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

JUNE 30, 2013 AND 2012

INDEPENDENT AUDITORS' REPORT,

FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

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

Independent Auditors' Report,
Financial Statements and
Supplementary Information

Independent Auditors' Report

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

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 statement of net position as of June 30, 2013 and 2012, and the related statements of revenues, expenses and changes in net position, cash flows 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 entity'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 entity'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.

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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**, as of June 30, 2013 and 2012, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America, require that the accompanying management's discussion and analysis on pages 3 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information on pages 27 through 34 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Hood & Strong LLP

San Francisco, California
September 17, 2013

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, 2013.

The Corporation presents its financial statements for fiscal year 2013 with comparative data presented for fiscal years 2012 and 2011. The emphasis of discussions concerning these statements will be for the fiscal years ended June 30, 2013 and 2012 (2013 and 2012, 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 non-profit auxiliary organization of San Francisco State University (the University) with a 501(c) (3) designation with the Internal Revenue Service. The Corporation's purpose is to support, promote and assist the University in meeting its educational mission.

The Business Type Activity (BTA) reporting model has been adopted by the California State University (CSU) system for the 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.

Two out of the four auxiliary not-for-profit corporations serving the University, of which the Corporation is one, have also adopted the BTA reporting model primarily for efficiencies gained in combining the four auxiliaries' annual financial statements with the University and ultimately the combined CSU financial statements.

The Corporation's June 30, 2013 and 2012 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 is 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.

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. The intent of this action was to allow the Corporation to oversee the operations of the Franciscan Shops, assign operating responsibilities to a new operator and then in the future wind up and dissolve the Franciscan Shops entity. Additionally, the Corporation became responsible for the accounting of the Franciscan Shops as well as assuming some of the commercial services that had previously been provided for by the Franciscan Shops. The Corporation also assumed responsibility for the operating space and facilities that had been leased by the Franciscan Shops from the San Francisco State University Student Center (Student Center).

Collectively the University Corporation, San Francisco State and Franciscan Shops are referred to as the Corporation.

Highlights of Financial Operations

- **Operating revenue and other additions**

  Total operating revenue increased by approximately $2,095,000 which is primarily attributed to increase in retail revenue by $3,338,000. The Corporation assumed the operations of two convenience stores and a copy center in July 2012. In addition, the Corporation received commission income from Follett which has been contracted to manage the campus bookstore since July 2012. The increase in retail revenue was partially offset by $640,000 decrease in grants and contract revenue and $684,000 decrease in other revenue.

- **Nonoperating revenues and expenses**

  Total non-operating revenue decreased by approximately $432,000 primarily attributed to a decrease in contributions of approximately $938,000 offset by an increase in investment income of approximately $636,000.

- **Franciscan Shops and San Francisco State University**

  The Corporation as the sole member of the board of directors of the Franciscan Shops directed the dissolution of assets per the bylaws and articles of incorporation of the Franciscan Shops. As part of the dissolution of the Franciscan Shops assets have to be transferred to a non-profit serving the University, which the Corporation was such successor organization. The board approved the transfer of assets January 4, 2013 of approximately $4,300,000. The Franciscan Shops also transferred to the Corporation approximately $35,000 in inventory related to the convenience store operations which the Corporation assumed management of as of July 1, 2012.

Financial Position

The statement of net position presents the financial position of the Corporation at the end of fiscal year 2013 and 2012. 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 assessing 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.

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

Condensed Statement of Net Position - 2013, 2012, and 2011

	2013	2012	2011
ASSETS			
Current assets	$ 5,454,179	$ 6,014,900	$ 4,820,876
Noncurrent assets	18,080,423	12,415,750	11,491,960
Total assets	23,534,602	18,430,650	16,312,836
LIABILITIES			
Current liabilities	1,201,252	1,196,934	961,184
Noncurrent liabilities	478,884	350,000	-
Total liabilities	1,680,136	1,546,934	961,184
NET POSITION			
Investment in capital assets	1,015,301	2,266,518	2,512,427
Restricted:			
Nonexpendable - endowments	544,272	544,272	540,381
Expendable – Grants and Contracts, Scholarships, Fellowships, Capital Projects	11,934,167	11,411,045	8,359,881
Unrestricted	8,360,726	2,661,881	3,938,963
Total net position	$ 21,854,466	$ 16,883,716	$ 15,351,652

Assets

In fiscal year 2013 current assets decreased by approximately $561,000 (-9%). This decrease was attributed to a decrease in short term investments due to distribution of holdings and collection of pledge and accounts receivable. Cash and cash equivalents increased during 2013 over 2012 as a result of the consolidation of assets with the Franciscan Shops which was an increase of approximately $493,000 in cash and cash equivalents. The new operations of the Corporation also had an impact on prepaid expenses and other assets which increased by approximately $178,000.

Noncurrent assets increased by approximately $5,665,000 (46%). The increase in noncurrent assets is mainly attributed to the transfer of cash into the investment accounts from the Franciscan Shops of approximately $4,332,000 and improved investment performance. The Corporation’s participation in alternative investments with the Foundation also increased during 2013 by approximately $429,000. The increase is offset by a decrease in capital assets due to a transfer of assets to the University of approximately $1,144,000.

In fiscal year 2012 current assets decreased by approximately $1.2 million (25%). The decrease was mainly attributed to an increase in short term investments.

Liabilities

In fiscal year 2013, current liabilities remained relatively flat over 2012 with a modest increase of approximately $4,000. This increase was mainly attributed to an increase in accrued payables due to new operations of the Corporation for fiscal year 2013 and an offsetting decrease in payables to related parties. Noncurrent liabilities increased over 2012 by approximately $129,000 (37%) due to inclusion of $152,000 deferred revenue from the Franciscan Shops.

In fiscal year 2012, current liabilities increased over 2011 by approximately $236,000 (25%). This increase was mainly attributed to an increase in payables to related parties.

In fiscal year 2012, the noncurrent liability increased by $350,000 (100%) related to the one-time payment that the Corporation received from the Follett Higher Education Group, Inc. (Follett) which will be amortized over the life of the agreement.

Net Position

As of June 30, 2013, net position was $21,854,466 which is an increase of approximately $4,971,000 (29%) from the previous year. The increase is primarily attributed to transfer of assets from the Franciscan Shop of approximately $4,282,000 and an increase in revenues over expenses of $1,833,000, net of a transfer of assets to the University of $1,145,000.

As of June 30, 2012, net position was $16,883,716 which is an increase of approximately $1.5 million (10%) from the previous year. The increase is attributed to an increase in contribution revenue from friends of the University, investment income and an increase in program revenue from the previous year.

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

Results of Operations

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

Detailed statement of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2013 and 2012 is included in the financial statements.

Condensed Statement of Revenues, Expenses and Changes in Net Position

For the years ended June 30, 2013, 2012 and 2011

	2013	2012	2011
Operating Revenues (Expenses):			
Revenues	$ 9,559,437	$ 7,464,321	$ 5,999,404
Expenses	(10,959,717)	(9,597,426)	(8,642,151)
Operating loss	(1,400,280)	(2,133,105)	(2,642,747)
Nonoperating Revenues (Expenses):			
Contributions	2,817,820	3,756,012	3,207,481
Investment return	1,000,683	365,137	1,086,966
Transfers to the University	(585,319)	(455,980)	
Total Nonoperating Revenues (Expenses)	3,233,184	3,665,169	4,294,447
Change in Net Position	1,832,904	1,532,064	1,651,700
Transfer from Franciscan Shops	$ 4,282,467		
Transfer of assets to the University	$ (1,144,621)		
Transfer to the Foundation			$ (560,000)

OPERATING REVENUES

Retail, Program, Grants, and Contracts Revenue

The Corporation received less grants and contracts as more grants have been awarded directly to San Francisco State University. For fiscal year 2013, grants and contracts revenue decreased approximately $641,000. As Grants and Contracts revenue has decreased the Corporations program revenue has increased.

Program revenues are the function of the many projects administered by the Corporation which must be self-supporting. Program revenue consists mainly of revenue received to support campus programs, and student scholarships. Whirlwind Wheelchair program revenue decreased approximately $217,000 due to manufacturing challenges during the year which slowed production however sales internationally remained steady. Whirlwind began sales domestically as well during 2013.

The Corporation's self-operating vending projects are a component of retail revenue. During 2013, the Corporation took over three new retail operations that were previously run by the Franciscan Shops, two convenience stores and the campus copy center. During 2013, the Corporation also had its first full year of commission revenue earned from its contract with Follett to manage the SFSU Bookstore. As a result of these new business services activity operating revenue increased by approximately $2,095,000 (28%).

Transfers received from endowments increased approximately $143,000 and $478,000 in 2013 and 2012, respectively, which are part of the increase in operating revenues.

During 2012, program, grants and contract revenue increased approximately $241,000 which was primarily attributed to a decrease in program revenue of approximately $129,000 and an increase in grants and contract revenue of $370,000. Although program, grants and contract revenue had a modest increase, the Wheelchair program revenue increased approximately $544,000 due to its increase in wheelchair sales internationally.

Indirect costs from grants, contracts and campus programs were eliminated against revenue as not to double count the total revenue and expenses. Indirect costs incurred for grants, contracts and campus programs as of June 30, 2013 and 2012 were $371,178 and $451,115, respectively.

Rental Income

Rental income is comprised mainly of food vending tenants and the fitness facility located on campus. Rental income increased in fiscal year 2013 by approximately $55,000 over the previous year. Rental income increased primarily due to the Corporation operating the food trucks for a full year and Peet's Coffee and Tea placed in operation in fiscal year 2013. In fiscal year 2012, Rental income increased by approximately $6,500 over the previous year. Tenant rents are increased based on the consumer price index (CPI) which is reviewed annually.

Other Revenue

During fiscal year 2013 other revenue decreased by approximately $684,000 (80%) due to the Corporation receiving a refund of $770,000 in fiscal year 2012 from the dissolution of the Auxiliary Organization Unemployment Insurance Trust which was not a reoccurring event.

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.

Operating expenses increased in fiscal year 2013 significantly by approximately $1,362,000 (14%). Indirect cost from grants, contracts and campus programs were eliminated against revenue as not to double count the total revenue and expenses. Indirect costs incurred for grants and contracts, campus programs and endowment were $371,178. Expenses related to grants and contracts decreased by approximately $1,303,000 (54%) during 2013 as grant activity continued to decrease. Scholarship expense decreased over prior year by approximately $113,000 (10%) as less scholarships were given out to students during 2013. Retail expenses increased by approximately $2,396,000 due the Corporations new operations of the two convenience stores and copy center. The expenses were directly related to increased salaries and benefits to run and oversee these new operations. Retail expenses also include costs associated with the space related to the new operations. The Corporation has a lease with the Student Center, for the retail stores and the bookstore.

Operating expenses increased in fiscal year 2012 by approximately $956,000 (11%). Indirect cost from grants, contracts and campus programs were eliminated against revenue as not to double count the total revenue and expenses. Indirect costs incurred for grants and contracts, campus programs and endowment were $461,923. Expenses related to grants and contracts decreased during 2012 as grant activity decreased. Scholarship expense increased over prior year by approximately $508,000 as more scholarships were given out to students during 2012.

NON-OPERATING REVENUES AND EXPENSES

Contributions

Contributions are recognized as revenue when they are verifiable, measurable, probable of collection, and the Corporation has met all time and eligibility requirements. Contributions decreased during fiscal year 2013 over the prior year by approximately $938,000 (-25%). The decrease was mainly attributed to reduction of contributions for scholarships of approximately $800,000.

Contributions increased during fiscal year 2012 by approximately $549,000 (17%). There was also an increase in additional revenue received from related party to support campus programs and student scholarships from the prior year.

Investment Return

Fiscal year 2013 saw an increase in investment returns as a result of the market being bullish for most of the year. The investment return increased approximately $636,000 (174%) over the previous year.

During fiscal year 2012 the markets were still volatile as in the previous year. However investments continued to show positive appreciation during 2012, investment return was approximately $365,000.

SIGNIFICANT ITEMS

In fiscal year 2014, the Corporation will continue expanding its retail operations and bringing new business services offered to the campus. The Corporation will install Shop 24 in the first quarter. Shop 24 is a 24 hour automated machine which will carry fresh food, snacks, drinks and various sundry items. Shop 24 will provide convenience and food options to the campus after hours. The Corporation will also be adding a new site to bring on additional food trucks which will be at the West Campus Green field.

The Corporation will be branding all of its vending services and retail operations under the Gator Group umbrella as these offerings are marketed to the campus.

Investment income is an important revenue source for the Corporation’s unrestricted funds. The last quarter of the fiscal year the world market continued showing growth. The beginning of 2014 fiscal year has continued where the end of the fiscal year ended with continued growth.

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)

Statement of Net Position

June 30,	2013	2012
Assets		
Current Assets:		
Cash and cash equivalents	$ 830,031	$ 336,931
Investments, unrestricted	3,679,854	4,602,179
Pledges receivable	386,997	642,306
Accounts receivable, net	378,946	433,484
Prepaid expenses and other assets	178,351	
Total current assets	5,454,179	6,014,900
Noncurrent Assets:		
Pledges receivable, net	427,500	962,392
Accounts receivable		350,000
Deferred chargebacks receivable	152,552	
Investments:		
Unrestricted	14,292,607	7,073,068
Receivable from SF State University Foundation	1,648,191	1,219,500
Restricted	544,272	544,272
Capital assets, net	1,015,301	2,266,518
Total noncurrent assets	18,080,423	12,415,750
Total assets	23,534,602	18,430,650
Deferred Outflows of Resources (Note 2)		
Total assets and deferred outflows of resources	$ 23,534,602	$ 18,430,650
Liabilities		
Current Liabilities:		
Accounts payable	$ 727,060	$ 420,128
Accrued salaries and benefits payable	169,919	135,870
Accrued compensated absences	85,168	71,694
Payable to related parties	219,105	569,242
Total current liabilities	1,201,252	1,196,934
NonCurrent Liabilities:		
Deferred chargebacks payable	152,552	
Deferred revenues	326,332	350,000
Total noncurrent liabilities	478,884	350,000
Deferred Inflows of Resources (Note 2)		
Net Position:		
Invested in capital assets	1,015,301	2,266,518
Restricted for:		
Nonexpendable - endowments	544,272	544,272
Expendable - grants and contracts, scholarships, fellowships, capital projects	11,934,167	11,411,045
Unrestricted	8,360,726	2,661,881
Total net position	21,854,466	16,883,716
Total liabilities, deferred inflows of resources and net position	$ 23,534,602	$ 18,430,650

The accompanying notes are an integral part of this statement.

The University Corporation, San Francisco State

(Component Unit of San Francisco State University)

Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30,	2013	2012
Operating Revenues:		
Grants and contract revenue	$ 1,039,948	$ 1,680,558
Program revenue	3,104,823	3,221,598
Retail revenue	3,338,037	
Programs funded by related parties	1,419,952	1,276,457
Rental income	490,537	435,926
Other revenues	166,140	849,782
Total operating revenues	9,559,437	7,464,321
Operating Expenses:		
Grants and contracts	1,109,808	2,412,727
Campus programs	4,852,888	4,448,469
Rental expenses	7,054	19,835
Student scholarships	1,041,025	1,154,044
Management and general	1,392,824	1,315,298
Retail expenses	2,395,764	
Depreciation	160,354	247,053
Total operating expenses	10,959,717	9,597,426
Operating loss	(1,400,280)	(2,133,105)
Nonoperating Revenues (Expenses):		
Contributions	2,817,820	3,756,012
Investment return	1,000,683	365,137
Transfer to San Francisco State University	(585,319)	(455,980)
Net nonoperating revenues (expenses)	3,233,184	3,665,169
Change in Net Position	1,832,904	1,532,064
Net Position, beginning of the year	16,883,716	15,351,652
Transfer of net assets from Franciscan Shops	4,282,467	
Transfer of assets to San Francisco State University	(1,144,621)	
Net Position, end of the year	$ 21,854,466	$ 16,883,716

The accompanying notes are an integral part of this statement.

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

Statement of Cash Flows

Year Ended June 30,	2013	2012
Cash Flows from Operating Activities:		
Receipts from programs	$ 9,919,148	$ 6,041,555
Rent receipts	490,537	435,926
Payments to suppliers	(7,121,365)	(5,489,434)
Payments to employees for services	(2,656,325)	(2,387,795)
Scholarships to students	(1,041,025)	(1,154,044)
Other	166,142	849,781
Net cash used by operating activities	(242,888)	(1,704,011)
Cash Flows from Noncapital Financing Activities:		
Donations received	2,817,820	3,756,012
Transfer to San Francisco State University	(585,319)	(393,083)
Donation from Franciscan Shops	4,282,467	
Net cash provided by noncapital financing activities	6,514,968	3,362,929
Cash Flows from Capital and Related Financing Activities:		
Capital asset additions	(53,758)	(147,390)
Net cash used by capital and related financing activities	(53,758)	(147,390)
Cash Flows from Investing Activities:		
Proceeds from sales and maturities of investments	9,875,787	5,812,132
Purchase of investments	(16,601,692)	(8,222,265)
Investment income	1,000,683	365,137
Net cash used by investing activities	(5,725,222)	(2,044,996)
Net Change in Cash and Cash Equivalents	493,100	(533,468)
Cash and Cash Equivalents, beginning of year	336,931	870,399
Cash and Cash Equivalents, end of year	$ 830,031	$ 336,931

The accompanying notes are an integral part of this statement.

The University Corporation, San Francisco State

(Component Unit of San Francisco State University)

Statement of Cash Flows (continued)

June 30,	2013	2012
Reconciliation of Operating Loss to Net Cash Flows Used by Operating Activities:		
Operating loss	$ (1,400,280)	$ (2,133,105)
Adjustments to reconcile operating loss to net cash flows used by operating activities:		
Depreciation	160,354	247,053
Loss on asset disposal		83,349
Changes in assets and liabilities:		
Accounts receivable and pledges receivable	844,739	(137,058)
Other receivable	350,000	350,000
Prepaid expenses	(178,351)	
Accounts payable	306,932	(15,286)
Deferred revenue	(23,668)	(350,000)
Payable to related parties	(350,137)	226,104
Accrued salaries and benefits payable	34,049	20,489
Accrued compensated absences	13,474	4,443
Total adjustments	1,157,392	429,094
Net cash used by operating activities	$ (242,888)	$ (1,704,011)

Supplemental Disclosures of Cash Flow Activity:		
Non-cash activity:		
Transfer of Assets to San Francisco State University	$ (1,144,621)	$ (62,897)

The accompanying notes are an integral part of this statement.

Note 1 - Organization:

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

The Corporation was established in 1946 for the purpose of promoting and assisting the University through administration of educational projects, university research and development projects, 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 non-profit member corporation. The Franciscan Shops, is formerly an auxiliary of the University; collectively "the Corporation". For 2013, the financial statements of the Franciscan Shops has been incorporated into the financial statements of the Corporation.

Note 2 - Summary of Significant Accounting Policies:

a. Basis of Presentation

The basic financial statements required by GASB Statements number 34, 35 and 36 includes 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.

In accordance with GASB Statement No. 62, the Corporation has incorporated certain accounting and financial reporting guidance included in the Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants (AICPA) Committee on Accounting Procedure (collectively, referred to as the "FASB and AICPA pronouncements"), which were issued on or before November 30, 1989, and which do not conflict or contradict GASB pronouncements.

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 non-current; with the exception of those amounts that are required to be reported as deferred outflows or inflows of resources. The Corporation follows GASB 63 which provides 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. As of June 30, 2013 and 2012, the Corporation did not enter into transactions that meet the definition of deferred outflows or inflows of resources.

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, 2013 and 2012, the Corporation maintains operating and capital reserves of approximately, $679,000 and $500,000, 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.

Custodial credit risk - In the case of bank deposits, this is the risk that in the event of a bank failure, the Corporations 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 June 30, 2013, the Corporation maintained balances in excess of the federally insured limits. The Corporation did not maintain deposits in excess of federally insured limits as of June 30, 2012.

c. Accounts Receivable, net

Accounts receivable include amounts due from special projects, business services, contracts and other receivables from San Francisco State University. Accounts receivable of $378,946 and $783,484 as of June 30, 2013 and 2012, respectively, are shown net of an allowance for uncollectible accounts.

d. Pledges Receivable

Unconditional promises of private gifts to the Corporation are recorded as pledges receivable and revenue in the year promised at the present value of expected cash flows. Unconditional promises to give that are expected to be collected in future years are recorded at fair value based upon the present value of their estimated future cash flows. Discounts are computed using estimated market rates. Amortization of the discounts is included in grants and contracts revenue. The pledge receivable discount at June 30, 2013 and 2012 is approximately $28,300 and $48,300, respectively. Conditional promises and intentions to pledge are recognized as receivables and revenue when the specific condition and/or eligibility and recognition requirement is met.

e. Investments

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

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

f. Restricted Investments

Investments made from donor restricted endowments are pooled with the Corporation's other investments. Any appreciation of such investments is tracked separately and recorded in unrestricted net assets as long as the donor has not restricted those earnings. The Uniform Prudent Management of Institutional Funds Act (UPMIFA) passed in July 2006 and adopted by California in 2008 which authorizes an institution to spend the amount it deems prudent considering the intent of 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. The net book value of transfers made to the University during the fiscal year ended June 30, 2013 amounted to $1,144,621.

h. Compensated Absences

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

i. Revenue and Expenses

The Corporation classifies operating revenues into 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 is derived from program-specific grants and contracts and contributions arising from exchange transactions with federal, state, local, private foundations and individual contributions restricted for a particular program. Programs funded by related parties represent primarily revenue transferred from the San Francisco State University Foundation for scholarships and campus programs.

Retail revenue and expenses category includes revenue from the operation of two convenient stores 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.

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.

k. Income Taxes

The Corporation is a not-for-profit corporation and is exempt from federal and state income taxes under provisions of section 501 (c)(3) of the Internal Revenue Code and the California Tax Code. Continuance of such exemption is subject to compliance with laws and regulations of the taxing authorities. Certain activities considered unrelated to the tax exempt purposes of the Corporation may generate income that is taxable. No provision has been recorded for income taxes, as the net income, if any, from unrelated business in the opinion of management; it is not material to the basic financial statements taken as a whole.

l. Reclassifications

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

m. Recent Accounting Pronouncements Adopted or Under Consideration

The GASB issued statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34 (December 2010),* provides guidance on information presented about the financial reporting entity and its component units and amends the criteria for blending in certain circumstances. The Corporation implemented the guidance of this pronouncement and it did not have a significant impact on its financial statements.

The GASB issued Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989: 1) Financial Accounting Standards Board (FASB) Statements and Interpretations, 2) Accounting Principles Board Opinions, 3) and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. The statement is applicable for fiscal year June 30, 2013. The Corporation determined that this pronouncement did not have a significant impact on its financial statements.

The GASB issued statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position (June 2011),* requires accounting changes should be applied retroactively by reclassifying the statement of net position and balance sheet information, if practical, for all prior periods presented. In the period GASB 63 is first applied, the financial statements should disclose the nature of any reclassification and its effect. The reason for not reclassifying statement of net position and related information for prior periods presented should be explained. The Corporation implemented the guidance of this pronouncement and it did not have a significant impact on its financial statements. See Note 2a for additional information.

The GASB issued statement No. 65, *Items Previously Reported as Assets and Liabilities (March 2012)*, this Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. The statement is applicable for June 30, 2014. The Corporation is currently assessing the impact of the statement if any.

Note 3 - Investments:

Investments consist of the following as of June 30, 2013:

		Investment Maturities (Years)				
	Fair value	<1	1 – 5	6 – 10	10+	Other
Local agency investment fund	$ 2,024,625	$ 2,024,625				
Broker money market funds	1,585,302	1,585,302				
Treasury securities	1,942,955		$ 1,523,245	$ 419,710		
Asset-backed securities	886,235		506,526	53,299	$ 326,410	
Corporate debt securities	5,718,787	69,927	1,104,306	691,684		$ 3,852,870
Equity securities	6,358,829					6,358,829
Alternative investments	1,648,191					1,648,191
	$20,164,924	$ 3,679,854	$ 3,134,077	$1,164,693	$ 326,410	$11,859,890

Investments consist of the following as of June 30, 2012:

		Investment Maturities (Years)				
	Fair value	<1	1 – 5	6 – 10	10+	Other
Local agency investment fund	$ 2,970,569	$ 2,970,569				
Broker money market funds	1,347,059	1,347,059				
Treasury securities	2,413,593	100,202	$ 1,534,711	$ 778,680		
Asset-backed securities	805,453	3,827	433,779		$ 367,847	
Corporate debt securities	1,639,203	180,522	742,574	716,107		
Equity securities	3,043,642					$ 3,043,642
Alternative investments	1,219,500					1,219,500
	$ 13,439,019	$ 4,602,179	$ 2,711,064	$1,494,787	$ 367,847	$4,263,142

Investment return for the years ended June 30, 2013 and 2012 consists of the following:

	2013	2012
Interest and dividends	$ 431,347	$ 209,862
Realized and unrealized gain	569,336	155,275
	$ 1,000,683	$ 365,137

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.

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 - Endowments:

Endowments held and administered by the Corporation at June 30, 2013 and 2012 are as follows:

	Restricted Net Assets Nonexpendable
Endowments	$ 544,272

The Corporation's investment policy during fiscal year 2013 and 2012 allowed a 4% annual payout based on quarterly average daily balance of the fund. The 4% annual payout was not changed during the year and disbursements were allowed.

Note 5 - Capital Assets:

The following is a roll forward schedule of capital assets for the year ended June 30, 2013:

	Balance June 30, 2012	Additions	Reductions	Transfers	Balance June 30, 2013
Capital Assets:					
Leasehold improvements	$ 2,503,184			$ (1,128,752)	$ 1,374,432
Equipment	2,448,725	$ 54,736	$ (10,015)	(575,304)	1,918,142
Total Capital Assets	4,951,909	54,736	(10,015)	(1,704,056)	3,292,574
Less accumulated depreciation:					
Leasehold improvements	932,284	61,259		(338,626)	654,917
Equipment	1,753,107	99,095	(9,037)	(220,809)	1,622,356
Total accumulated depreciation	2,685,391	160,354	(9,037)	(559,435)	2,277,273
Net Capital Assets	$ 2,266,518	$ (105,618)	$ (978)	$ (1,144,621)	$ 1,015,301

Total depreciation expense for the year ended June 30, 2013 was $160,354.

The following is a roll forward schedule of capital assets for the year ended June 30, 2012:

	Balance June 30, 2011	Additions	Reductions	Transfers	Balance June 30, 2012
Capital Assets:					
Leasehold improvements	$ 2,470,512	$ 97,754	$ (65,082)		$ 2,503,184
Equipment	2,650,877	52,921	(105,446)	$ (149,627)	2,448,725
Total Capital Assets	5,121,389	150,675	(170,528)	(149,627)	4,951,909
Less accumulated depreciation:					
Leasehold improvements	814,587	120,021	(2,324)		932,284
Equipment	1,794,375	127,032	(81,570)	(86,730)	1,753,107
Total accumulated depreciation	2,608,962	247,053	(83,894)	(86,730)	2,685,391
Net Capital Assets	$ 2,512,427	$ (96,378)	$ (86,634)	$ (62,897)	$ 2,266,518

Total depreciation expense for the year ended June 30, 2012 was $247,053.

Note 6 - Related Parties:

During the year ended June 30, 2013 and 2012, the Corporation paid $3,814,711 and $3,750,335, respectively to the University and its affiliates for salary reimbursement, tuition and fees, scholarships, facilities, and other administrative costs. The Corporation paid $105,543 and $485,470 to the San Francisco State University Foundation in 2013 and 2012, respectively. During the year ended June 30, 2013 and 2012, the Corporation received $2,394,443 and $2,058,369, respectively, from the University and its affiliate for reimbursements related to grants and contracts, campus programs, and operating facilities used by University students.

At June 30, 2013, the Corporation's recorded receivables from the University and its affiliates was $51,240 and payables to the University and its affiliates totaled $88,580.

At June 30, 2012, the Corporation's recorded receivables from the University and its affiliates was $50,614 and payables to the University and its affiliates totaled $569,242.

During 2013, the Corporations' total investment in alternative investments held by the Foundation was $1,648,000 and $1,220,000 at June 30, 2013 and 2012, respectively. The allocated fair value for these investments and receivable from the Foundation were $1,648,191 and $1,219,500 at June 30, 2013 and 2012, respectively.

Note 7 - Administration Fees:

The Corporation charges an administrative fee of 5% on gifts and 10% on program revenue to campus programs. Grants and contracts are charged an administrative fee based on the rate provided by the granting agency. Scholarship funds are not charged an administrative fee by the Corporation. Administrative fees of $371,178 and $452,511 were charged by the Corporation during the years ended June 30, 2013 and 2012, respectively.

Note 8 - 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 9 - Litigation:

From time to time, the Corporation is subject to various claims and legal proceedings covering a range of matters that arise in the ordinary course of its business activities. In the opinion of management, although the outcome of any legal proceedings cannot be predicted with certainty, the ultimate liability of the Corporation in connection with its legal proceedings is not expected to have a material adverse effect on the Corporation's financial position and activities.

Note 10 - Retirement Plan:

The Corporation adopted a 403(b) Retirement and Savings Plan which matches fifty percent of employee contributions up to 5% of each employee's eligible compensation. The Corporation's contribution for the plan years ended June 30, 2013 and 2012 were $26,256 and $27,165, respectively.

Note 11 - Donated Assets and Bookstore Operator:

Effective July 1, 2012, the Corporation became the Franciscan Shops' sole member. The intent of this action was to allow the Corporation to oversee the operations of the Franciscan Shops, assign operating responsibilities to a new operator and then wind up and dissolve the Franciscan Shops entity. Additionally, the Corporation became responsible for the accounting of the Franciscan Shops as well as assuming some of the retail services that had previously been provided for by the Franciscan Shops. The Corporation also assumed responsibility for the operating space and facilities that had been leased by the SFSU Bookstore from the San Francisco State University Student Center (Student Center). As of June 30, 2013, the Franciscan Shops liquidated its investment portfolio and inventory and transferred the proceeds to the Corporation. The total transfer of net assets was $4,282,467.

On June 30, 2012, the Corporation entered into 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 San Francisco State 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. Follett will enter into a lease with the Corporation for the operating space and facilities that had been leased by the Franciscan Shops. In June 2012, the Corporation received a one time payment from Follett which management is amortizing over 11 years the maximum term of the contract; deferred revenue at June 30, 2013 was $326,332.

THE UNIVERSITY CORPORATION, SAN FRANCISCO STATE

Schedule of Net Position

June 30, 2013

(for inclusion in the California State University)

Assets:		
Current assets:		
Cash and cash equivalents	$	830,031
Short-term investments		3,679,854
Accounts receivable, net		378,946
Leases receivable, current portion		—
Notes receivable, current portion		—
Pledges receivable, net		386,997
Prepaid expenses and other assets		178,351
Total current assets		5,454,179
Noncurrent assets:		
Restricted cash and cash equivalents		—
Accounts receivable, net		—
Leases receivable, net of current portion		—
Notes receivable, net of current portion		—
Student loans receivable, net		—
Pledges receivable, net		427,500
Endowment investments		544,272
Other long-term investments		15,940,798
Capital assets, net		1,015,301
Other assets		152,552
Total noncurrent assets		18,080,423
Total assets		23,534,602
Deferred outflows of resources:		
Unamortized loss on refunding(s)		
Total deferred outflows of resources		—
Liabilities:		
Current liabilities:		
Accounts payable		727,060
Accrued salaries and benefits payable		158,197
Accrued compensated absences– current portion		85,168
Unearned revenue		—
Capitalized lease obligations – current portion		—
Long-term debt obligations – current portion		—
Self-insurance claims liability - current portion		—
Depository accounts		—
Other liabilities		230,827
Total current liabilities		1,201,252
Noncurrent liabilities:		
Accrued compensated absences, net of current portion		—
Unearned revenue		326,332
Grants refundable		—
Capitalized lease obligations, net of current portion		—
Long-term debt obligations, net of current portion		—
Self-insurance claims liabilities, net of current portion		—
Depository accounts		—
Other postemployment benefits obligation		—
Other liabilities		152,552
Total noncurrent liabilities		478,884
Total liabilities		1,680,136
Deferred inflows of resources:		
Deferred inflows from SCAs, grants, and others		—
Total deferred inflows of resources		—
Net Position:		
Net investment in capital assets		1,015,301
Restricted for:		
Nonexpendable – endowments		544,272
Expendable:		
Scholarships and fellowships		—
Research		11,934,167
Loans		—
Capital projects		—
Debt service		—
Other		—
Unrestricted		8,360,726
Total net position	$	21,854,466

THE UNIVERSITY CORPORATION, SAN FRANCISCO STATE

Schedule of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2013

(for inclusion in the California State University)

Revenues:	
Operating revenues:	
Student tuition and fees (net of scholarship allowances of $________)	$ —
Grants and contracts, noncapital:	
Federal	—
State	106,999
Local	15,853
Nongovernmental	799,963
Sales and services of educational activities	—
Sales and services of auxiliary enterprises (net of scholarship allowances of $________)	8,470,482
Other operating revenues	166,140
Total operating revenues	9,559,437
Expenses:	
Operating expenses:	
Instruction	207,914
Research	359,419
Public service	3,917,890
Academic support	1,969,686
Student services	69,190
Institutional support	669,953
Operation and maintenance of plant	—
Student grants and scholarships	1,287,924
Auxiliary enterprise expenses	2,317,387
Depreciation and amortization	160,354
Total operating expenses	10,959,717
Operating income (loss)	(1,400,280)
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	2,817,820
Investment income (loss), net	1,000,683
Endowment income (loss), net	—
Interest Expenses	—
Other nonoperating revenues (expenses)	2,552,527
Net nonoperating revenues (expenses)	6,371,030
Income (loss) before other additions	4,970,750
State appropriations, capital	—
Grants and gifts, capital	—
Additions (reductions) to permanent endowments	—
Increase (decrease) in net position	4,970,750
Net position:	
Net position at beginning of year, as previously reported	16,883,716
Restatements	—
Net position at beginning of year, as restated	16,883,716
Net position at end of year	$ 21,854,466

THE UNIVERSITY CORPORATION, SAN FRANCISCO STATE

June 30, 2013
(for inclusion in the California State University)

1 Restricted cash and cash equivalents at June 30, 2013:

Portion of restricted cash and cash equivalents related to endowments	$ -
All other restricted cash and cash equivalents	-
Total restricted cash and cash equivalents	$ -

2.1 Composition of investments at June 30, 2013:

	Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
State of California Surplus Money Investment Fund (SMIF)	$ -	-	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF	2,024,625	-	2,024,625	-	-	-	2,024,625
Wachovia Short Term Fund	-	-	-	-	-	-	-
Wachovia Medium Term Func	-	-	-	-	-	-	-
Wachovia Equity Func	-	-	-	-	-	-	-
CSU Consolidated Investment Pool (includes SWIFT and 0948 SMIF)	-	-	-	-	-	-	-
Common Fund - Short Term Fund	-	-	-	-	-	-	-
Common Fund - Others	-	-	-	-	-	-	-
Debt securities	69,927	-	69,927	5,648,860	-	5,648,860	5,718,787
Equity securities	-	-	-	5,814,557	544,272	6,358,829	6,358,829
Fixed income securities (Treasury notes, GNMA's)	-	-	-	2,829,190	-	2,829,190	2,829,190
Land and other real estate	-	-	-	-	-	-	-
Certificates of deposit	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-
Mutual funds	-	-	-	-	-	-	-
Money Market funds	1,585,302	-	1,585,302	-	-	-	1,585,302
Collateralized mortgage obligations	-						
Inverse floaters	-	-	-	-	-	-	-
Interest-only strips	-	-	-	-	-	-	-
Agency pass-through	-	-	-	-	-	-	-
Partnership interests (includes private pass-through)	-	-	-	-	-	-	-
Alternative investments	-	-	-	1,648,191	-	1,648,191	1,648,191
Hedge funds	-	-	-	-	-	-	-
Other major investments:						-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Total investments	3,679,854	-	3,679,854	15,940,798	544,272	16,485,070	20,164,924
Less endowment investments (enter as negative number)					(544,272)	(544,272)	(544,272)
Total investments	3,679,854	-	3,679,854	15,940,798	-	15,940,798	19,620,652

2.2 Investments held by the University under contractual agreements at June 30, 2013:

Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2013 :	-	-	-	-	-	-	-

2.3 Restricted current investments at June 30, 2013 related to:

	Amount
Add description	$ —
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Total restricted current investments at June 30, 2013	$ —

2.4 Restricted noncurrent investments at June 30, 2013 related to:

	Amount
Endowment investment	$ 544,272
Scholarships, fellowships	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Total restricted noncurrent investments at June 30, 2013	$ 544,272

3.1 Composition of capital assets at June 30, 2013:

	Balance June 30, 2012	Prior period Adjustments	Reclassifications	Balance June 30, 2012 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2013
Nondepreciable/nonamortizable capital assets:								
Land and land improvements	$ -	-	-	-	-	-	-	-
Works of art and historical treasures	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	-	-	-	-	-	-	-	-
Intangible assets:								
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-
Internally generated intangible assets in progress	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total nondepreciable/nonamortizable capital assets	-	-	-	-	-	-	-	-
Depreciable/amortizable capital assets:								
Buildings and building improvement	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	2,503,184	-	-	2,503,184	-	(1,128,752)	-	1,374,432
Personal property:								
Equipment	2,448,725	-	-	2,448,725	54,736	(585,319)	-	1,918,142
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyright and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	4,951,909	-	-	4,951,909	54,736	(1,714,071)	-	3,292,574
Total capital assets	4,951,909	-	-	4,951,909	54,736	(1,714,071)	-	3,292,574
Less accumulated depreciation/amortization:								
Buildings and building improvement	-	-	-	-	-	-		-
Improvements, other than buildings	-	-	-	-	-	-		-
Infrastructure	-	-	-	-	-	-		-
Leasehold improvements	(932,284)	-	-	(932,284)	(61,259)	338,626		(654,917)
Personal property:								
Equipment	(1,753,107)	-	-	(1,753,107)	(99,095)	229,846		(1,622,356)
Library books and materials	-	-	-	-	-	-		-
Intangible assets:								
Software and websites	-	-	-	-	-	-		-
Rights and easements	-	-	-	-	-	-		-
Patents, copyright and trademarks	-	-	-	-	-	-		-
Licenses and permits	-	-	-	-	-	-		-
Other intangible assets:								
	-	-	-	-	-	-		-
	-	-	-	-	-	-		-
	-	-	-	-	-	-		-
	-	-	-	-	-	-		-
	-	-	-	-	-	-		-
Total intangible assets	-	-	-	-	-	-		-
Total accumulated depreciation/amortization	(2,685,391)	-	-	(2,685,391)	(160,354)	568,472		(2,277,273)
Total capital assets, net	$ 2,266,518	-	-	2,266,518	(105,618)	(1,145,599)	-	1,015,301

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3.2 Detail of depreciation and amortization expense for the year ended June 30, 2013:

Depreciation and amortization expense related to capital assets	$	160,354
Amortization expense related to other assets		—
Total depreciation and amortization	$	160,354

4 Long-term liabilities activity schedule:

	Balance June 30, 2012	Prior period adjustments	Reclassifications	Balance June 30, 2012 (restated)	Additions	Reductions	Balance June 30, 2013	Current portion	Long-term portion
Accrued compensated absences	$ 71,694	—	—	71,694	70,917	(57,443)	85,168	85,168	—
Capitalized lease obligations									
Gross balance	—	—	—	—	-	-	—	—	—
Unamortized premium / (discount) on capitalized lease obligation	—	—	—	—	-	-	—		—
Total capitalized lease obligations	—	—	—	—	-	-	—	—	—
Long-term debt obligations:									
Revenue Bonds	—	—	—	—	-	-	—	—	—
Other bonds (non-Revenue Bonds)	—	—	—	—	-	-	—	—	—
Commercial Paper	—	—	—	—	-	-	—	—	—
Note Payable related to SRB	—	—	—	—	-	-	—	—	—
Other:									
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Total long-term debt obligations	—	—	—	—	-	-	—	—	—
Unamortized bond premium / (discount)	—	—	—	—	-	-	—		—
Unamortized loss on refunding	—	—	—	—	-	-	—		—
Total long-term debt obligations, net	—	—	—	—	—	—	—	—	—
Total long-term liabilities	$ 71,694	—	—	71,694	70,917	(57,443)	85,168	85,168	—

5 Future minimum lease payments - capital lease obligations:

	Principal	Interest	Principal and Interest
Year ending June 30:			
2014	-	-	—
2015	-	-	—
2016	-	-	—
2017	-	-	—
2018	-	-	—
2019 - 2023	-	-	—
2024 - 2028	-	-	—
2029 - 2033	-	-	—
2034 - 2038	-	-	—
2039 - 2043	-	-	—
2044 - 2048	-	-	—
2049 - 2053	-	-	—
2054 - 2058	-	-	—
2059 - 2063	-	-	—
Total minimum lease payments			—
Less amounts representing interest			—
Present value of future minimum lease payments			—
Less: current portion			—
Capitalized lease obligation, net of current portion			$ —

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6 Long-term debt obligation schedule

	Revenue Bonds			All other long-term debt obligations			Total		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
Year ending June 30:									
2014	$ -	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-
2019 - 2023	-	-	-	-	-	-	-	-	-
2024 - 2028	-	-	-	-	-	-	-	-	-
2029 - 2033	-	-	-	-	-	-	-	-	-
2034 - 2038	-	-	-	-	-	-	-	-	-
2039 - 2043	-	-	-	-	-	-	-	-	-
2044 - 2048	-	-	-	-	-	-	-	-	-
2049 - 2053	-	-	-	-	-	-	-	-	-
2054 - 2058	-	-	-	-	-	-	-	-	-
2059 - 2063	-	-	-	-	-	-	-	-	-
Total	$ -	-	-	-	-	-	-	-	-

7 Calculation of net position

	Auxiliary Organizations		Total
	GASB	FASB	Auxiliaries
7.1 Calculation of net position - Net investment in capital assets			
Capital assets, net of accumulated depreciation	$ 1,015,301	—	1,015,301
Capitalized lease obligations - current portior	—	—	—
Capitalized lease obligations, net of current portior	—	—	—
Long-term debt obligations - current portion	—	—	—
Long-term debt obligations, net of current portion	—	—	—
Portion of outstanding debt that is unspent at year-end	—	—	—
Other adjustments: (please list)			
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Net position - net investment in capital asset	$ 1,015,301	—	1,015,301
7.2 Calculation of net position - Restricted for nonexpendable - endowments			
Portion of restricted cash and cash equivalents related to endowments	$ —	—	—
Endowment investments	—	544,272	544,272
Other adjustments: (please list)			
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Net position - Restricted for nonexpendable - endowments per SNP	$ —	544,272	544,272

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8 Transactions with Related Entities

	Amount
Payments to University for salaries of University personnel working on contracts, grants, and other program	$ 343,120
Payments to University for other than salaries of University personne	3,471,591
Payments received from University for services, space, and program	966,073
Gifts-in-kind to the University from Auxiliary Organization	—
Gifts (cash or assets) to the University from recognized Auxiliary Organization	1,144,621
Accounts (payable to) University (enter as negative number	(97,030)
Other amounts (payable to) University (enter as negative number	—
Accounts receivable from University	51,240
Other amounts receivable from University	—

9 Other Postemployment Benefits Obligation (OPEB)

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

10 Pollution remediation liabilities under GASB Statement No. 49:

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

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

	Net Position Class	Amount Dr. (Cr.)
Net position as of June 30, 2012, as previously reported		$ 16,883,716
Prior period adjustments:		
1 (list description of each adjustment)		—
2 (list description of each adjustment)		—
3 (list description of each adjustment)		—
4 (list description of each adjustment)		—
5 (list description of each adjustment)		—
6 (list description of each adjustment)		—
7 (list description of each adjustment)		—
8 (list description of each adjustment)		—
9 (list description of each adjustment)		—
10 (list description of each adjustment)		—
Net position as of June 30, 2012, as restated		$ 16,883,716

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

	Debit	Credit
Net position class:______________________		
1 (breakdown of adjusting journal entry)		
	$ —	
		—
Net position class:______________________		
2 (breakdown of adjusting journal entry)		
	—	
		—
Net position class:______________________		
3 (breakdown of adjusting journal entry)		
	—	
		—
Net position class:______________________		
4 (breakdown of adjusting journal entry)		
	—	
		—
Net position class:______________________		
5 (breakdown of adjusting journal entry)		
	—	
		—
Net position class:______________________		
6 (breakdown of adjusting journal entry)		
	—	
		—
Net position class:______________________		
7 (breakdown of adjusting journal entry)		
	—	
		—
Net position class:______________________		
8 (breakdown of adjusting journal entry)		
	—	
		—
Net position class:______________________		
9 (breakdown of adjusting journal entry)		
	—	
		—
Net position class:______________________		
10 (breakdown of adjusting journal entry)		
	—	
		—