, 2018 and 2017

	2019	2018	2017
Operating Revenues (Expenses):			
Revenues	\$ 14,167,792	\$ 12,606,156	\$ 11,877,275
Expenses	(17,927,959)	(16,917,198)	(15,429,121)
Operating loss	(3,760,167)	(4,311,042)	(3,551,846)
Non-Operating Revenues (Expenses)/ Additions to Endow:			
Contributions	4,161,970	2,716,058	7,807,962
Investment return	1,481,592	1,462,883	1,904,537
Additions to Permanent Endow	(21,939)	-	-
Total non-operating revenues (expenses)/Additions Endow	5,621,623	4,178,941	9,712,499
Change in Net Position	\$ 1,861,456	\$ (132,101)	\$ 6,160,653

OPERATING REVENUES

Retail, Program, Grants, and Contracts Revenue

For fiscal year 2019, revenue increased over fiscal year 2018 by \$1,561,636 (12%). Grants and Contracts revenue decreased by approximately -12% due to receiving fewer grants in 2019. The Corporation also received a couple of multi-year grants in FY 17-18. This contributed to the decrease in grants and contracts revenue in fiscal year 2019. The Guardian Scholars program continues to receive a significant portion of the grants and contracts under the Corporation. The Guardian Scholars program received approximately \$481,000 in grants during fiscal year 2019.

Program revenues are the function of the many projects administered by the Corporation as well as programs run by the Corporation which must be self-supporting. Program revenue consists mainly of revenue received to support campus programs and student scholarships.

Program revenue increased by \$445,291 (12%) in 2019 over 2018. This increase in program revenue was primarily attributed to a few programs administered under the Corporation increasing earned as well as a few new programs created in fiscal year 2019. The Family Acceptance Project increased its project revenue by approximately \$109,000 due to services offered, the Sierra Nevada Field Campus had increased enrollment for its program, Bay Area Math Circles program also increased its program revenue. These are examples of a few programs that significantly increase their program revenue in fiscal year 2019.

Program revenue increased by approximately \$171,000 (5%) in 2018 over 2017. This increase is primarily attributed to the Corporation management of the Student Organization banking program which had approximately \$206,000 in program revenue during fiscal 2018.

The University Corporation, San Francisco State
(Component Unit of San Francisco State University)

Management Discussion and Analysis
(Unaudited)

The Corporation's self-operating vending projects are a component of retail revenue. Open 24, formerly Shop 24, an automated 24-hour vending machine, generated retail revenue of \$50,285 and \$58,583 in fiscal years 2019 and 2018, respectively. Open 24 replaced Shop 24 in fiscal year 2019. The site was modified with improvements and the inner workings replaced with Open 24 another automated 24 hour vending solution. Open 24 opened in the Fall of 2018. Retail revenue for both convenient store operations in total revenue was up in 2019 over 2018. The Lobby Shop ended the fiscal year mainly flat with a slight decrease over 2018. Healthy U ended the year up over the previous year by \$30,913. Ctrl+P, an on-campus copy center, is one of the Corporation's self-operating businesses. Ctrl+P continued growth continued in fiscal year 2019. Ctrl+P ended the fiscal year up \$52,848. Ctrl+P business operation was restructured during fiscal year 2016 in an effort to reduce the growing deficit from previous fiscal years by entering into better leases for equipment, entering into a new business partnership with Office Max and reducing personnel expenses. Ctrl+P revenue increased in 2017 ending the year with a surplus of approximately \$39,000. Operations management undertook a series of initiatives that have increased the revenue during 2017. These included a refresh of the location in the summer of 2017, changing out the equipment for more efficient and less expensive leased equipment, improving Ctrl P's foot print on the campus with increased marketing to campus partners, and using the benefits of the new business partnership with Office Max entered 2016. The Corporation's commission revenue earned from its contract with Follett to manage the University Bookstore was mainly flat with over the previous year, total revenue earned in 2019 was \$755,079 down from 2018 by \$1,000.

In 2019, related party revenue from endowments increased by \$787,260 (25%). Related party revenue from endowments increased in 2018 by approximately \$1,321,000 (74%). These funds are used to support campus programs and scholarships.

Indirect costs from grants, contracts and campus programs were eliminated against revenue as not to double count the total revenue and expenses. Indirect costs were \$758,604 and \$640,800 as of June 30, 2019 and 2018, respectively.

The University Corporation, San Francisco State
(Component Unit of San Francisco State University)

Management Discussion and Analysis
(Unaudited)

Rental Income

Rental income is comprised of twenty-one food vending tenants, a bank, ATMs and construction company leasing storage space. In the last quarter of the fiscal year the Corporation entered into an agreement with JDB & Sons Construction to lease parking spaces in lot 25. Rental income increased in fiscal year 2019 by approximately \$707,094 (34%) over the previous year. Other rent was increased in fiscal 2019 by \$36,204 as a result of review of common area maintenance (CAM) charges for fiscal 2018. Ike's, a vendor in the Student Center, left the campus during the fiscal year 2018 and was temporarily replaced by Crave, a sandwich shop operated by neighboring Nizario's. There was no rent lost in the assignment of the sublease. Crave was granted a one year lease in April 2018 through June 30, 2019 without and RFP. In the spring of 2019 the Corporation issued an RFP and Crave was selected. In 2019 recorded the straight line rent related to the Holloway project in the amount of \$638,192.

Tenant rents are increased based on the consumer price index (CPI) which is reviewed annually.

Other Revenue

Other revenue is a category where generally one time or non-reoccurring revenue that does not belong in the other operating revenue categories is captured.

During fiscal year 2019, other revenue decreased by approximately \$348,565 (-79%) primarily due to the reclassifying revenue from Student Organization Banking program which in started in fiscal year 2018 to program revenue. Student Organizations that have financial transactions are required by the CSU to bank with another auxiliary or directly with the campus. The campus designated this obligation to the Corporation, an arrangement, which was memorialized in a memorandum of understanding between the parties. The Corporation did not receive a refund in fiscal year 2019 for excess funds held for the unemployment insurance program.

During fiscal year 2018, other revenue increased by approximately \$356,000 (411%) primarily due to the Corporation taking on the management of the Student Organization Banking program starting in fiscal year 2018. Student Organizations that have financial transactions are required by the CSU to bank with another auxiliary or directly with the campus. The campus designated this obligation to the Corporation, an arrangement, which was memorialized in a memorandum of understanding between the parties. The Corporation also recorded a one-time refund of excess funds held for the unemployment insurance program.

OPERATING EXPENSES

Operating Expenses

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

The University Corporation, San Francisco State
(Component Unit of San Francisco State University)

Management Discussion and Analysis
(Unaudited)

Operating expenses increased in fiscal year 2019 by \$1,010,761 (6%). Indirect costs from grants, contracts and campus programs were eliminated against revenue as not to double count the total revenue and expenses and were \$758,604 in fiscal year 2019. Expenses related to grants and contracts increased by \$62,071 (5%) during 2019 as grant expenses increased due receiving multi-year grants awarded the previous year and new grants and contracts awarded during fiscal year 2019. Scholarship expense increased over prior year by \$45,922 (2%) as more scholarships were given out to students during 2019. More funding was received from endowments to support scholarships to students. Rental expenses increased by \$574,712 as a result of recording the straight line rental expenses related to the Holloway Project to return to San Francisco State.

Operating expenses increased in fiscal year 2018 by approximately \$1,488,077 (10%). Indirect costs from grants, contracts and campus programs were eliminated against revenue as not to double count the total revenue and expenses and were \$640,800 in fiscal year 2018. Expenses related to grants and contracts decreased by approximately \$278,188 (19%) during 2018 as grant expenses decreased due receiving less grants and contract revenue and completing multi-year grants awarded the previous year. Scholarship expense increased over prior year by approximately \$217,000 (12%) as more scholarships were given out to students during 2018. More funding was received from endowments to support scholarships to students.

Retail expenses increased by approximately \$12,773 (1%) in 2019. This increase contributed to a few factors such as slight increase to salaries, benefits and increase in credit card fees. Retail expenses increased by approximately \$59,000 (3%) in 2018 increase was primarily attributed to the 3% increase in the rent for the retail space.

Management and general expenses decreased in 2019 by approximately \$965,219 (-21%) due primarily to decrease in expenses related to the Cesar Chavez Student Center by approximately \$320,000. During fiscal year 2018 there were some one-time building repairs that did not take place if fiscal year 2019.

Management and general expenses decreased in 2018 due primarily to returning a smaller donation back to Associated Students in 2018 in association with the Corporation's management of Cesar Chavez Student Center vendors.

The University Corporation, San Francisco State
(Component Unit of San Francisco State University)

Management Discussion and Analysis
(Unaudited)

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 were up in fiscal year 2019 over the prior fiscal year by approximately \$1,445,912 (53%). PG&E contributed two \$600,000 gifts to Tiburon programs to study Eelgrass which primarily contributed to the increase in contributions in fiscal year 2019.

Contributions were down in fiscal year 2018 over the prior fiscal year by approximately \$5,091,904 (65%). The comprehensive campaign's initial period is still active and yielding positive results. There were a few large one-time gifts that were received in 2017. The athletic scholarship funds were one of the large gifts received. The athletic scholarship was approximately \$1,800,000.

Investment Return

Investment income increased in fiscal year 2019, the U.S. economy remains strong though there are market concerns. The Corporation's equity holdings continued to perform well especially US equities and fixed income has been relatively flat over prior fiscal year 2018. Investment returns, net for the fiscal year were approximately \$ 1,481,592 up 1% over the previous years' earnings. The Corporation's total composite performance for fiscal year 2019 was 5.8% versus 6.4% for the composite allocation Index.

Investment income decreased in fiscal year 2018, the U.S. economy remains strong though the market cycle is a concern. The Corporation's equity holdings continued to perform well especially US equities and fixed income has been relatively flat for fiscal year 2018. Investment returns, net for the fiscal year were approximately \$ 1,462,800 down 23% over the previous years' earnings. The Corporation's total composite performance for fiscal year 2018 was 6.3% versus 6.4% for the allocation Index.

The University Corporation, San Francisco State
(Component Unit of San Francisco State University)

Management Discussion and Analysis
(Unaudited)

SIGNIFICANT ITEMS

In fiscal year 2019, the developer for the Holloway Avenue Revitalization Project broke ground and started construction on the housing project. Ongoing construction is expected to be complete by the end of fiscal year 2020. Once construction is complete and the housing project is available for occupancy then the rent received will increase from \$320,000 expected per annum during Construction Period Rent to Minimum Lease Year Rent of \$650,000. The Corporation would take a 10% management fee and remit the remainder to San Francisco State University.

Construction for the University Faculty Club located in the Cesar Chavez Student Center is expected to be complete and furnished by fall 2019. The Corporation covered the cost of the build out with repayment being recouped from the club operations. The University Club for faculty and staff is expected to open in the latter part of fall 2019. The Corporation will have oversight of the operation of the faculty club by providing and running the POS cashiering system, hire the staff that will be on site and ordering of all supplies needed.

In fiscal year 2020, the Corporation has a number of capital projects that it will look to pursue. Plans may proceed with the new 19th Ave. Station Café in which the Corporation will be investing site improvements for the project and the operator the location would be investing capital to improve the Station Café facilities. The Corporation will also be looking to pursue additional housing projects much like the Holloway Project on West Campus Green and on Lot 25. These would be public-private partnerships and UCorp would lease the land from the university and sublease it to a developer. Early planning and conceptual approval may take place this fiscal year.

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
(Component Unit of San Francisco State University)

Statements of Net Position

June 30, 2019 and 2018

	2019	2018
Assets		
Current Assets:		
Cash and cash equivalents	\$ 791,960	\$ 298,568
Investments, unrestricted	22,018,213	30,358,687
Pledges receivable, net	422,481	364,420
Accounts receivable, net	790,771	1,097,455
Prepaid expenses and other assets	46,446	36,250
Total current assets	24,069,871	32,155,380
Noncurrent Assets:		
Pledges receivable, net	629,657	1,192,590
Lease rent receivable (straight-line)	398,192	-
Investments:		
Unrestricted	9,571,705	461,031
Restricted	625,499	618,392
Capital assets, net	1,994,050	1,149,000
Total noncurrent assets	13,219,103	3,421,013
Total assets	37,288,974	35,576,393
Deferred Outflows of Resources (Note 2)		
Total assets and deferred outflows of resources	\$ 37,288,974	\$ 35,576,393
Liabilities		
Current Liabilities:		
Accounts payable	\$ 1,087,359	\$ 864,310
Accrued salaries and benefits payable	184,414	163,439
Accrued compensated absences	83,924	66,817
Payable to related parties	1,668,059	2,584,993
Unearned revenue	106,221	9,737
Total current liabilities	3,129,977	3,689,296
Noncurrent Liabilities:		
Lease rent payable (straight-line)	349,712	-
Total noncurrent liabilities	349,712	-
Total Liabilities	3,479,689	3,689,296
Deferred Inflows of Resources (Note 2)		
Total Liabilities, deferred inflows of resources and net position	196,398	135,666
Net Position:		
Invested in capital assets	1,356,245	1,149,000
Restricted for:		
Nonexpendable - endowments	625,499	618,392
Expendable - grants and contracts, scholarships, fellowships, capital projects	20,947,060	20,078,552
Unrestricted	10,684,083	9,905,487
Total net position	33,612,887	31,751,431
Total liabilities, deferred inflows of resources and net position	\$ 37,288,974	\$ 35,576,393

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

The University Corporation, San Francisco State
(Component Unit of San Francisco State University)

Statements of Revenues, Expenses, and Changes in Net Position

Years ended June 30, 2019 and 2018

	2019	2018
Operating Revenues:		
Grants and contract revenue	\$ 740,573	\$ 840,640
Program revenue	4,064,714	3,619,423
Retail revenue	2,607,711	2,537,088
Programs funded by related parties	3,900,369	3,113,109
Rental income	2,759,970	2,052,876
Other revenues	94,455	443,020
Total operating revenues	14,167,792	12,606,156
Operating Expenses:		
Grants and contracts	1,212,563	1,150,492
Campus programs	7,735,967	6,533,256
Rental expenses	574,712	-
Student scholarships	2,099,407	2,053,485
Management and general	3,642,426	4,607,645
Retail expenses	2,169,417	2,156,644
Student Organization	238,577	183,335
Depreciation	254,890	232,341
Total operating expenses	17,927,959	16,917,198
Operating loss	(3,760,167)	(4,311,042)
Non-Operating Revenues (Expenses):		
Contributions	4,161,970	2,716,058
Investment return	1,481,592	1,462,883
Additions to Permanent Endowment	(21,939)	-
Net non-operating revenues/Additions Permanent Endow	5,621,623	4,178,941
Change in Net Position	1,861,456	(132,101)
Net Position, beginning of the year	31,751,431	31,883,532
Net Position, end of the year	\$ 33,612,887	\$ 31,751,431

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

The University Corporation, San Francisco State
(Component Unit of San Francisco State University)

Statements of Cash Flows

Years ended June 30, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities:		
Receipts from programs	\$ 11,716,534	\$ 10,580,691
Rent receipts	2,759,970	2,052,876
Payments to suppliers	(11,670,217)	(12,502,958)
Payments to employees for services	(4,052,320)	(1,336,088)
Scholarships to students	(2,099,407)	(2,053,485)
Other	94,455	443,020
Net cash (used by) operating activities	(3,250,985)	(2,815,944)
Cash Flows from Noncapital Financing Activities:		
Donations received	4,161,970	2,716,058
Capital lease	-	(32,991)
Net cash provided by noncapital financing activities	4,161,970	2,683,067
Cash Flows from Capital and Related Financing Activities:		
Capital asset additions	1,105,413	(285,214)
Net cash (used by) capital and related financing activities	1,105,413	(285,214)
Cash Flows from Investing Activities:		
Proceeds from sales and maturities of investments	14,198,795	9,611,178
Purchase of investments	(16,601,199)	(10,210,798)
Investment income	879,398	655,181
Net cash provided / (used) by investing activities	(1,523,006)	55,561
Net Change in Cash and Cash Equivalents	493,392	(362,530)
Cash and Cash Equivalents, beginning of year	298,568	661,098
Cash and Cash Equivalents, end of year	\$ 791,960	\$ 298,568

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

The University Corporation, San Francisco State
(Component Unit of San Francisco State University)

Statements of Cash Flows, Continued

	2019	2018
Reconciliation of Operating Loss to Net Cash		
Flows Used by Operating Activities:		
Operating loss	\$ (3,760,167)	\$ (4,311,042)
Adjustments to reconcile operating loss to net cash flows used by operating activities:		
Depreciation	254,890	232,341
Changes in assets and liabilities:		
Accounts receivable and pledges receivable	413,363	457,601
Prepaid expenses	(10,196)	12,830
Accounts payable	223,049	(67,426)
Lease Rent Payable	349,712	
Deferred revenue	157,216	117,840
Payable to related parties	(916,934)	758,473
Accrued salaries and benefits payable	20,975	(20,561)
Accrued compensated absences	17,107	4,000
Total adjustments	509,182	1,495,098
Net cash used by operating activities	\$ (3,250,985)	\$ (2,815,944)
Supplemental Disclosures of Cash Flow Activity:		
Non-cash activity:		
Donation of stock received	\$ 18,293	\$ 39,161
Unrealized gain/loss	\$ 616,732	\$ 844,086

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

The University Corporation, San Francisco State
(Component Unit of San Francisco State University)

Notes to Financial Statements
June 30, 2019 and 2018

Note 1 - Organization:

The University Corporation, San Francisco State (the Corporation), formerly the San Francisco State University Foundation, Inc., is a nonprofit, 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, commercial services and community outreach programs. The Corporation has grants, contracts and agreements with state, local and private agencies and organizations.

The Corporation, as of July 1, 2012, became the only member of the Franciscan Shops, a nonprofit member corporation. The Franciscan Shops was formerly an auxiliary of the University, collectively "the Corporation". For 2015, the financial statements of the Franciscan Shops were incorporated into the financial statements of the Corporation. During fiscal year 2016, the Corporation successfully merged the Franciscan Shops into the Corporation with the Corporation being the surviving entity.

Note 2 - Summary of Significant Accounting Policies:

a. Basis of Presentation

The basic financial statements required by the Governmental Accounting Standards Board (GASB) Statement Nos. 34, 35 and 36 include a statement of net position, a statement of revenues, expenses, and changes in net position and a statement of cash flows. As a component unit of a public institution, the 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 University Corporation, San Francisco State
(Component Unit of San Francisco State University)

Notes to Financial Statements
June 30, 2019 and 2018

Note 2 - Summary of Significant Accounting Policies, Continued:

a. Basis of Presentation, Continued

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 position. 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 position are considered to be current. All other assets and liabilities are considered to be noncurrent, with the exception of those amounts that are required to be reported as deferred outflows or inflows of resources. The Corporation follows GASB 63 and 65 which provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The standard defines deferred outflows or inflows of resources as transactions that result in the consumption or acquisition of net assets in one period that are applicable to future periods.

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

- *Invested in Capital Assets*: Capital assets, net of accumulated depreciation.
- *Restricted, Nonexpendable*: 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. This category includes grants, contracts, scholarships and fellowships.
- *Capital Projects*: Net assets subject to externally imposed conditions 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. As of June 30, 2019 and 2018, the Corporation maintains operating and capital reserves of approximately \$2,974,074 and \$2,974,074, respectively.

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.

The University Corporation, San Francisco State
(Component Unit of San Francisco State University)

Notes to Financial Statements
June 30, 2019 and 2018

Note 2 - Summary of Significant Accounting Policies, Continued:

b. Cash and Cash Equivalents, Continued

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. Though the Corporation is not a government agency, the financial institutions, in which the Corporation makes its deposits, have collateralized the deposits in accordance with section 53601 et. Seq. of the California Government Code. Wells Fargo is a financial institution whereby Federal Deposit Insurance Corporation (FDIC) insures deposits. Deposits of more than the \$250,000 insured amount will be collateralized by the bank by pledging identifiable collateral according to statute. Periodically, throughout the years ended June 30, 2019 and 2018, the Corporation maintained balances in excess of the federally insured limits.

c. Accounts Receivable, Net

Accounts receivable includes amounts due from special projects, business services, contracts and other receivables from the University. Accounts receivable of \$790,771 and \$1,097,455 as of June 30, 2019 and 2018, respectively, are shown net of an allowance for uncollectible accounts of \$0, respectively.

d. Pledges Receivable, Net

Pledges receivable are unconditional promises of private gifts to the Corporation. Pledges meeting the requirements specified by GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions* (GASB 33), are included in the financial statements as pledges receivable and recognized as revenue in the period pledged. Pledges extending beyond one year are discounted to recognize the present value of the future cash flows.

Pledges Receivable, Net as of June 30,	2019	2018
One year	\$ 422,481	\$ 364,420
Two to five	629,657	1,192,590
Total	\$ 1,052,138	\$ 1,557,010

The University Corporation, San Francisco State
(Component Unit of San Francisco State University)

Notes to Financial Statements
June 30, 2019 and 2018

Note 2 - Summary of Significant Accounting Policies, Continued:

d. Pledges Receivable, Net, Continued

In subsequent years, this discount is accreted and recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any. In addition, pledges are recorded net of an allowance. The allowance for uncollectible pledges is determined by management. Discounts are computed using risk-adjusted market rates. Amortization of the discounts is included in grants and contracts revenue. The discount rate used to calculate the present value of pledges is 5.5% for fiscal year 2019 and 5% for fiscal year 2018. The pledge receivable discount at June 30, 2019 and 2018 is \$56,749 and \$77,097, 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.

The pledge receivable balance also includes annuities which are held by the CSU Foundation ("CSU Foundation") on behalf of the Corporation, which serves as the designated entity for the University to collect and administer current use gifts. The annuities have been recorded at present value of the total annuity. The annuity recorded was approximately \$196,398 and \$135,666 as of June 30, 2019 and 2018 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 the Corporation's net asset value (NAV) of the fair value of underlying assets as reported by the entities in their financial statements or as determined by the fund manager. In some cases, the underlying assets are marketable securities with quoted market prices. In other situations, the underlying assets are not marketable, and valuations are determined by the fund managers. Due to the inherent uncertainty of valuation of non-marketable and restricted investments, those estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material. Additionally, these investments may have liquidity constraints, including lock up periods of a quarter or longer.

The University Corporation, San Francisco State
(Component Unit of San Francisco State University)

Notes to Financial Statements
June 30, 2019 and 2018

Note 2 - Summary of Significant Accounting Policies, Continued:

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 authorizes an institution to spend the amount it deems prudent considering the donor's intent, the purposes of the fund and relevant economic factors. According to the Corporation's policy, up to 4% of the earnings may be distributed each year. Earnings available for distribution are identified as interest, dividends and realized gains and losses and are calculated quarterly based on the average daily balance of the portfolio.

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.

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. In addition, the Corporation also transfers capital assets purchased by Corporation projects when those assets are requested to be transferred to the University. The net book value of transfers made to the University during the fiscal year ended June 30, 2019 and 2018 amounted to \$0 respectively.

h. Compensated Absences

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

The University Corporation, San Francisco State
(Component Unit of San Francisco State University)

Notes to Financial Statements
June 30, 2019 and 2018

Note 2 - Summary of Significant Accounting Policies, Continued:

i. Revenue and Expenses

The Corporation classifies operating revenues into six categories: program revenue, grants and contracts, programs funded by related parties, retail revenue, rental income and other revenues. Program revenue, grants and contracts, and programs funded by related parties are derived from program-specific grants and contracts and contributions arising from exchange transactions with federal, state, local, private foundation 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.

The retail revenue and expenses category includes revenue from the operation of two convenience stores, the 24-hour automated vending machine and a copy center. The balance relates to commission revenue from the operator of the University's bookstore.

Rental income is revenue generated from food vendors and commercial space leased to various corporations.

Other revenues are revenues which are not required to be reported under program revenue or rental income.

The 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).

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.

The University Corporation, San Francisco State
(Component Unit of San Francisco State University)

Notes to Financial Statements
June 30, 2019 and 2018

Note 2 - Summary of Significant Accounting Policies, Continued:

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. The open tax years are generally the years ended June 30, 2013 through June 30, 2018 for federal tax purposes and the years ended June 30, 2012 through June 30, 2018 for California tax purposes.

l. Fair Value Measurement

The GASB issued Statement No. 72, *Fair Value Measurement and Application (February 2015)*. This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.
- Level 2 - Inputs (other than quoted market prices included within Level 1) that are observable for the asset/liability, either directly or indirectly.
- Level 3 - Unobservable inputs for the asset/liability; used to the extent that observable inputs are not available.
- Net Asset Value (NAV) - the fair value of underlying assets as reported by the entities in their financial statements or as determined by the fund manager. In some cases, the underlying assets are marketable securities with quoted market prices. In other situations, the underlying assets are not marketable, and valuations are determined by the fund managers. Due to the inherent uncertainty of valuation of non-marketable and restricted investments, those estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material. Additionally, these investments may have liquidity constraints, including lock up periods of a quarter or longer.

The University Corporation, San Francisco State
(Component Unit of San Francisco State University)

Notes to Financial Statements
June 30, 2019 and 2018

Note 2 - Summary of Significant Accounting Policies, Continued:

m. Capital Lease

In April 2015, the Corporation entered into a capital lease agreement with a third party for copier equipment for Ctrl P. This agreement expires in May 2020, is payable in monthly installments of \$769 and \$348, and bears an effective annual interest rate of 10.79% and 8.07%, respectively. The Corporation upgrade the copier equipment in June 2018 and entered an operating lease. The capital lease was fully expensed. The amount paid in 2019 principal and interest was \$0, respectively.

n. Deferred Inflows of Resources

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

o. Lease revenue and expense

The Corporation recognizes lease revenue on a straight-line basis over the term of the respective lease. Lease Receivable represents the amount by which straight-line lease revenue exceeds rent currently billed in accordance with the lease agreements.

The Corporation recognizes lease expense on a straight-line basis over the term of the respective lease. Lease Payable represents the amount by which straight-line lease expense exceeds rental expense currently remitted in accordance with the lease agreements.

The University Corporation, San Francisco State
(Component Unit of San Francisco State University)

Notes to Financial Statements
June 30, 2019 and 2018

Note 3 - Investments:

Investments consist of the following as of June 30, 2019:

	Fair Value	Investment Maturities (Years)				
		<1 Year	1 – 5 Years	6 – 10 Years	10+ Years	Other
Local agency investment fund	\$ 7,011,568	\$ 7,011,568	\$ -	\$ -	\$ -	\$ -
Broker money market funds	320,690	320,690	-	-	-	-
Treasury	1,235,334	202,299	481,973	-	551,062	-
Agency Securities	485,523	-	204,309	199,688	81,526	-
Corporate debt securities	1,749,630	115,632	1,076,851	118,526	438,621	-
Municipal Bonds	224,941	65,498	106,684	-	52,759	-
Mortgage Pools	917,250	-	-	61,372	855,878	-
Mutual funds	7,241,580	7,241,580	-	-	-	-
CMO & Asset Backed Securities	276,612	-	276,612	-	-	-
REIT	287,119	287,119	-	-	-	-
Equity securities	10,778,018	6,773,827	-	-	-	4,004,191
Alternative investments	1,687,152	-	-	-	-	1,687,152
	\$ 32,215,417	\$ 22,018,213	\$ 2,146,429	\$ 379,586	\$ 1,979,846	\$ 5,691,343

Investments consist of the following as of June 30, 2018:

	Fair Value	Investment Maturities (Years)				
		<1 Year	1 – 5 Years	6 – 10 Years	10+ Years	Other
Local agency investment fund	\$ 7,545,445	\$ 7,545,445	\$ -	\$ -	\$ -	\$ -
Broker money market funds	220,670	220,670	-	-	-	-
Corporate debt securities	-	-	-	-	-	-
Mutual funds	9,283,850	9,283,850	-	-	-	-
Equity securities	13,308,723	13,308,723	-	-	-	-
Alternative investments	1,079,423	-	-	-	-	1,079,423
	\$ 31,438,110	\$ 30,358,687	\$ -	\$ -	\$ -	\$ 1,079,423

The University Corporation, San Francisco State
(Component Unit of San Francisco State University)

Notes to Financial Statements
June 30, 2019 and 2018

Note 3 - Investments, Continued:

Investment return for the years ended June 30, 2019 and 2018 consists of the following:

	2019	2018
Interest and dividends	\$ 864,860	\$ 655,151
Realized and unrealized gain (loss)	616,732	807,732
	\$ 1,481,592	\$ 1,462,883

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 account held by UBS Financial Services, Inc. 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.

The University Corporation, San Francisco State
(Component Unit of San Francisco State University)

Notes to Financial Statements
June 30, 2019 and 2018

Note 3 - Investments, Continued:

Local Agency Investment Fund (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."

Note 4 - Fair Value Measurement:

At June 30, 2019 and 2018, the Corporation investments consist of cash and money market funds of \$320,690 and \$220,670, respectively, and the following assets which are classified by level within the valuation hierarchy on a recurring basis at June 30:

	2019			NAV	Total
	Level 1	Level 2	Level 3		
Local agency investment fund	\$ -	\$ -	\$ -	\$ 7,011,568	\$ 7,011,568
Corporate debt securities	1,319,665	429,965	-	-	1,749,630
Treasury	1,235,334	-	-	-	1,235,334
Agency securities	485,523	-	-	-	485,523
Municipal bonds	52,759	172,182	-	-	224,941
Mortgage pools	-	917,250	-	-	917,250
CMO & Asset backed securities	69,952	206,660	-	-	276,612
Mutual funds	7,241,580	-	-	-	7,241,580
REIT	287,119	-	-	-	287,119
Equity Securities	6,773,827	-	-	4,004,191	10,778,018
Alternatives	-	-	-	1,687,152	1,687,152
	\$ 17,465,759	\$ 1,726,057	\$ -	\$ 12,702,911	\$ 31,894,727

The University Corporation, San Francisco State
(Component Unit of San Francisco State University)

Notes to Financial Statements
June 30, 2019 and 2018

Note 4 - Fair Value Measurement, Continued:

	2018				
	Level 1	Level 2	Level 3	NAV	Total
Local agency investment fund	\$ -	\$ -	\$ -	\$ 7,545,445	\$ 7,545,445
Corporate debt securities	-	-	-	-	-
Mutual funds	9,283,850	-	-	-	9,283,850
Equity securities	13,308,723	-	-	-	13,308,723
Alternatives	-	-	-	1,079,423	1,079,423
	\$ 22,592,572	\$ -	\$ -	\$ 8,624,868	\$ 31,217,440

Alternative Investments Measured at NAV

	Fair Value	Unfunded Commitments	Redemption Frequency (If currently eligible)	Redemption Notice Period
Multi-strategy hedge funds				
Real estate funds	\$ 1,687,152	-	Annually	90 days
Commingled fund	4,004,191	-	Monthly	10 days
Total alternative investments measured at the NAV	\$ 5,691,343			

1. Real estate funds. This type includes 2 real estate funds that invest primarily in US multi-family low income property properties. The real estate funds purchase, own, and manage affordable housing including manufactured housing, senior housing, student housing and commercial real estate. The fair values of the investments in this type have been determined using the NAV per share of the Plan's ownership interest in partners' capital. One investment can be redeemed after a lock-up period lasting either a) two years after the fund has raised \$300 million or b) five years after the inception of the fund. After that there is a 20% gate, so liquidity will provided quarterly, but no more than 20% of the fund can be liquidated in any given calendar year. The fund has a 90-day advance notice for any withdrawal of any quarter end date. The Corporation has \$1,154,557 in the fund at June 30, 2019. The second investment has a 7-year lock up after raising \$200 million. The Corporation has invested \$532,595 in this fund at June 30, 2019.
2. Comingled fund. This type includes 1 fund that invests primarily in developed markets investing in international and Global equities with a long-term focus. ESG is an integral component of sustainable and responsible investing. The fair value of the investment in this type has been determined using the NAV per share.

The University Corporation, San Francisco State
(Component Unit of San Francisco State University)

Notes to Financial Statements
June 30, 2019 and 2018

Note 5 - Endowments:

Endowments held and administered by the Corporation at June 30, 2019 and 2018 are as follows:

	Restricted Net Assets - Nonexpendable	
Endowments	\$ 625,499	\$ 618,392

The Corporation's investment policy during fiscal years 2019 and 2018 allowed a 4% annual payout based on the quarterly average daily balance of the fund. The 4% annual payout was not changed during the years, and disbursements were allowed.

Note 6 - Capital Assets:

The following is a roll forward schedule of capital assets for the year ended June 30, 2019:

	Balance			Balance	
	June 30, 2018	Additions	Reductions	Transfers	June 30, 2019
Capital assets not being depreciated:					
Construction in progress	\$ 173,285	\$ 855,815	\$ (5,471)		\$ 1,023,629
Capital assets being depreciated:					
Leasehold improvements	2,142,464	\$ 971,484			\$ 3,113,948
Equipment, furniture, and fixtures	1,889,166	(721,886)	(1,916)		1,165,363
Total capital assets	4,204,915	1,105,412	(7,387)	-	5,302,940
Less accumulated depreciation:					
Leasehold improvements	1,295,340	160,823	(1)	-	1,456,162
Equipment, furniture, and fixtures	1,760,575	94,067	(1,914)	-	1,852,728
Total accumulated depreciation	3,055,915	254,890	(1,915)	-	3,308,890
Net capital assets	\$ 1,149,000	\$ 850,522	\$ (5,472)	\$ -	\$ 1,994,050

Total depreciation expense for the year ended June 30, 2019 was \$254,890.

The University Corporation, San Francisco State
(Component Unit of San Francisco State University)

Notes to Financial Statements
June 30, 2019 and 2018

Note 6 - Capital Assets, Continued:

The following is a roll forward schedule of capital assets for the year ended June 30, 2018:

	Balance June 30, 2017	Additions	Reductions	Transfers	Balance June 30, 2018
Capital assets:					
Leasehold improvements	\$ 1,936,489	\$ 205,976	\$ -	\$ -	\$ 2,142,464
Equipment, furniture, fixtures, and project in progress	2,044,601	79,239	(61,389)	-	2,062,451
Total capital assets	3,981,090	285,215	(61,389)	-	4,204,915
Less accumulated depreciation:					
Leasehold improvements	1,146,023	149,317	-	-	1,295,340
Equipment, furniture, and fixtures	1,710,477	83,024	(32,925)	-	1,760,575
Total accumulated depreciation	2,856,500	232,341	(32,925)	-	3,055,916
Net capital assets	\$ 1,124,590	\$ 52,874	\$ (28,463)	\$ -	\$ 1,149,000

Total depreciation expense for the year ended June 30, 2018 was \$232,341.

Note 7 - Related Parties:

During the years ended June 30, 2019 and 2018, the Corporation paid \$10,834,153 and \$8,380,870, respectively, to the University for salary reimbursement, tuition and fees, scholarships, facilities, and other administrative costs. The Corporation paid \$306,536 and \$62,644 to the San Francisco State University Foundation in 2019 and 2018, respectively for reimbursements. During the years ended June 30, 2019 and 2018, the Corporation received \$1,371,008 and \$881,728, respectively, from the University for reimbursements related to grants and contracts, campus programs, and operating facilities used by University students.

Effective July 1, 2014, the Corporation entered into an operating agreement and lease (Master Lease) with the Board of Trustees of the California State University (Trustees) for the facilities and space that it utilizes in the Cesar Chavez Student Center (the Student Center). The term of the Master Lease is July 1, 2014 to June 30, 2019. The Corporation shares usage of the facility with Associated Students of San Francisco State University (ASI). For lease costs, the Corporation is required to pay its share of common area and facilities upkeep costs. For the year ended June 30, 2019 and 2018 respectively, the Corporation reimbursed the University \$928,827 and \$1,123,301 for its 54% share of the Student Center.

As part of the Master Lease agreement with the University, the Corporation agreed to donate any residual net rental income to ASI to support student-related programs and activities it assumed from the Student Center. For the year ended June 30, 2019 and 2018, the residual net rental income contributed to ASI was \$325,720 and \$79,281 respectively.

At June 30, 2019, the Corporation's recorded receivables from the University were \$102,293, and payables to the University and its affiliates totaled \$1,668,059. The Corporation recorded payables to the Foundation of \$2,560. At June 30, 2018, the Corporation's recorded receivables from the University were \$242,697, and payables to the University and its affiliates totaled \$2,584,993.

The University Corporation, San Francisco State
(Component Unit of San Francisco State University)

Notes to Financial Statements
June 30, 2019 and 2018

Note 8 - Student Center Lease Operations:

On June 5, 2014, the Board of Directors of the Student Center approved the merger of the Student Center with ASI, a related party. The Student Center ceased its operations on June 30, 2014. Beginning July 1, 2014, all student-related programs, activities and transactions of the Student Center transferred to ASI with the exception of the lease operations, which were assumed by the Corporation.

On June 30, 2014, all rental agreements and contracts between the concessionaries and the Student Center terminated. Effective July 1, 2014, those rental activities were assumed by the Corporation on behalf of the University and were converted to month-to-month lease agreements. As of June 30, 2019, total rental receipts including recharges amounted to \$1,685,577, and total expenses were \$1,107,020. As of June 30, 2018, total rental receipts including recharges amounted to \$1,649,284, and total expenses were \$1,322,611.

During fiscal year 2016, the Corporation entered into long-term sublease arrangements with many of its vendors in the Student Center. The terms of those subleases commenced on either July 1, 2015 or August 1, 2015, and all shall terminate on June 30, 2019. One sublease was signed in January 2016 (with new base rent effective on February 1, 2016). Effective July 1, 2015, the base rent will range from \$13,000 - \$50,500 annually depending on the specific vendor and increase 3% in each year of the contract, with the first increase occurring July 1, 2016 for all subleases and with subsequent 3% increases on July 1 each year thereafter. Each sublessee will have the opportunity to obtain a second five-year lease which would range from July 1, 2019 to June 30, 2024.

Note 9 - Administration Fees:

The Corporation charges a one-time administrative fee of 5% when a gift is accepted, unless the gift is for a scholarship. Gifts are funds received from donor contributions, gifts and fundraising revenue that projects receive for their respective programs and overall campus fundraising efforts. The Corporation also charges a one-time administrative fee of 10% when program revenue generated under its campus programs is received. The Corporation defines program revenue as earned revenue for which a tax deduction would not qualify. Membership fees, conferences and meetings, fee for service, sale of goods and special events are highlighted examples of program revenue. The Corporation may charge an administrative fee for activity under various business partnerships with the campus or other auxiliaries such as the Corporation taking over the administration of commencement. Fees earned are based on the fees negotiated per each agreement. Grants and contracts are charged an administrative fee based on the rate provided by the granting agency and are calculated as a percentage of grant expense or salaries and wages. The Corporation does not charge an administrative fee on funds received for scholarship funds. Indirect costs and administrative fees from grants, contracts and campus programs were eliminated against revenue as not to double count the total revenue and expenses. Administrative fees of \$758,604 and \$640,807 were charged by the Corporation during the years ended June 30, 2019 and 2018, respectively.

The University Corporation, San Francisco State
(Component Unit of San Francisco State University)

Notes to Financial Statements
June 30, 2019 and 2018

Note 10 - 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 11 - 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. The Corporation does not have any active litigation pending. 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.

Note 12 - Retirement Plan:

The Corporation adopted a 403(b) retirement and savings plan which matches 50% of employee contributions up to 5% of each employee's eligible compensation. The Corporation's contributions for the plan years ended June 30, 2019 and 2018 were \$18,019 and \$19,997, respectively.

Note 13 - Leases:

Follett (Bookstore Operation)

The Corporation continues to maintain an agreement with Follett Higher Education Group, Inc. (Follett) to manage most of the operations and activities that had been conducted by the Franciscan Shops for the University and its students. This took effect July 11, 2012. The agreement is for a five-year term with three additional two-year term options. The agreement allows Follett to purchase the bulk of the Franciscan Shops' inventory based on certain conditions and prices. Follett was required to make various operating and financial commitments to the Corporation in addition to the annual percentage of sales commission required by the agreement. The Corporation is completing the first two-year option at June 30, 2019. The second two-year option will begin July 1, 2019.

American Campus Communities (ACC) (Holloway Project)

As further discussed in Note 14, during 2018, the Corporation entered into a 65-year ground sublease with American Campus Communities (ACC), for Block six, a one-acre parcel to develop student housing as well as other amenities. Rental income for the sub-lease and rental expense for the associated ground lease with the University have been calculated using straight-line methodologies. Rental income for the sub-lease for the year ended June 30, 2019 was \$ 638,192. At June 30, 2019, lease rent receivable was \$398,192. The rental expense for year ended June 30, 2019 was \$574,711, rent payable was \$349,712.

The University Corporation, San Francisco State
(Component Unit of San Francisco State University)

Notes to Financial Statements
June 30, 2019 and 2018

Note 13 - Leases, Continued:

The estimated future minimum rental payments to be received under the operating lease are as follows:

Year ending June 30,	<u>Amortized Rent Revenue</u>	<u>Minimum Rental Receipts</u>
2020	\$ 638,192	\$ 320,000
2021	638,192	622,500
2022	638,192	650,000
2023	638,192	650,000
2024	638,192	650,000
Thereafter	<u>37,653,348</u>	<u>38,350,000</u>
Total	<u>\$ 40,844,308</u>	<u>\$ 41,242,500</u>

The estimated future minimum rental expense to be paid under the ground lease is are follows:

Year ending June 30,	<u>Amortized Rent Expense</u>	<u>Minimum Rental Payments</u>
2020	\$ 574,712	\$ 300,000
2021	574,712	561,250
2022	574,712	585,000
2023	574,712	585,000
2024	574,712	585,000
Thereafter	<u>33,907,978</u>	<u>34,515,000</u>
Total	<u>\$ 36,781,538</u>	<u>\$ 37,131,250</u>

The University Corporation, San Francisco State
(Component Unit of San Francisco State University)

Notes to Financial Statements
June 30, 2019 and 2018

Note 14 - Holloway Avenue Revitalization Project:

The Corporation, as a business partner of the campus has entered into ground lease with the University, dated January 2018 for Block six, a one-acre parcel. The Corporation entered into the lease with the purpose of subleasing the premises to a third party, Holloway Avenue Partners, LLC ("Tenant"), which will own and operate a one-building facility consisting of approximately 230,000 – 280,000 gross square feet with (a) approximately 167 apartment-style student housing units with kitchens comprising a total of approximately 542 beds on levels 3-8, (b) approximately 20,000 – 70,000 gross square feet of ground floor and plaza level space, including 20,000 – 45,000 net leasable square footage of retail space and the balance of the ground floor and plaza level space consisting of residential support and "back-of-house" space, (c) approximately 20-50 parking spaces. The ground sublease was amended effective October 2, 2018 to include American Campus Communities (ACC) Operating Partnership LP, Maryland limited partnership ("Tenant"). The lease and sub-lease terms are for sixty-five (65) years ending June 30, 2083 unless terminated or extended pursuant to the terms of the respective leases. Construction began October 2018. Once construction commences the tenant shall pay Construction Period rent which means the rent payable during the Construction Period shall be an amount equal to Three Hundred Twenty Thousand and No/100 dollars (\$320,000) per annum. The Corporation will collect rent from ACC in all amounts set out in the Sublease. Annual base rent on the sub-lease will begin upon project opening and continue through the end of the term. The annual base rent is equal to the greater of Minimum Lease Year Rent or the percentage rent. Minimum lease rent is set at \$650,000. Annual Base Rent for years subsequent to year 1 shall increase at a percentage equal to the percentage increase in the Effective Gross Residential Revenue on the project in such lease year compared to the Effective Gross Residential Revenue in the preceding Lease Year. The Corporation will collect rent from the tenant and will remit to San Francisco State University all revenue derived after first deducting a management fee of ten percent (10%) of the gross revenue and thereafter deducting any Related Project Cost incurred by the Corporation.

Total costs incurred through June 30, 2019 by the Corporation was \$466,743. The Corporation has recorded these costs as expenses and will discuss with related parties about the potential for reimbursement in future periods.

University Corporation, San Francisco State
Schedule of Net Position
June 30, 2019
(for inclusion in the California State University)

Assets:

Current assets:

Cash and cash equivalents	\$	791,960
Short-term investments		22,018,213
Accounts receivable, net		790,771
Capital lease receivable, current portion		—
Notes receivable, current portion		—
Pledges receivable, net		422,481
Prepaid expenses and other current assets		46,446
Total current assets		24,069,871

Noncurrent assets:

Restricted cash and cash equivalents		—
Accounts receivable, net		—
Capital lease receivable, net of current portion		—
Notes receivable, net of current portion		—
Student loans receivable, net		—
Pledges receivable, net		629,657
Endowment investments		625,499
Other long-term investments		9,571,705
Capital assets, net		1,994,050
Other assets		398,192
Total noncurrent assets		13,219,103
Total assets		37,288,974

Deferred outflows of resources:

Unamortized loss on debt refunding		—
Net pension liability		—
Net OPEB liability		—
Others		—
Total deferred outflows of resources		—

See accompanying independent auditor's report.

University Corporation, San Francisco State
Schedule of Net Position - Continued
June 30, 2019
(for inclusion in the California State University)

Liabilities:

Current liabilities:

Accounts payable	2,755,418
Accrued salaries and benefits	184,414
Accrued compensated absences, current portion	83,924
Unearned revenues	106,221
Capital lease obligations, current portion	—
Long-term debt obligations, current portion	—
Claims liability for losses and loss adjustment expenses, current portion	—
Depository accounts	—
Other liabilities	—
Total current liabilities	3,129,977

Noncurrent liabilities:

Accrued compensated absences, net of current portion	—
Unearned revenues	—
Grants refundable	—
Capital lease obligations, net of current portion	—
Long-term debt obligations, net of current portion	—
Claims liability for losses and loss adjustment expenses, net of current portion	—
Depository accounts	—
Net other postemployment benefits liability	—
Net pension liability	—
Other liabilities	349,712
Total noncurrent liabilities	349,712

Total liabilities	3,479,689
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Deferred inflows of resources:

Service concession arrangements	—
Net pension liability	—
Net OPEB liability	—
Unamortized gain on debt refunding	—
Nonexchange transactions	196,398
Others	—
Total deferred inflows of resources	196,398

Net Position:

Net investment in capital assets	1,356,245
Restricted for:	—
Nonexpendable – endowments	625,499
Expendable:	—
Scholarships and fellowships	20,947,060
Research	—
Loans	—
Capital projects	—
Debt service	—
Others	—
Unrestricted	10,684,083
Total net position	\$ 33,612,887

See accompanying independent auditor's report.

University Corporation, San Francisco State
Schedule of Revenues, Expenses and Changes in Net Position
June 30, 2019
(for inclusion in the California State University)

Revenues:	
Operating revenues:	
Student tuition and fees, gross	\$ —
Scholarship allowances (enter as negative)	—
Grants and contracts, noncapital:	
Federal	—
State	—
Local	12,500
Nongovernmental	728,073
Sales and services of educational activities	—
Sales and services of auxiliary enterprises, gross	13,332,764
Scholarship allowances (enter as negative)	—
Other operating revenues	94,455
Total operating revenues	<u>14,167,792</u>
Expenses:	
Operating expenses:	
Instruction	2,297,331
Research	311,683
Public service	612,989
Academic support	1,931,078
Student services	2,489,069
Institutional support	2,450,408
Operation and maintenance of plant	976,089
Student grants and scholarships	2,421,543
Auxiliary enterprise expenses	4,182,879
Depreciation and amortization	254,890
Total operating expenses	<u>17,927,959</u>
Operating income (loss)	<u>(3,760,167)</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	4,161,970
Investment income (loss), net	1,481,592
Endowment income (loss), net	—
Interest expense	—
Other nonoperating revenues (expenses) - excl. interagency transfers	—
Other nonoperating revenues (expenses) - interagency transfers	—
Net nonoperating revenues (expenses)	<u>5,643,562</u>
Income (loss) before other revenues (expenses)	1,883,395
State appropriations, capital	—
Grants and gifts, capital	—
Additions (reductions) to permanent endowments	(21,939)
Increase (decrease) in net position	1,861,456
Net position:	
Net position at beginning of year, as previously reported	31,751,431
Restatements	—
Net position at beginning of year, as restated	<u>31,751,431</u>
Net position at end of year	<u>\$ 33,612,887</u>

See accompanying independent auditor's report.

University Corporation, San Francisco State
Other Information
June 30, 2019
(for inclusion in the California State University)

1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments
All other restricted cash and cash equivalents
Noncurrent restricted cash and cash equivalents
Current cash and cash equivalents
Total

-
791,960
\$ 791,960

2.1 Composition of investments:

	Current	Noncurrent	Total
Money market funds	320,690		320,690
Repurchase agreements			-
Certificates of deposit			-
U.S. agency securities		485,522	485,522
U.S. treasury securities	202,299	1,033,036	1,235,335
Municipal bonds	65,498	159,443	224,941
Corporate bonds	115,632	1,633,998	1,749,630
Asset backed securities		276,612	276,612
Mortgage backed securities		917,250	917,250
Commercial paper			-
Mutual funds	7,241,580		7,241,580
Exchange traded funds			-
Equity securities	7,060,946	4,004,191	11,065,137
Alternative investments:			
Private equity (including limited partnerships)			-
Hedge funds		1,687,152	1,687,152
Managed futures			-
Real estate investments (including REITs)			-
Commodities			-
Derivatives			-
Other alternative investment types			-
Other external investment pools (excluding SWIFT)			-
Other investments		-	-
State of California Local Agency Investment Fund (LAIF)	7,011,568		7,011,568
State of California Surplus Money Investment Fund (SMIF)			-
Total investments	22,018,213	10,197,204	32,215,417
Less endowment investments (enter as negative number)	-	(625,499)	(625,499)
Total investments, net of endowments	\$ 22,018,213	9,571,705	31,589,918

See accompanying independent auditor's report.

University Corporation, San Francisco State
Other Information
June 30, 2019
(for inclusion in the California State University)

2.2 Fair value hierarchy in investments:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
Money market funds	\$ 320,690	320,690			
Repurchase agreements	-				
Certificates of deposit	-				
U.S. agency securities	485,522	485,522			
U.S. treasury securities	1,235,335	1,235,335			
Municipal bonds	224,941	52,759	172,182		
Corporate bonds	1,749,630	1,319,665	429,965		
Asset backed securities	276,612	69,952	206,660		
Mortgage backed securities	917,250	-	917,250		
Commercial paper	-				
Mutual funds	7,241,580	7,241,580			
Exchange traded funds	-				
Equity securities	11,065,137	7,060,946			4,004,191
Alternative investments:					
Private equity (including limited partnerships)	-				
Hedge funds	1,687,152				1,687,152
Managed futures	-				
Real estate investments (including REITs)	-				
Commodities	-				
Derivatives	-				
Other alternative investment types	-				
Other external investment pools (excluding SWIFT)	-				
Other investments	-				
State of California Local Agency Investment Fund (LAIF)	7,011,568	-	-	-	7,011,568
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	
Total investments	\$ 32,215,417	17,786,449	1,726,057	-	12,702,911

2.3 Investments held by the University under contractual agreements:

	Current	Noncurrent	Total
Investments held by the University under contractual agreements (e.g CSU Consolidated SWIFT Inv pool):			\$ -

See accompanying independent auditor's report.

University Corporation, San Francisco State
Other Information
June 30, 2019
(for inclusion in the California State University)

Detail of depreciation and amortization expense:

Depreciation and amortization expense related to capital assets	\$ 254,890
Amortization expense related to other assets	
Total depreciation and amortization	<u>\$ 254,890</u>

4 Long-term liabilities:

	Balance June 30, 2018	Prior Period Adjustments/Reclas sifications	Balance June 30, 2018 (Restated)	Additions	Reductions	Balance June 30, 2019	Current Portion	Noncurrent Portion
1. Accrued compensated absences	66,817		66,817	61,325	(44,218)	83,924	83,924	(0)
2. Claims liability for losses and loss adjustment expenses	-		-			-		-
3. Capital lease obligations:								
Gross balance	-		-			-	-	-
Unamortized net premium/(discount)	-		-			-	-	-
Total capital lease obligations	-	-	-	-	-	-	-	-
4. Long-term debt obligations:								
4.1 Auxiliary revenue bonds (non-SRB related)	-		-			-	-	-
4.2 Commercial paper	-		-			-		-
4.3 Notes payable (SRB related)	-		-			-		-
4.4 Others:								
	-		-			-		-
	-		-			-		-
	-		-			-		-
Total others	-		-	-	-	-	-	-
Sub-total long-term debt	-	-	-	-	-	-	-	-
4.5 Unamortized net bond premium/(discount)	-		-			-	-	-
Total long-term debt obligations	-	-	-	-	-	-	-	-
Total long-term liabilities	\$ 66,817	-	66,817	61,325	(44,218)	83,924	83,924	(0)

See accompanying independent auditor's report.

University Corporation, San Francisco State
Other Information
June 30, 2019
(for inclusion in the California State University)

5 Capital lease obligations schedule:

	Capital lease obligations related to SRB			All other capital lease obligations			Total capital lease obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2020			-			-			-
2021			-			-			-
2022			-			-			-
2023			-			-			-
2024			-			-			-
2025 - 2029			-			-			-
2030 - 2034			-			-			-
2035 - 2039			-			-			-
2040 - 2044			-			-			-
2045 - 2049			-			-			-
Thereafter			-			-			-
Total minimum lease payments	\$ -	-	-	-	-	-	-	-	-
Less: amounts representing interest									-
Present value of future minimum lease payments									-
Unamortized net premium/(discount)									-
Total capital lease obligations									-
Less: current portion									-
Capital lease obligations, net of current portion									\$ -

6 Long-term debt obligations schedule:

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2020			-			-			-
2021			-			-			-
2022			-			-			-
2023			-			-			-
2024			-			-			-
2025 - 2029			-			-			-
2030 - 2034			-			-			-
2035 - 2039			-			-			-
2040 - 2044			-			-			-
2045 - 2049			-			-			-
Thereafter			-			-			-
Total minimum payments	\$ -	-	-	-	-	-	-	-	-
Less: amounts representing interest									-
Present value of future minimum payments									-
Unamortized net premium/(discount)									-
Total long-term debt obligations									-
Less: current portion									-
Long-term debt obligations, net of current portion									\$ -

See accompanying independent auditor's report.

University Corporation, San Francisco State
 Other Information
 June 30, 2019
 (for inclusion in the California State University)

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	2,370,655
Payments to University for other than salaries of University personnel	8,463,497
Payments received from University for services, space, and programs	1,371,008
Gifts-in-kind to the University from discretely presented component units	
Gifts (cash or assets) to the University from discretely presented component units	
Accounts (payable to) University (enter as negative number)	(1,668,059)
Other amounts (payable to) University (enter as negative number)	
Accounts receivable from University (enter as positive number)	102,293
Other amounts receivable from University (enter as positive number)	

8 Restatements/Prior period adjustments:

Provide a detailed breakdown of the journal entries (at the financial statement line items level) booked to record each restatement/PPA:

Debit/(Credit)

Transaction #1	Enter transaction description	
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Transaction #2	Enter transaction description	
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See accompanying independent auditor's report.

University Corporation, San Francisco State
Other Information
June 30, 2019
(for inclusion in the California State University)

9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	1,144,527	329,816			-	822,988	-	2,297,331
Research	99,965	24,481			-	187,237	-	311,683
Public service	280,823	98,986			-	233,180	-	612,989
Academic support	416,113	124,543			-	1,390,422	-	1,931,078
Student services	682,698	246,592			-	1,559,779	-	2,489,069
Institutional support	34,054	4,308			-	2,412,046	-	2,450,408
Operation and maintenance of plant					-	976,089	-	976,089
Student grants and scholarships	-	-	-	-	2,421,543	-	-	2,421,543
Auxiliary enterprise expenses	465,030	135,734				3,582,115	-	4,182,879
Depreciation and amortization	-	-	-	-	-	-	254,890	254,890
Total operating expenses	\$ 3,123,210	964,460	-	-	2,421,543	11,163,856	254,890	17,927,959

10 Deferred outflows/inflows of resources:

1. Deferred Outflows of Resources

Deferred outflows - unamortized loss on refunding(s)
Deferred outflows - net pension liability
Deferred outflows - net OPEB liability
Deferred outflows - others:

Total deferred outflows - others	-
Total deferred outflows of resources	\$ -

2. Deferred Inflows of Resources

Deferred inflows - service concession arrangements
Deferred inflows - net pension liability
Deferred inflows - net OPEB liability
Deferred inflows - unamortized gain on debt refunding(s)
Deferred inflows - nonexchange transactions
Deferred inflows - others:

196,398

See accompanying independent auditor's report.