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

Financial Statements

June 30, 2023 and 2022

WINDES
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The University Corporation, San Francisco State

Opinion

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, 2023 and 2022, and the related statements of revenue, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of June 30, 2023 and 2022, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A) on pages 4-13 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying supplemental informational schedules on pages 40-55 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental informational schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated September 21, 2023 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

Windes, Inc.

Long Beach, California
September 21, 2023

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, 2023.

The Corporation presents its financial statements for fiscal year 2023 with comparative data presented for fiscal year 2022. The emphasis of this discussion concerning these statements will be for the fiscal years ended June 30, 2023 and 2022. 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 have a better understanding of its financial position and operating activities. It should be read in conjunction with the related financial statements and footnotes. The financial statements, footnotes and this discussion and analysis were prepared by the 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, 2023 and 2022 financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Highlights of Financial Operations

- <u>Net Position</u>

  The Corporation's net position increased during fiscal year 2023. The Corporation's overall net position stands at $50,944,393 at June 30, 2023, an increase of $7,722,250 over the previous fiscal year.

- <u>Operating Revenues and Expenses</u>

  Grants and contracts saw a significant increase over fiscal year 2022 due to receiving two large grants primarily for equipment for the new science building, currently under construction by university.

  A transfer of $2,859,730 included within programs funded by related parties was received to bolster the Climate HQ initiative.

In fiscal year 2023, the Corporation continued managing the Student Organization banking program, for which it had assumed responsibility in fiscal year 2018. Student Organizations generated $116,877 in program revenue and contributions. Student Organizations also generated $85,912 in expenses. The Corporation's retail and commercial services locations were fully occupied with proprietors during the fiscal year, though one vending location did not reopen and officially terminated its contract during fiscal year 22-23. Retail and commercial operations revenue remained down in fiscal year 2023 compared to pre-Covid-19 as the campus continues to return to in person operations.

Expenses for the vendors in the Cesar Chavez Student Center were $1,327,757. The Corporation in its management of the vendors within the Cesar Chavez Student Center donate any residual net rental income to Associated Student (AS). For fiscal year 2023, due the campus continued hybrid operations resulted in some amendments lowering vendor rents. Thus, there was no residual net rental income contributed to AS.

<u>Non-Operating Revenues and Expenses</u>

The Corporation's total non-operating revenue increased during fiscal year 2023 because of the Corporation's investments earnings increasing in fiscal year 2023. The market rebounded though still turbulent.

Financial Position

The statement of net position presents the financial position of the Corporation at the end of fiscal years 2023 and 2022. 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, and to 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 includes those assets invested in capital assets, which presents the Corporation's equity in property and equipment. The next asset category includes restricted assets, which are 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 detailed statements of net assets are included with the financial statements. A condensed version is shown below:

Condensed Statements of Net Position - June 30, 2023, 2022, and 2021:

	2023	2022	2021
Assets:			
Current assets	$ 36,855,613	$ 29,966,323	$ 26,780,234
Noncurrent assets	43,589,138	44,277,098	23,335,490
Total assets	80,844,751	74,243,421	50,115,724
Deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	$ 80,444,751	$ 74,243,421	$ 50,115,724
Liabilities:			
Current liabilities	$ 2,551,602	$ 2,854,793	$ 2,019,136
Noncurrent liabilities	8,390,737	8,247,254	845,347
Total liabilities	10,942,339	11,102,047	2,864,483
Deferred inflows of resources	18,558,019	19,919,231	224,964
Net position:			
Investment in capital assets	10,246,037	10,431,565	2,321,093
Restricted:			
Non-expendable - endowments	669,951	649,772	712,177
Expendable	41,835,725	33,798,211	32,861,099
Unrestricted	(1,807,320)	(1,657,405)	11,131,908
Total net position	50,944,393	43,222,143	47,026,277
Total liabilities, deferred inflows of resources, and net position	$ 80,444,751	$ 74,243,421	$ 50,115,724

Assets

Current assets in fiscal year 2023 increased by $6,889,290 (23%). There were a few factors that contributed to the increase in current assets which was primarily attributed to increase in current investments and cash. Current investments were higher due to increase in LAIF account balance at year-end and cash received during the month.

Accounts receivables increased by $111,154 (8%) in 2023. The receivables increased in fiscal year 2023 due to an increase in receivables from its related parties and grants at year-end, for which payments will be received early in fiscal year 2024. The Corporation continues to improve its collection process of overdue invoices greater than 90 days by following up on outstanding invoices more frequently and collaborating with vendors that have fallen behind. In fiscal year 2023 invoices outstanding of 90 days were significantly reduced. During 2023, the Corporation and the University continued the process of invoicing more activity between the two entities to better track revenue owed. The current pledge receivables decreased by $436,522 (9%). The decrease in current pledges is directly related to nearing the end of $10,200,000 multi-year grant pledge which has one year remaining. The Corporation continue to receive smaller multi-year grants.

Current assets in fiscal year 2022 increased by $3,186,089 (12%). There were a few factors that contributed to the increase in current assets which was primarily attributed to the implementation of GASB 87 for leases. GASB 87 requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The Corporation has twenty-five leases as lessor which fall under GASB 87, and it is required to recognize a lease receivable and a deferred inflow of resources. In fiscal year 2022 the Corporation recognized a current lease receivable of $1,187,304 and current pledge receivable of $4,926,134.

Accounts receivables increased by $299,778 (26%) in 2022. The receivables increased in fiscal year 2022 due to an increase in receivables from its related parties and grants at year-end, for which payments will be received early in fiscal year 2023. The Corporation continues to improve its collection process of overdue invoices greater than 90 days by following up on outstanding invoices more frequently and collaborating with vendors that have fallen behind. In fiscal year 2022 invoices outstanding of 90 days were significantly reduced. During 2022, the Corporation and the University continued the process of invoicing more activity between the two entities to better track revenue owed. The current pledge receivables increased by $4,400,476 (837%). The increase was primarily attributable to the distribution between current and noncurrent pledges based on due dates of the pledge balance. The increase in accounts receivable was also attributed to the implementation of GASB 87, recording accrued interest.

Noncurrent Assets decreased in fiscal year 2023, $687,960 (2%) over 2022. The decrease was related to reclassification of long term non-current lease receivable of $675,208 to current lease under GASB 87. Noncurrent asset investments overall value increased in 2023 by $539,780 (4%) compared to fiscal year 2022. Capital Assets decreased by $185,528 (2%) due to depreciation for fiscal year 2023 increasing accumulated depreciation. GASB 87 requires all leases and contracts that meet the definition of a lease to be reported on the statement of net position.

Noncurrent Assets increased in fiscal year 2022, $20,941,608 (90%) over 2021. The increase was related to recognizing non-current lease receivable of $19,306,679 part of the GASB 87 implementation. Capital Assets increased by $8,110,472 (349%) due to additions to capital assets net of accumulated depreciation and leased property and equipment was also impacted by the GASB 87 implementation. GASB 87 requires all leases and contracts that meet the definition of a lease to be reported on the statement of net position.

Liabilities

In fiscal year 2023, current liabilities decreased $303,191 (11%) over 2022. The decrease is related primarily to decrease in year-end accruals to the Corporation’s related party to the university for scholarships, salary reimbursements and other services.

In fiscal year 2022, current liabilities increased $835,657 (41%) over 2021. The increase is related primarily to increase in year-end accruals and payables to the campus the Corporation’s related party to the campus for scholarships, salary reimbursements and other services. Year-end accruals were also affected by staffing challenges at year-end in the accounts payable area as well as receiving some large invoices from the campus for fiscal year 2022 after June 30, 2023.

Noncurrent liabilities in fiscal year 2023 increased by $143,483 (2%) over 2022, which is attributable to the recognition of non-current lease liabilities, required under GASB 87, for the Corporation’s lease obligations.

Noncurrent liabilities in fiscal year 2022 increased by $7,401,907 (876%) over 2021, which is attributable to the recognition of non-current lease liabilities, required under GASB 87, for the Corporation’s lease obligations.

Deferred inflows of resources equaled $18,558,019 and $19,919,231 at June 30, 2023 and 2022, respectively. Deferred inflows decreased due recognizing lease revenue associated with vending leases recorded at present value. Deferred inflows also include charitable annuities held by the CSU Foundation. The charitable annuities held by the Corporation increased $2,785 in fiscal year 2023 due to adjusting present value.

Net Position

As of June 30, 2023, the total net position was $50,944,393, which was an increase of $7,722,250 (18%) over fiscal year 2022. During 2023, the Corporation's investments portfolio ended the fiscal year 2023 with positive returns of 8.7% compared to 2022.

As of June 30, 2022, the total net position was $43,222,143, which was a decrease of $3,804,134 (8%) over fiscal year 2021. During 2022, the Corporation's investments portfolio was down in fiscal year 2022 with negative returns of approximately 150% compared to 2021.

Further discussion of the Corporation's revenue and expenses is set out below under results of operations, which highlights 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 non-operating revenues and expenses. Operating revenues primarily include grants, contracts, retail operations and program revenue. Gifts and investment income are 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, 2023 and 2022 is included in the financial statements.

Condensed Statements of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2023, 2022, and 2021:

	2023	2022	2021
Operating revenues (expenses):			
Revenues	$ 24,805,322	$ 15,064,170	$ 11,289,167
Expenses	(22,816,592)	(20,036,979)	(18,151,613)
Operating gain (loss) income	1,988,730	(4,972,809)	(6,862,446)
Non-operating revenues (expenses):			
Contributions	3,158,830	4,110,506	3,125,494
PPP loan forgiveness	-	-	539,051
Investment return, net	2,628,747	(2,895,104)	5,738,550
Endowment fees	(12,916)	(14,203)	(13,290)
Other nonoperating revenues (expenses)	(41,141)	-	-
Total non-operating revenues (expenses)	5,733,520	1,201,199	9,389,805
Change in net position	$ 7,722,250	$ (3,771,610)	$ 2,527,359

OPERATING REVENUES

Retail, Program, Grants, and Contracts Revenue

For fiscal year 2023, revenue increased over fiscal year 2022 by $9,741,152 (65%). Grants and contracts increased significantly in fiscal year 2023 over 2022 with an increase of $4,790,172 (118%). Retail revenue remained below pre-pandemic levels however revenue in each location has continued to improve post-pandemic. The revenue in fiscal year 2023 is 56% of pre-pandemic levels. Retail revenue increased $860,129 (146%) over fiscal year 2022. Rental income revenue decreased in fiscal year 2023 over 2022 by $518,998 (17%). Also, the rental increase reflects rental revenue under GASB 87 for all leases held by the Corporation. The Corporation did again amend their vending partners rent schedule in 2023 by using a percentage calculated based on the population and applying that against the rent noted in the contract to get the amended rent for the period.

For fiscal year 2022, revenue increased over fiscal year 2021 by $3,775,003 (33%). All the Corporation's major revenue sources were down below the beginning of the year projections as the campus population has remained below pre-pandemic levels. Grants and contracts increased in fiscal year 2022 over 2021 with an increase of $687,658 (20%) Retail revenue remained below pre-pandemic levels however as the campus moved to a more hybrid model and more people returned to in person operations retail revenue did increase $327,264 (124%) over fiscal year 2021. Rental income revenue increased in fiscal year 2022 over 2021 by $1,449,839 (107%) as a result of more vendors being open and remaining open during the fiscal year compared to fiscal year 2021. Also, the rental increase reflects rental revenue under GASB 87 for all leases held by the Corporation. The Corporation did again amend their vending partners rent schedule in 2022 by using a percentage calculated based on the population and applying that against the rent noted in the contract to get the amended rent for the period.

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

Program revenue decreased by $46,483 (2%) in 2023 over 2022. A few programs which had a decrease program revenue include:

- Commencement is an activity managed under the Corporation in which revenue is received by the campus to manage cost associated with commencement. Commencement revenue was less in fiscal year 2023 compared to fiscal year 2022 as of only one commencement ceremony happening in 2023. In fiscal year 2022 the university had two commencement ceremonies one which was a makeup ceremony missed during covid.

- The RET (Rehabilitation Engineering Technology) Project provides technology solutions for people with disabilities and injuries. RET program revenue decreased in fiscal year 2023 as the program is slowly winding down.

Program revenue increased by $777,333 (35%) in 2022 over 2021. The increase in program revenue is linked to more programs returning in fiscal year 2022 which was impacted by the campus in person population rising. Programs which were able to pivot to online offerings continued generating consistent revenue, however programs that benefited from face-to-face interactions generated more revenue during 2022 include:

- Sierra Nevada Field Campus (SNFC) (a satellite campus where the Corporation offers workshops and classes, as well as meals and lodging in a camp setting): SNFC opened the site for the first time since the beginning of the Covid pandemic offering workshops for the season. Thus, the program generated $202,536 in program revenue compared to $0 in 2021.

- Commencement -graduation was held in person for fiscal year 2022. This is an activity managed under the Corporation in which revenue is received by the campus to manage cost associated with commencement. Graduation was held online for fiscal year 2021.

- Student banking program is a program that saw an increase in revenue generated due to more students being on campus. The student organizations had more revenue generating activities during fiscal year 2022 in the amount of $92,585.

The Corporation's self-operated retail locations which include two convenience store locations, 24-hour automatic vending location and copy center which provide printing services for the campus community. Revenue for these retail locations during the fiscal year increased over fiscal year 2022 as the foot traffic continued to increase in fiscal year 2023. Revenue for the retail operations was 56% of pre-pandemic levels during the fiscal year. In 2023, the self-operated enterprises fared as follows:

- Open 24, an automated 24-hour vending machine, continued to operate but with very limited revenue. It generated retail revenue of $74,459 and $55,479 in fiscal years 2023 and 2022, respectively.

- Retail revenue for both convenience store operations was higher in 2023 over 2022 due to the stores continuing to grow as foot traffic increased on campus the fiscal year. Healthy U was open during fiscal year with revenue of $235,369. The Lobby Shop revenue was $494,265 and $178,492 in fiscal years 2023 and 2022, respectively.

- Ctrl+P, an on-campus copy center, operated by the Corporation, had revenue of $225,835 and $130,366 in fiscal years 2023 and 2022, respectively. Ctrl+P was a vital member of the campus community providing services to the campus and continued in fiscal year 2023 to expand and provide printing services to campus departments as well as the campus communications group.

The Corporation's self-operated retail locations which include two convenience store locations, 24-hour automatic vending location and copy center which provide printing services for the campus community. Revenue for these retail locations during the fiscal year increased over fiscal year 2021 as the foot traffic continued to increase in fiscal year 2022. In 2022, the self-operated enterprises fared as follows:

- Open 24, an automated 24-hour vending machine, continued to operate but with very limited revenue. It generated retail revenue of $55,479 and $15,749 in fiscal years 2022 and 2021, respectively.

- Retail revenue for both convenience store operations was higher in 2022 over 2021 due to the stores benefiting from the population on campus increasing during the fiscal year. Healthy U reopened during the spring during the fiscal year with modified operations. The Lobby Shop operated with increased hours to support those on campus throughout the fiscal year. The Lobby Shop revenue was $178,492 and $4,983 in fiscal years 2022 and 2021, respectively.

- Ctrl+P, an on-campus copy center, operated by the Corporation, had revenue of $130,366 and $45,501 in fiscal years 2022 and 2021, respectively. Ctrl+P was a vital member of the campus community providing services to the campus and continue in fiscal year 2022 to expand and provide printing services to campus departments as well as the campus communications group.

Follett runs the University's campus bookstore through its contract with the Corporation. In fiscal year 2022 the Corporation and Follett amended their contract to, among other minor items, change the payment structure from a commission-based structure to a flat fee. The lease payment became $400,000 annually for the remainder of the contract. The Corporation under this new arrangement reduced the square footage that Follett occupied by removing the staircase to the textbook floor and closing the textbook floor. The amendment commenced October 1, 2021. This change will provide the Corporation with consistent revenue and reduce the expense associated with the space which the Corporation covers under its arrangement managing vendors in the Cesar Chavez Student Center.

Related-party revenue represents revenue received from the campus or other auxiliaries on campus. The related-party revenue is largely revenue received from endowments held by the San Francisco State Foundation to provide support for campus programs (salary reimbursement, program expenses, and department chairs) and scholarships.

In 2023, related-party revenue from endowments increased by $4,564,696 (99%) over 2022. In 2022, related-party revenue from endowments increased by $568,834 (14%) over 2021. These funds are used to support campus programs and scholarships.

Indirect costs from grants, contracts and campus programs were eliminated against revenue so as not to double count the total revenue and expenses. Indirect costs were $524,499 and $448,750 as of June 30, 2023 and 2022, respectively.

Rental Income

The Corporation's rental income includes 21 food-vending tenants, a bank, ATMs and construction companies leasing storage space. The campus population remained below pre-pandemic levels during fiscal year 2023. The Corporation's food vendors continued to be impacted by the change in population on campus. The Corporation continued providing rent amendments to its vendors in response to the ongoing challenge the vendors were experiencing with a reduced campus population. The amendments were based on the calculation of a percentage of the population applied to the actual rent charged. The rental amendments did not apply to the bank, ATMs, or the construction company leasing storage space; in those instances, the Corporation continued to receive rental income based on the original agreement. Rental income decreased in fiscal year 2023 by $518,998 (17%). The decrease is related to reduction of rent for the Corporation retail space in the Cesar Chavez Student Center.

The Corporation continues to enjoy longstanding relationships with its vendors. The Corporation had one vendor that did not reopen during fiscal year 2023 and lease was mutually terminated and sublease was compensated $100,000 to relinquish the premises. The premises is to be converted into a space that supports the university's Basic Needs efforts and initiatives.

The re-population of the campus remained substantially below pre-pandemic levels during fiscal year 2022. The Corporation's food vendors continued to be impacted by a reduced population on campus. The Corporation handled the challenges experienced by the vendors by amending the vendors rent and by charging a reduced amount based on the calculation of a percentage of the population applied to the actual rent charged. Some vendors attempted to open and ultimately decided to close. All vendors closed during the Fall and/or Spring semester were not charged rent for that period. The rental amendments did not apply to the bank, ATMs, or the construction company leasing storage space; in those instances, the Corporation continued to receive rental income. Rental income increased in fiscal year 2022 by $1,449,839 (107%). The increase is related to recognition of rental revenue for all leases that meet the GASB 87 requirement on a straight-line basis.

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.

In 2023, other revenue decreased by $1,330 (7%) over 2022. In 2022, other revenue decreased by $35,925 (64%).

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 2023 by $2,779,613 (14%). In fiscal year 2023, indirect costs of $524,499 were eliminated against revenue from grants, contracts, and campus programs, so as not to double count the total revenue and expenses. Expenses related to grants and contracts increased by $115,094 (2%) during 2023 as grants provided more student support through stipends and scholarships. Scholarship expenses increased over the prior year by $206,525 (10%), as increased support from endowments to support direct student support through scholarships and stipends that were given out to students in 2023.

Operating expenses increased in fiscal year 2022 by $1,885,366 (10%). In fiscal year 2022, indirect costs of $448,750 were eliminated against revenue from grants, contracts and campus programs, so as not to double count the total revenue and expenses. Expenses related to grants and contracts increased by $651,988 (15%) during 2022 as grant expenses increased due to new grants such as the Henry Luce Foundation to support Asian American intergenerational stories for $118,276 and Stop AAAPI Hate coalition for $247,536. Scholarship expenses increased over the prior year by $188,410 (10%), as more contributions received to support direct student support through scholarships and stipends that were given out to students in 2022.

During fiscal year 2023, the Corporation’s retail expenses increased $555,733 (44%) as business operations continued seeing an uptick in on campus traffic. As sales increased expenses are directly impacted staffing and cost of goods sold. Though, the level of activity for the retail locations remail below pre-pandemic levels, operations continue improving and moving toward that direction.

During fiscal year 2022, the Corporation’s retail expenses increased $101,526 (9%) as business operations saw an uptick in on campus traffic. As sales increased expenses are directly impacted staffing and cost of goods sold. Though, the level of activity for the retail locations remail below pre-pandemic levels there were positive signs of activity moving toward that direction.

Management and general expenses increased in 2023 by $1,649,242 (43%). The Corporation hired two staff during the fiscal year one for purchasing and for marketing. Salary and benefits also increased due salary cost of living increases provide to staff in alignment with the university. Overall, increased expenses to for the management and general as the campus moves closer to normal operations with more traffic on campus in such areas as utilities and building maintenance.

Management and general expenses decreased in 2022 by $16,485 (.4%). The Corporation had two retirements, one staff from A/P and purchasing and one staff member from budgeting and finance. As a result of the changes there have been two new staff added to our team. There was also a reduction in expenses of approximately $329,299 in management and general as those expenses were added to the plant fund where the Corporation assets are depreciated based on the useful life.

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 in fiscal year 2023 over the prior fiscal year by $951,676 (23%). The Corporation received a few large one-time gifts in 2022 that were not received in 2023. Though contributions decreased the Corporation continued to receive steady contributions to support the overall mission of the university programs which provided support scholarships and faculty support.

Contributions are recognized as revenue when they are verifiable, measurable, probable of collection, and the Corporation has met all time and eligibility requirements. Contributions increased in fiscal year 2022 over the prior fiscal year by $985,012 (32%). The Corporation received contributions in 2022 received to provide scholarships in philosophy, special education, Asian American studies large and supporting cost of the new science building currently under construction.

Investment Return

Investment income increased in fiscal year 2023, as inflation remained at an uncomfortably high level. Easing of financial conditions in the second quarter of 2023 helped to counter the increase in interest rates by the Fed. Investment returns, net for the fiscal year were up $5,523,851 (191%) over the prior fiscal years' earnings. Equities and fixed income are a significant portion of the Corporation's portfolio. U.S. Equities at fiscal year-end returned 8.7% and U.S. Fixed income at fiscal year returned negative .8% The Corporation's total composite ended the fiscal year up 8.7%.

SIGNIFICANT ITEMS

The Corporation continued to experience the ripple effects of Covid-19 as the campus slowly re-populates. The retail and rental program revenue has yet to return to pre-pandemic levels. In fiscal year 2022, the Corporation retail operations by the end of fiscal year 2023 revenue returned to 56% of pre-pandemic revenue levels as more persons have returned to campus. Most of the Corporations food vendors were open during fiscal year 2023.

During fiscal year 2023, the Corporation renewed its line of credit again with the Bank of San Francisco. The Corporation did not have need to access the line of credit. The credit line was established to handle potential cashflow needs especially during Covid-19, when the Corporation had significant revenue reductions in rental and retail operations.

The Corporation believes all other significant items have already been disclosed and 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,

	2023	2022
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 2,157,351	$ 777,111
Investments, unrestricted	27,428,260	21,598,756
Pledges receivable, net	4,489,612	4,926,134
Accounts receivable, net	1,555,132	1,443,978
Lease receivable, current portion	1,141,564	1,187,304
Prepaid expenses and other assets	83,694	33,040
Total current assets	36,855,613	29,966,323
NONCURRENT ASSETS:		
Pledges receivable, net	601,014	968,018
Lease receivable, net of current portion	18,631,471	19,306,679
Investments:		
Unrestricted	13,440,665	12,921,064
Restricted	669,951	649,772
Capital assets, net	10,246,037	10,431,565
Total noncurrent assets	43,589,138	44,277,098
Total assets	80,444,751	74,243,421
DEFERRED OUTFLOWS OF RESOURCES (NOTE 2)	-	-
Total assets and deferred outflows of resources	$ 80,444,751	$ 74,243,421

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 NET POSITION - CONTINUED

June 30,

	2023	2022
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	$ 1,017,032	$ 840,907
Accrued salaries and benefits payable	339,684	294,949
Accrued compensated absences	79,297	99,146
Payable to related parties	1,009,322	1,529,100
Unearned revenue	5,696	36,425
Lease liabilities - current portion	100,571	54,266
Total current liabilities	2,551,602	2,854,793
NONCURRENT LIABILITIES:		
Lease liabilities - non current portion	8,390,737	8,247,254
Total noncurrent liabilities	8,390,737	8,247,254
Total liabilities	10,942,339	11,102,047
DEFERRED INFLOWS OF RESOURCES (NOTE 2)	18,558,019	19,919,231
NET POSITION:		
Invested in capital assets	10,246,037	10,431,565
Restricted for:		
Nonexpendable - endowments	669,951	649,772
Expendable	41,835,725	33,798,211
Unrestricted	(1,807,320)	(1,657,405)
Total net position	50,944,393	43,222,143
Total liabilities, deferred inflows of resources and net position	$ 80,444,751	$ 74,243,421

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,

	2023	2022
Operating revenues:		
Grants and contract revenue	$ 8,857,438	$ 4,067,266
Program revenue	2,821,195	2,774,712
Retail revenue	1,451,034	590,905
Programs funded by related parties	9,152,994	4,588,298
Rental income	2,503,596	3,022,594
Other revenues	19,065	20,395
Total operating revenues	24,805,322	15,064,170
Operating expenses:		
Grants and contracts	5,154,738	5,039,644
Campus programs	7,155,187	6,835,050
Rental expenses	269,251	270,679
Student scholarships	2,298,074	2,091,549
Management and general	5,460,742	3,811,500
Retail expenses	1,817,916	1,262,183
Depreciation	574,772	621,626
Student organization	85,912	104,748
Total operating expenses	22,816,592	20,036,979
Operating income (loss)	1,988,730	(4,972,809)
Non-operating revenues (expenses):		
Contributions	3,158,830	4,110,506
Investment return	2,628,747	(2,895,104)
Endowment fees	(12,916)	(14,203)
Other nonoperating expense	(41,141)	-
Net non-operating revenues to permanent endowment	5,733,520	1,201,199
Change in net position	7,722,250	(3,771,610)
Net position, beginning of the year	43,222,143	47,026,277
Restatement - GASB 87	-	(32,524)
Net position, beginning of the year, as restated	-	46,993,753
Net position, end of the year	$ 50,944,393	$ 43,222,143

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,

	2023	2022
Cash flows from operating activities:		
Receipts from programs	$ 23,515,634	$ 13,756,541
Rent receipts	2,503,596	2,104,713
Payments to suppliers	(14,020,011)	(11,035,759)
Payments to employees for services	(6,534,053)	(6,099,022)
Scholarships to students	(2,298,074)	(2,091,549)
Other	19,065	20,395
Net cash provided by (used in) operating activities	3,186,157	(3,344,681)
Cash flows from noncapital financing activities:		
Donations received	3,291,308	4,492,151
Deferred inflows of resources - financing leases	(1,363,997)	-
Principal payments under lease obligations	(78,720)	(81,460)
Nonoperating expense - loss on early termination of lease	41,141	-
Net cash provided by noncapital financing activities	1,889,732	4,410,691
Cash flows from capital and related financing activities:		
Capital asset additions	(120,735)	(349,118)
Net cash used in capital and related financing activities	(120,735)	(349,118)
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	17,350,045	12,670,700
Purchase of investments	(21,702,556)	(14,513,828)
Investment income	777,597	1,014,109
Net cash used in investing activities	(3,574,914)	(829,019)
Net change in cash and cash equivalents	1,380,240	(112,127)
Cash and cash equivalents, beginning of year	777,111	889,238
Cash and cash equivalents, end of year	$ 2,157,351	$ 777,111
Supplemental disclosures of cash flow activity:		
Non-cash activity:		
Right-of-use assets	$ 268,508	$ 8,382,980
Obtaining right-of-use assets in exchange for lease liabilities	$ 268,508	$ 8,382,980
Leases receivable	$ -	$ 21,010,372
Deferred inflows of resources - financing leases	$ -	$ 21,010,372

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

Years ended June 30,

	2023	2022
Reconciliation of operating loss to net cash flows used by operating activities:		
Operating income (loss)	$ 1,988,730	$ (4,972,809)
Adjustments to reconcile operating income (loss) to net cash flows used by operating activities:		
Depreciation	574,772	621,626
Interest expense	(260,822)	(156,741)
Changes in assets and liabilities:		
Grants receivable	673,833	1,619,390
Accounts receivable, net	(111,154)	(1,026,841)
Lease receivable, net	720,948	-
Prepaid expenses & other assets	(50,654)	(21,271)
Lease rent receivable (straight-line)	-	877,871
Accounts payable	176,125	(27,205)
Accrued salaries and benefits payable	44,735	117,248
Accrued compensated absences	(19,849)	(19,636)
Payable to related parties	(519,778)	702,616
Unearned revenue	(30,729)	(213,582)
Lease rent payable (straight-line)	-	(845,347)
Total adjustments	1,197,427	1,628,128
Net cash used by operating activities	$ 3,186,157	$ (3,344,681)
Supplemental disclosures of cash flow activity:		
Non-cash activity:		
Donation of stock received	$ 52,080	$ 417,749
Unrealized gains (loss)	$ 1,781,088	$ (3,960,305)

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

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 (U.S. GAAP), as prescribed by GASB. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Generally, grants, contributions and similar items are recognized as revenue as soon as all eligibility requirements have been met.

The 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 12 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 12 months of the date of the statement of net position are considered to be current. All other assets and liabilities are considered 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

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

- *Invested in Capital Assets*: Capital assets, net of accumulated depreciation; and any related debt;
- *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;
- *Unrestricted*: This represents all unrestricted net assets. Unrestricted net assets may be designated for use by management or the Board of Directors.

New Accounting Pronouncements

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

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

Reclassification

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

Cash and Cash Equivalents

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Although 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 would be collateralized by the bank by pledging identifiable collateral according to statute. Periodically, throughout the years ended June 30, 2023 and 2022, the Corporation maintained balances in excess of the federally insured limits.

Accounts Receivable, Net

Accounts receivable includes amounts due from special projects, business services, contracts and other receivables from the University. Accounts receivable of $1,555,132 and $1,443,978 as of June 30, 2023 and 2022, respectively, are shown net of an allowance for uncollectible accounts of $10,000 and $0, respectively.

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,	2023	2022
One year	$ 4,489,612	$ 4,926,134
Two to five	601,014	968,018
Total	$ 5,090,626	$ 5,894,152

In subsequent years, this discount is accreted and recorded as additional contribution revenue in accordance with donor-imposed restrictions. The allowance for uncollectible pledges is determined by management. At June 30, 2023 and 2022, management determined that there were no uncollectible pledges. 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 8.25% and 4.75% for the fiscal years 2023 and 2022, respectively. The total discounts were $54,446 and $217,071 at June 30, 2023 and 2022, 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 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 $112,192 and $109,407 as of June 30, 2023 and 2022, respectively.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 endowment 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 the fund managers determine valuations. Due to the inherent uncertainty of valuation of non-marketable and restricted investments, those estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material. Additionally, these investments may have liquidity constraints, including lock-up periods of a quarter or longer.

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.

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. There was no net book value of transfers made to the University during the fiscal years ended June 30, 2023 and 2022.

As a result of GASB 87 presentation, leased assets which include land improvement and leased equipment are disclosed separately from other capital assets.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

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

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 that 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 transferred. 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).

Use of Estimates

The preparation of financial statements, in conformity with U.S. GAAP, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The 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 from unrelated business in the opinion of management; it is not material to the basic financial statements taken as a whole. The statute of limitations for federal and California state purpose is generally three and four years, respectively.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

<u>Level 1</u> - Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.

<u>Level 2</u> - Inputs (other than quoted market prices included within level 1) that are observable for the asset/liability, either directly or indirectly.

<u>Level 3</u> - Unobservable inputs for the asset/liability; used to the extent that observable inputs are not available.

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 the fund managers determine valuations. Due to the inherent uncertainty of valuation of non-marketable and restricted investments, those estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material. Additionally, these investments may have liquidity constraints, including lock-up periods of a quarter or longer.

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 three items that qualifies for reporting in this category as of June 30, 2023: 1) deferred inflows from charitable gift annuities held at California State University Foundation for $112,192; 2) deferred inflows from resource received related to nonexchange transactions before time requirements are met but after all other eligibility have been met for $221,950; and 3) $18,223,877 deferred inflows of resources related to lease arrangements that are recognized on a straight line-basis over the life of the arrangements.

Lease Revenue and Expense

The Corporation recognizes lease revenue on a straight-line basis over the term of the respective lease on the statement of revenues, expenses, and changes in net position. In 2022, with the implementation of GASB 87, lessor is required to recognize a lease receivable and a deferred inflow of resources on the statement of net position. In 2021, 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 on the statement of revenues, expenses, and changes in net position. In 2022, with the implementation of GASB 87, lessee is required to recognize a lease liability and an intangible right-to-use lease asset on the statement of net position. In 2021, lease payable represents the amount by which straight-line lease expense exceeds rental expense currently remitted in accordance with the lease agreements.

NOTE 3 – INVESTMENTS

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

		Investment Maturities (Years)				
	Fair Value	< 1	1 – 5	6 – 10	10+	Other
Local Agency Investment Fund	$ 10,070,555	$ 10,070,555	$ -	$ -	$ -	$ -
Broker Money Market Funds	451,603	451,603	-	-	-	-
Treasury Bonds	2,427,391	301,111	1,393,552	732,728	-	-
Agency Securities	371,331	-	161,779	209,552	-	-
Corporate Debt Securities	2,726,768	535,171	1,651,617	512,991	26,989	-
Municipal Bonds	379,526	39,598	300,404	39,524	-	-
Mortgage Backed	437,475	44,297	13,028	33,852	346,298	-
Mutual Funds	6,130,461	6,130,461	-	-	-	-
CMO & Asset-backed Securities	394,199	20,836	342,396	30,967	-	-
REIT	220,252	220,252	-	-	-	-
Equity Securities	13,856,181	9,614,376	-	-	-	4,241,805
Alternative Investments	4,073,134	-	-	-	-	4,073,134
	$ 41,538,876	$27,428,260	$ 3,862,776	$ 1,559,614	$ 373,287	$ 8,314,939

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

		Investment Maturities (Years)				
	Fair Value	< 1	1 – 5	6 – 10	10+	Other
Local Agency Investment Fund	$ 6,080,260	$ 6,080,260	$ -	$ -	$ -	$ -
Broker Money Market Funds	400,658	400,658	-	-	-	-
Treasury Bonds	2,299,157	267,547	1,228,519	803,091	-	-
Agency Securities	333,585	-	175,040	158,545	-	-
Corporate Debt Securities	3,295,761	466,149	2,221,682	575,853	32,077	-
Municipal Bonds	486,823	9,970	355,396	121,457	-	-
Mortgage Backed	288,440	-	-	120,607	167,833	-
Mutual Funds	5,987,199	5,987,199	-	-	-	-
CMO & Asset-backed Securities	313,789	84,711	200,985	28,093	-	-
REIT	217,609	217,609	-	-	-	-
Equity Securities	11,797,419	8,084,653	-	-	-	3,712,766
Alternative Investments	3,668,892	-	-	-	-	3,668,892
	$ 35,169,592	$ 21,598,756	$ 4,181,622	$ 1,807,646	$ 199,910	$ 7,381,658

NOTE 3 – INVESTMENTS (CONTINUED)

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

	2023	2022
Interest and Dividends	$ 853,341	$ 283,921
Realized and Unrealized gain (loss)	1,936,894	(2,987,827)
Management Fees	(161,488)	(191,198)
	$ 2,628,747	$ (2,895,104)

Interest Rate Risk - The Corporation mitigates its interest rate risk using 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 by 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 failure of counterparty, the Corporation will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Charles Schwab & Co., Inc. (including those held by clients of investment advisors with Schwab Institutional) are insured by SIPC for securities and cash in the event of broker-dealer failure. SIPC provides up to $500,000 of protection for brokerage accounts held in each separate capacity (e.g., joint tenant or sole owner), with limit of $250,000 for claims of uninvested cash balances. Additional brokerage insurance-in addition to SIPC protection- is provided to Charles Schwab & Co., Inc. accounts through underwriters in London. Schwab's coverage with Lloyd's of London and other London insurers, combined with SIPC coverage, provides protection of securities and cash up to an aggregate of $600 million, and is limited to a combined return to any customer from a Trustee, SIPC, and London insurers of $150 million, including cash of up to $1,150,000. This additional protection becomes available in the event that SIPC limits are exhausted. 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 - FAIR VALUE MEASUREMENT

At June 30, 2023 and 2022 the Corporation investments consist of the following assets, which are classified by level within the valuation hierarchy on a recurring basis at June 30:

	2023				
	Level 1	Level 2	Level 3	NAV	Total
Local Agency Investment Fund	$ -	$ -	$ -	$ 10,070,555	$ 10,070,555
Broker Money Market Funds	451,603	-	-	-	451,603
Treasury Bonds	2,427,391	-	-	-	2,427,391
Agency Securities	-	371,331	-	-	371,331
Corporate Debt Securities	-	2,726,768			2,726,768
Municipal Bonds	-	379,526	-	-	379,526
Mortgage Backed	-	437,475	-	-	437,475
Mutual Funds	6,130,461	-	-	-	6,130,461
CMO & Asset-Backed Securities	-	394,199	-	-	394,199
REIT	220,252	-	-	-	220,252
Equity Securities	9,614,376	-	-	4,241,805	13,856,181
Alternative Investments	-	-	-	4,073,134	4,073,134
	$ 18,844,083	$ 4,309,299	$ -	$ 18,385,494	$ 41,538,876

	2022				
	Level 1	Level 2	Level 3	NAV	Total
Local Agency Investment Fund	$ -	$ -	$ -	$ 6,080,260	$ 6,080,260
Broker Money Market Funds	400,658	-	-	-	400,658
Treasury Bonds	2,299,157	-	-	-	2,299,157
Agency Securities	-	333,585	-	-	333,585
Corporate Debt Securities	-	3,295,761	-	-	3,295,761
Municipal Bonds	-	486,823	-	-	486,823
Mortgage Backed	-	288,440	-	-	288,440
Mutual Funds	5,987,199	-	-	-	5,987,199
CMO & Asset-Backed Securities	-	313,789	-	-	313,789
REIT	217,609	-	-	-	217,609
Equity Securities	8,084,653	-	-	3,712,766	11,797,419
Alternative Investments	-	-	-	3,668,892	3,668,892
	$ 16,989,276	$ 4,718,398	$ -	$ 13,461,918	$35,169,592

NOTE 4 - FAIR VALUE MEASUREMENT

Alternative Investments Measured at NAV

	Fair value	Unfunded commitments	Redemption frequency	Redemption notice period
Multi-Strategy Hedge Funds				
Real Estate Funds	$ 3,473,554	$ 200,000	Quarterly	90 days
Private Credit	599,580	-	Quarterly	90 days
Commingled Fund	4,241,805	-	Monthly	10 days
Total alternative investments measured at the NAV	$ 8,314,939			

1. Real estate funds. This type includes three real estate funds that invest primarily in U.S. multi-family low-income properties. These 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 a) two years after initial closing or b) to the extent the fund does not obtain at least $300 million in capital contributions, five years after the initial closing. Following the lock-up period, liquidity is offered quarterly with 90-day advance notice. There is a 20% gate such that no more than 20% of the total fund's outstanding units can be liquidated in any given calendar year. The Corporation has invested $1,945,127 in this fund at June 30, 2023. The second investment has a seven-year lockup after raising $300 million. The Corporation has invested $849,182 in this fund at June 30, 2023. The third investment has a seven-year lockup after raising $200 million. The Corporation has invested $679,245 in this at June 30, 2023.

2. Private credit. This type includes a real estate finance company, which has acquisitions of credit-oriented real estate investments in the lower middle market. It is an open-ended fund to invest in fixed income and similar investments. 60% of the portfolio is in senior secured mortgages, 20% in real properties and 20% in other fixed return instruments. The fund has a 90-day advance notice for any withdrawal of any quarter-end date. The Corporation has $599,580 in the fund at June 30, 2023.

3. Commingled fund. This type includes one fund that invests primarily in developed markets investing in international and global equities with a long-term focus. The fair value of the investment in this type has been determined using the NAV per share.

NOTE 5 – ENDOWMENTS

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

	2023	2022
Restricted Net Assets - Nonexpendable Endowments	$ 669,951	$ 649,772

The Corporation's investment policy during fiscal years 2023 and 2022 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, 2023:

	Balance June 30, 2022	Additions	Reductions	Transfers	Balance June 30, 2023
Capital assets not being depreciated:					
Construction in progress	$ 286,311	$ 18,487	$ -	(78,327)	$ 226,471
Capital assets being depreciated:					
Leasehold improvements	4,825,924	-	-	78,327	4,904,251
Equipment, furniture, and fixtures	1,731,196	102,248	(14,553)	-	1,818,891
Total capital assets	6,843,431	120,735	(14,553)	-	6,949,613
Other capital assets					
Leased land improvements	8,342,883	-	-	-	8,342,883
Leased equipment	40,097	268,509	(40,097)	-	268,509
Total other capital assets	8,382,980	268,509	(40,097)	-	8,611,392
Less accumulated depreciation:					
Leasehold improvements	(2,357,808)	(245,730)	-	-	(2,603,538)
Equipment, furniture, and fixtures	(2,268,106)	(143,255)	14,553	-	(2,396,808)
Leased assets	(168,932)	(185,787)	40,097	-	(314,622)
Total accumulated depreciation	(4,794,846)	(574,772)	54,650	-	(5,314,968)
Net capital assets	$ 10,431,565	$ (185,528)	$ -	$ -	$ 10,246,037

Total depreciation expense for the year ended June 30, 2023 was $574,772.

NOTE 6 – CAPITAL ASSETS (CONTINUED)

The following is a roll forward schedule of capital assets for the year ended June 30, 2022:

	Balance June 30, 2021	Additions	Reductions	Transfers	Balance June 30, 2022
Capital assets not being depreciated:					
Construction in progress	$ 40,000	$ 286,311	$ -	$ (40,000)	$ 286,311
Capital assets being depreciated:					
Leasehold improvements	4,780,424	5,500	-	40,000	4,825,924
Equipment, furniture, and fixtures	1,673,889	57,307	-	-	1,731,196
Total capital assets	6,494,313	349,118	-	-	6,843,431
Other capital assets					
Leased land improvements	-	8,342,883	-	-	8,342,883
Leased equipment	-	40,097	-	-	40,097
Total other capital assets	-	8,382,980	-	-	8,382,980
Less accumulated depreciation:					
Leasehold improvements	(2,064,907)	(292,901)	-	-	(2,357,808)
Equipment, furniture, and fixtures	(2,108,313)	(159,793)	-	-	(2,268,106)
Leased assets	-	(168,932)	-	-	(168,932)
Total accumulated depreciation	(4,173,220)	(621,626)	-	-	(4,794,846)
Net capital assets	$ 2,321,093	$ 8,110,472	$ -	$ -	$ 10,431,565

Total depreciation expense for the year ended June 30, 2022 was $621,626.

NOTE 7 – REVOLVING LINE OF CREDIT

During the fiscal year ended June 30, 2023, the Corporation renewed the line of credit agreement with Bank of San Francisco for $3,000,000. There were no borrowings against the line at June 30, 2023. The interest for the line of credit is based Prime Rate as published in the Wall Street Journal (the “Index”). The Index as of June 30, 2023 is 8.25% per annum. The term of the line of credit is February 24, 2023 to February 24, 2024. The Corporation is required to maintain a minimum of $7,500,000 in liquid assets at all times which is reviewed on a quarterly basis.

NOTE 8 – TRANSACTIONS WITH RELATED ENTITIES

The Corporation is an auxiliary organization affiliated with the University and the California State University (CSU) System statewide. The Corporation is also affiliated with San Francisco State University Foundation (the "Foundation") and Associated Students of San Francisco State University ("Associated Students"). Both related entities are auxiliary organizations of the University and CSU. The accompanying financial statements include transactions with related parties as of and for the years ended June 30, 2023 and 2022, as follows:

	2023	2022
Payments to the University for salaries of University personnel working on contracts, grants, and other programs	$ 4,179,031	$ 3,405,818
Payments to the University for other than salaries of University personnel	$ 5,469,583	$ 3,661,952
Payments to the Foundation and Associated Students for reimbursements	$ 1,176,408	$ 503,192
Payments received from University for services, spaces, and programs	$ 1,616,231	$ 1,761,369
Payments received from the Foundation for reimbursements and services.	$ 10,534,309	$ 5,266,704
Payments received from Associated Students for student support, reimbursements, and accounting services	$ 515,698	$ 467,566
Gifts (cash or assets) to the University from discretely presented component units	$ 2,871,696	$ 2,569,915
Amounts payable to the University	$ 844,685	$ 1,514,091
Other amounts payable to University	$ -	$ 8,295,782
Amounts due to other CSU auxiliaries	$ 164,638	$ 15,009
Amounts due from other CSU auxiliaries	$ 177,800	$ 236,251
Accounts receivable from the University	$ 74,999	$ 84,933

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 was extended with a term from July 1, 2019 to June 30, 2029. 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 years ended June 30, 2023 and 2022, the Corporation incurred $1,138,672 and $1,079,105, respectively, for its 54% share of maintenance 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. The Corporation did not contribute rental income to ASI for the years ended June 30, 2023 and 2022.

NOTE 9 – 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, 2023, total rental receipts, including recharges, amounted to $1,001,952 and total expenses were $1,001,952. As of June 30, 2022, total rental receipts, including recharges, amounted to $836,948 and total expenses were $836,948.

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 were set to terminate on June 30, 2019. Base rents ranged from $13,000 - $50,500 annually depending on the specific vendor and increased 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 had the opportunity to opt for a second five-year term, which extend from July 1, 2019 to June 30, 2024. All vendors have executed subleases in place.

NOTE 10 – RENT AMENDMENT

During fiscal year 2023, the Corporation provided rent amendments for its food vendors through fiscal year 2023 as the University on campus population continue improving but remained below pre-pandemic levels. The total rent waived by the Corporation at June 30, 2023 was $885,461.

NOTE 11 - ADMINISTRATION FEES

The Corporation charges the following administrative fees:

- The Corporation charges a one-time administrative fee of 5% when a gift is accepted, unless the gift is for scholarships in which case, no fees are charged. Gifts are funds received from donor contributions, and fundraising revenue that projects receive for their respective programs and overall campus fundraising efforts;

- The Corporation charges a one-time administrative fee of 10% when campus programs generate revenue. The Corporation defines program revenue as earned revenue for which a tax deduction would not qualify. Membership fees, conferences and meetings, fees 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 providing administration of commencement. Fees earned are based on the fees negotiated per each agreement; and

- 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. 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 $537,415 and $448,750 were charged by the Corporation during the years ended June 30, 2023 and 2022, respectively.

NOTE 12 – 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 13 – 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 14 – 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, 2023 and 2022 were $23,616 and $25,182, respectively.

NOTE 15 – LEASES

As Lessor

The Corporation is the sub-lessor in twenty-five property lease arrangements. Space Lease terms range from two (2) to sixteen (16) years and require tenants to pay a pro-rata share of common area maintenance. The Corporation also has a ground sub-lease through June 2083.

In estimating the present value of these lease receivable balances, Corporation estimated the discount rate based on their estimates for risk free rates of returns over comparable periods. The interest rates used in their calculations ranged from 0.440% to 2.990%.

The following is a schedule by years of future minimum rents receivable under noncancellable operating leases that have initial or remaining lease terms in excess of one year as of June 30, 2023:

Year Ending June 30,	Principal	Interest
2024	$ 1,061,215	$ 527,338
2025	447,147	519,137
2026	447,823	513,314
2027	436,951	507,543
2028	401,045	502,052
2029-2033	262,181	2,484,604
2034-2038	698,010	2,471,990
2039-2043	913,173	2,336,827
2044-2048	1,060,228	2,189,772
2049-2053	1,230,964	2,019,036
Thereafter	12,864,209	6,635,792
	$ 19,822,946	$ 20,707,405

NOTE 15 – LEASES (CONTINUED)

Rental income was $2,503,596 and $3,022,594 for the years ended June 30, 2023 and 2022, respectively. Included in lease receivables, current portion on the statement of net position as of June 30, 2023 is $4,709 of interest earned and not yet received.

The Corporation has deferred inflows of resources related to these lease arrangements that are recognized on a straight line-basis over the life of the arrangements. The Corporation will recognize into revenue an average of $735,634 per year through June 30, 2028, $356,836 per year through June 30, 2033, and $256,230 per year through June 30, 2083.

As Lessee

Equipment lease

The Corporation had a financing equipment lease of a copier and the equipment was returned upon the lease expired in August 2022. Rental expenses were $5,740 and $34,000 for the years ended June 30, 2023 and 2022, respectively.

The Corporation entered two (2) sixty-six (66) months and sixty (60) months financing equipment leases with lease commencement dates in July, 2022 and January, 2023, respectively.

In estimating the present value of these lease liabilities, the Corporation estimated discount rate based on their estimates for the incremental borrowing rate pursuant to the terms of the lease agreements. The interest rates used in their calculations ranged from 3.745% to 4.980%.

Rental expense was $33,803 for the year ended June 30, 2023.

Land improvement lease

The Corporation has a ground lease with the University with rent expense of $300,000 for the years ended June 30, 2023 and 2022. See Footnote 16 for the lease arrangement.

The following is a schedule of future minimum rental payments required under financing leases that have initial or remaining noncancellable lease terms in excess of one year at June 30, 2023:

Year Ending June 30,	Principal	Interest
2024	$ 100,571	$ 258,691
2025	104,111	255,154
2026	107,777	251,487
2027	111,578	247,686
2028	85,638	243,997
2029-2033	308,395	1,191,605
2034-2038	358,059	1,141,941
2039-2043	415,720	1,084,280
2044-2048	482,666	1,017,334
2049-2053	560,394	939,606
Thereafter	5,856,399	3,143,601
	$ 8,491,308	$ 9,775,382

NOTE 16 - HOLLOWAY AVENUE REVITALIZATION PROJECT (MANZANITA SQUARE)

The Corporation, as a business partner of the University 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 (the "LLC"), 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; and (c) approximately 20-50 parking spaces. The ground sublease was amended effective October 2, 2018 to include American Campus Communities Operating Partnership LP; a Maryland limited partnership ("ACC", collectively with the LLC, the "Tenants"). The lease and sublease terms are for 65 years ending June 30, 2083 unless terminated or extended pursuant to the terms of the respective leases. Construction began October 2018. Once construction commenced, the Tenants were required to pay construction period rent, which is defined as the rent payable during the construction period in an amount equal to $320,000 per annum. The Corporation collects the rent from ACC in all amounts set out in the Sublease. Annual base rent on the sublease 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 one 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 Tenants and will remit to the 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.

During fiscal year 2021, the Corporation executed agreements with ACC to address temporary changes to the 2020-2021 academic year because of Covid-19 and the University's remote operations. These changes reduced the expected operating revenues for the project. The revenue loss for 2020-2021 academic year will be offset by ACC against Annual Base Rent an amount equal to 50% of the revenue loss for 2020-2021 academic year. ACC commenced the rent offset in fiscal year 2020-2021, because of the rent offset ACC will pay $400,000 per year towards annual base rent until the rent offset has been fully applied.

The total cumulative costs incurred through June 30, 2023 by the Corporation was $608,058. The Corporation has recorded these costs as expenses and will discuss with related parties about the potential for reimbursement in future periods.

As of June 30, 2023 and 2022, the Corporation has a payable of $8,247,254 and $8,295,782 to the University, respectively, related to the ground lease as a result of GASB 87 implementation.

NOTE 17 – SUBSEQUENT EVENTS

The Corporation has reviewed its financial statements for all subsequent events through September 21, 2023, the date the financial statements were issued. Since that date, the university has continued to face some significant challenges, and while these most directly impact the university, the close ties between it and the Corporation ultimately expose the Corporation to ancillary impacts.

Notably, university enrollment has continued to decline year over year for several years—a trend that has significantly altered the size of the campus population. This development ultimately influences nearly all the Corporation's activities. A smaller campus population has led to less foot traffic, fewer people eating on campus or shopping in the Corporation's shops, and less overall activity.

NOTE 17 – SUBSEQUENT EVENTS (CONTINUED)

Additionally, the CSU has begun the process of reallocating resources based on enrollment; the university has been allocated state-support based on its target enrollment, rather than its actual enrollment. This has led to funding the university for students it does not have. As these resources are reallocated to other CSU campuses over the course of the next several years, the university will experience a decline in funding. This will ultimately have repercussions across campus, including for the Corporation. The university will be smaller, which will impact all our revenue sources.

The CSU is currently in negotiations with several of its labor unions. While the outcome of the discussions is uncertain at this time, management anticipates that any compensation increases provided to CSU employees will require a reevaluation and likely a restatement of the Corporation’s annual budget for the current year.

Over the course of the summer, management has been working with Associated Students to evaluate the operations and space allocations within with Cesar Chavez Student Center, which is co-leased by the two auxiliaries from the university. Management expects to reallocate several spaces to Associated Students, which will lessen the Corporations financial burden and provide much-needed space to students on campus.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
San Francisco State University Corporation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of 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, 2023 and 2022, and the related statements of revenue, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 21, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in the Corporation's internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Windes, Inc.

Long Beach, California
September 21, 2023

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

Schedule of Findings
For the Year Ended June 30, 2023

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

The auditors' report expressed an unmodified opinion on whether the financial statements of The University Corporation, San Francisco State were prepared in accordance with generally accepted accounting principles.

Internal control over financial reporting

1. Material weakness(es) identified? – None reported

2. Significant deficiencies identified? – None reported

3. Noncompliance material to financial statements noted? – No

SECTION II – FINDINGS - FINANCIAL STATEMENTS AUDIT

None reported

SECTION III – STATUS OF CORRECTIVE ACTION ON PRIOR-YEAR FINDINGS

None reported

THE UNIVERSITY CORPORATION, SAN FRANCISCO STATE

SUPPLEMENTARY FINANCIAL INFORMATION
SCHEDULE OF NET POSITION
JUNE 30, 2023
(for inclusion in the California State University Financial Statements)

Assets:	
Current assets:	
Cash and cash equivalents	$ 2,157,351
Short-term investments	27,428,260
Accounts receivable, net	1,555,132
Lease receivable, current portion	1,141,564
P3 receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	4,489,612
Prepaid expenses and other current assets	83,694
Total current assets	36,855,613
Noncurrent assets:	
Restricted cash and cash equivalents	-
Accounts receivable, net	-
Lease receivable, net of current portion	18,631,471
P3 receivable, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	601,014
Endowment investments	669,951
Other long-term investments	13,440,665
Capital assets, net	1,949,267
Capital assets, net - lease ROU	8,296,770
Capital assets, net - SBITA ROU	-
Capital assets, net - P3 ROU	-
Other assets	-
Total noncurrent assets	43,589,138
Total assets	80,444,751
Deferred outflows of resources:	
Unamortized loss on debt refunding	-
Net pension liability	-
Net OPEB liability	-
P3	-
Leases	-
Others	-
Total deferred outflows of resources	-

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Liabilities:	
Current liabilities:	
Accounts payable	2,026,354
Accrued salaries and benefits	339,684
Accrued compensated absences, current portion	79,297
Unearned revenues	5,696
Lease liabilities, current portion	100,571
SBITA liabilities - current portion	-
P3 liabilities - 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	2,551,602
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	-
Unearned revenues	-
Grants refundable	-
Lease liabilities, net of current portion	8,390,737
SBITA liabilities, net of current portion	-
P3 liabilities, net of current portion	-
Long-term debt obligations, net of current portion	-
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Net other postemployment benefits liability	-
Net pension liability	-
Other liabilities	-
Total noncurrent liabilities	8,390,737
Total liabilities	10,942,339
Deferred inflows of resources:	
P3 concession arrangements	-
Net pension liability	-
Net OPEB liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	334,142
Leases	18,223,877
P3	-
Others	-
Total deferred inflows of resources	18,558,019
Net position:	
Net investment in capital assets	10,246,037
Restricted for:	
Nonexpendable – endowments	669,951
Expendable:	
Scholarships and fellowships	41,835,725
Research	-
Loans	-
Capital projects	-
Debt service	-
P3	-
Others	-
Unrestricted	(1,807,320)
Total net position	$ 50,944,393

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SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
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Revenues:	
Operating revenues:	
Student tuition and fees, gross	$ -
Scholarship allowances (enter as negative)	-
Grants and contracts, noncapital:	
Federal	-
State	-
Local	-
Nongovernmental	8,857,438
Sales and services of educational activities	-
Sales and services of auxiliary enterprises, gross	14,653,705
Scholarship allowances (enter as negative)	-
Lease other operating revenues	1,275,114
P3 other operating revenues	-
Other operating revenues	19,065
Total operating revenues	24,805,322
Expenses:	
Operating expenses:	
Instruction	2,139,523
Research	651,851
Public service	397,077
Academic support	4,129,388
Student services	1,548,230
Institutional support	2,421,805
Operation and maintenance of plant	672,829
Student grants and scholarships	4,956,695
Auxiliary enterprise expenses	5,324,422
Depreciation and amortization	574,772
Total operating expenses	22,816,592
Operating income (loss)	1,988,730

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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	3,158,830
Investment income (loss), net	2,595,652
Endowment income (loss), net	20,179
Interest expense	-
Interest Expense - Leases	-
Interest Expense - SBITAs	-
Interest Expense - P3	-
Other nonoperating revenues (expenses) - excl. interagency transfers	(41,141)
Net nonoperating revenues (expenses)	5,733,520
Income (loss) before other revenues (expenses)	7,722,250
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
Increase (decrease) in net position	7,722,250
Net position:	
Net position at beginning of year	43,222,143
Net position at end of year	$ 50,944,393

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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	2,157,351
Total	$ 2,157,351

2.1. COMPOSITION OF INVESTMENTS:

Investment Type	Current	Noncurrent	Total
Money Market funds	$ 451,603	$ -	$ 451,603
Repurchase agreements	-	-	-
Certificates of deposit	-	-	-
U.S. agency securities	-	371,331	371,331
U.S. treasury securities	301,111	2,126,280	2,427,391
Municipal bonds	39,598	339,928	379,526
Corporate bonds	535,171	2,191,597	2,726,768
Asset-backed securities	20,836	373,363	394,199
Mortgage-backed securities	44,297	393,178	437,475
Commercial paper	-	-	-
Mutual funds	6,130,461	-	6,130,461
Exchange-traded funds	-	-	-
Equity securities	9,614,376	4,241,805	13,856,181
Alternative investments:			
Private equity (including limited partnerships)	-	-	-
Hedge funds	-	-	-
Managed futures	-	-	-
Real estate investments (including REITs)	220,252	3,473,554	3,693,806
Commodities	-	-	-
Derivatives	-	-	-
Other alternative investment types	-	599,580	599,580
Other external investment pools	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	-	-	-
State of California Local Agency Investment Fund (LAIF)	10,070,555	-	10,070,555
State of California Surplus Money Investment Fund (SMIF)	-	-	-
Other investments	-	-	-
Total investments	27,428,260	14,110,616	41,538,876
Less endowment investments	-	(669,951)	(669,951)
Total investments, net of endowments	$ 27,428,260	$ 13,440,665	$ 40,868,925

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2.2 FAIR VALUE HIERARCHY IN INVESTMENTS:

Investment Type	Total	FAIR VALUE MEASUREMENTS USING 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	$ 451,603	$ 451,603	$ -	$ -	$ -
Repurchase agreements	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
U.S. agency securities	371,331	-	371,331	-	-
U.S. treasury securities	2,427,391	2,427,391	-	-	-
Municipal bonds	379,526	-	379,526	-	-
Corporate bonds	2,726,768	-	2,726,768	-	-
Asset-backed securities	394,199	-	394,199	-	-
Mortgage-backed securities	437,475	-	437,475	-	-
Commercial paper	-	-	-	-	-
Mutual funds	6,130,461	6,130,461	-	-	-
Exchange-traded funds	-	-	-	-	-
Equity securities	13,856,181	9,614,376	-	-	4,241,805
Alternative investments:					
Private equity (including limited partnerships)	-	-	-	-	-
Hedge funds	-	-	-	-	-
Managed futures	-	-	-	-	-
Real estate investments (including REITs)	3,693,806	220,252	-	-	3,473,554
Commodities	-	-	-	-	-
Derivatives	-	-	-	-	-
Other alternative investment types	599,580	-	-	-	599,580
Other external investment pools	-	-	-	-	-
CSU consolidated investment pool (formerly SWIFT)	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	10,070,555	-	-	-	10,070,555
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-
Other investments	-	-	-	-	-
Total investments	$ 41,538,876	$ 18,844,083	$ 4,309,299	$ -	$ 18,385,494

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)	$ -	$ -	$ -
	$ -	$ -	$ -

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3.1. COMPOSITION OF CAPITAL ASSETS:

	Balance June 30, 2022	Reclassifications	Prior-Period Adjustments	Balance June 30, 2022 (Restated)	Additions	Retirements	Transfers of Completed CWIP/PWIP	Balance June 30, 2023
Nondepreciable/nonamortizable capital assets:								
Land and land improvements	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Works of art and historical treasures	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	286,311	-	-	286,311	18,487	-	(78,327)	226,471
Intangible assets:								
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-
Intangible assets in progress (PWIP)	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total nondepreciable/nonamortizable capital assets	286,311	-	-	286,311	18,487	-	(78,327)	226,471
Depreciable/amortizable capital assets:								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	4,825,924	-	-	4,825,924	-	-	78,327	4,904,251
Personal property:								
Equipment	1,731,196	-	-	1,731,196	102,248	(14,553)	-	1,818,891
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	6,557,120	-	-	6,557,120	102,248	(14,553)	78,327	6,723,142
Total capital assets	6,843,431	-	-	6,843,431	120,735	(14,553)	-	6,949,613
Less accumulated depreciation/amortization:								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	(2,357,808)	-	-	(2,357,808)	(245,730)	-	-	(2,603,538)
Personal property:								
Equipment	(2,268,106)	-	-	(2,268,106)	(143,255)	14,553	-	(2,396,808)
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	(4,625,914)	-	-	(4,625,914)	(388,985)	14,553	-	(5,000,346)
Total capital assets, net excluding lease assets	$ 2,217,517	$ -	$ -	$ 2,217,517	$ (268,250)	$ -	$ -	$ 1,949,267

3.1. COMPOSITION OF CAPITAL ASSETS (CONTINUED):

Composition of capital assets - Lease ROU, net:	Balance June 30, 2022	Additions	Remeasurements	Reductions	Balance June 30, 2023
Non-depreciable/Non-amortizable lease assets:					
Land and improvements	$ -	$ -	$ -	$ -	$ -
Total nondepreciable/nonamortizable lease assets	-	-	-	-	-
Depreciable/amortizable capital assets:					
Land and improvements	8,342,883	-	-	-	8,342,883
Buildings and building improvements	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-
Infrastructure	-	-	-	-	-
Personal property:					
Equipment	40,097	268,509	-	(40,097)	268,509
Total depreciable/amortizable lease assets	8,382,980	268,509	-	(40,097)	8,611,392
Less accumulated depreciation/amortization:					
Land and improvements					
Buildings and building improvements	(134,563)	(134,563)	-	-	(269,126)
Improvements, other than buildings	-	-	-	-	-
Infrastructure	-	-	-	-	-
Personal property:					
Equipment	(34,369)	(51,224)	-	40,097	(45,496)
Total accumulated depreciation/amortization	(168,932)	(185,787)	-	40,097	(314,622)
Total capital assets - lease ROU, net	$ 8,214,048	$ 82,722	$ -	$ -	$ 8,296,770

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

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3.1. COMPOSITION OF CAPITAL ASSETS (CONTINUED):

Composition of capital assets - P3 ROU, net:	Balance June 30, 2022	Additions	Remeasurements	Reductions	Balance June 30, 2023
Depreciable/Amortizable P3 assets:					
Land and land improvements	$ -	$ -	$ -	$ -	$ -
Buildings and building improvements	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-
Infrastructure	-	-	-	-	-
Personal property:					
Equipment	-	-	-	-	-
Total depreciable/amortizable P3 assets	-	-	-	-	-
Less accumulated depreciation/amortization:					-
Land and land improvements	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-
Infrastructure	-	-	-	-	-
Personal property:					
Equipment	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-
Total capital assets - P3 ROU, net	$ -	$ -	$ -	$ -	$ -
Total capital assets, net including ROU assets					$ 10,246,037

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3.2 DETAIL OF DEPRECIATION AND AMORTIZATION EXPENSE:

	Amount
Depreciation and amortization expense - capital assets, excluding ROU assets	$ 388,985
Amortization expense - Leases ROU	$ 185,787
Amortization expense - SBITA ROU	-
Amortization expense - P3 ROU	-
Depreciation and Amortization expense - Others	-
Amortization expense related to other assets	-
Total depreciation and amortization	$ 574,772

4. LONG-TERM LIABILITIES:

	Balance June 30, 2022	Prior-Period Adjustments Reclassifications	Balance June 30, 2022 (Restated)	Additions	Reductions	Balance June 30, 2023	Current Portion	Noncurrent Portion
1. Accrued compensated absences	$ 99,146	$ -	$ 99,146	$ 72,549	$ (92,398)	$ 79,297	$ 79,297	$ -
2. Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-
3. Capitalized lease obligations:								
Gross balance	-	-	-	-	-	-	-	-
Unamortized premium/(discount)	-	-	-	-	-	-	-	-
Total capitalized lease obligations	-	-	-	-	-	-	-	-
4. Long-term debt obligations:								
4.1 Auxiliary revenue bonds (non-SRB related)	-	-	-	-	-	-	-	-
4.2 Commercial Paper	-	-	-	-	-	-	-	-
4.3 Note payable (SRB related)	-	-	-	-	-	-	-	-
4.4 Finance purchase of capital assets	-	-	-	-	-	-	-	-
4.5 Others:	-	-	-	-	-	-	-	-
Total others	-	-	-	-	-	-	-	-
Subtotal long-term debt obligations	-	-	-	-	-	-	-	-
4.6 Unamortized net bond premium/(discount)	-	-	-	-	-	-	-	-
Total long-term debt obligations	-	-	-	-	-	-	-	-

5. Lease, SBITA, P3 liabilities:

	Balance June 30, 2022	Prior-Period Adjustments Reclassifications	Additions	Remeasurements	Reductions	Balance June 30, 2023	Current Portion	Noncurrent Portion
Lease liabilities	8,301,520	-	268,508	-	(78,720)	8,491,308	100,571	8,390,737
SBITA liabilities	-	-	-	-	-	-	-	-
P3 liabilities - SCA	-	-	-	-	-	-	-	-
P3 liabilities - non-SCA	-	-	-	-	-	-	-	-
Total Lease, SBITA, P3 liabilities	$ 8,301,520	$ -	$ 268,508	$ -	$ (78,720)	$ 8,491,308	$ 100,571	$ 8,390,737

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

	Lease Liabilities			SBITA liabilities			Public-Private or Public-Publ	
Year Ending June 30,	**Principal Only**	**Interest Only**	**Principal and Interest**	**Principal Only**	**Interest Only**	**Principal and Interest**	**Principal Only**	**Interest Only**
2024	$ 100,571	$ 258,691	$ 359,262	$ -	$ -	$ -	$ -	$ -
2025	104,111	255,154	359,265	-	-	-	-	-
2026	107,777	251,487	359,264	-	-	-	-	-
2027	111,578	247,686	359,264	-	-	-	-	-
2028	85,638	243,997	329,635	-	-	-	-	-
2029 - 2033	308,395	1,191,605	1,500,000	-	-	-	-	-
2034 - 2038	358,059	1,141,941	1,500,000	-	-	-	-	-
2039 - 2043	415,720	1,084,280	1,500,000	-	-	-	-	-
2044 - 2048	482,666	1,017,334	1,500,000	-	-	-	-	-
2049 - 2053	560,394	939,606	1,500,000	-	-	-	-	-
Thereafter	5,856,399	3,143,601	9,000,000	-	-	-	-	-
Total Minimum Lease Payment	$ 8,491,308	$ 9,775,382	$ 18,266,690	$ -	$ -	$ -	$ -	$ -

Less: amounts representing interest

Present value of future minimum lease payments

Total Leases, SBITA, P3 liabilities

Less: current portion

Leases, SBITA, P3 liabilities, net of current portion

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ic Partnerships (P3)	Total Leases, SBITA, P3 liabilities		
Principal and Interest	Principal Only	Interest Only	Principal and Interest
$ -	$ 100,571	$ 258,691	$ 359,262
-	104,111	255,154	359,265
-	107,777	251,487	359,264
-	111,578	247,686	359,264
-	85,638	243,997	329,635
-	308,395	1,191,605	1,500,000
-	358,059	1,141,941	1,500,000
-	415,720	1,084,280	1,500,000
-	482,666	1,017,334	1,500,000
-	560,394	939,606	1,500,000
-	5,856,399	3,143,601	9,000,000
$ -	$ 8,491,308	$ 9,775,382	$ 18,266,690
			(9,775,382)
			8,491,308
			8,491,308
			(100,571)
			$ 8,390,737

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6. FUTURE MINIMUM PAYMENTS SCHEDULE - LONG-TERM DEBT OBLIGATIONS:

	Auxiliary Revenue Bonds (non-SRB related)			All Other Long-Term Debt Obligations			Total Long-Term Debt Obligations		
Year Ending June 30,	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
2023	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-
2028-2032	-	-	-	-	-	-	-	-	-
2033-2037	-	-	-	-	-	-	-	-	-
2038-2042	-	-	-	-	-	-	-	-	-
2043-2047	-	-	-	-	-	-	-	-	-
2048-2052	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total Minimum Payment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	-
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									$ -

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7. TRANSACTIONS WITH RELATED ENTITIES

	Amount
Payments to University for salaries of University personnel working on contracts, grants, and other programs	$ 4,179,031
Payments to University for other than salaries of University personnel	5,469,583
Payments received from University for services, space, and programs	1,616,231
Gifts-in-kind to the University from discretely presented component units	-
Gifts (cash or assets) to the University from discretely presented component units	2,871,696
Accounts (payable to) University	(844,685)
Other amounts (payable to) University	-
Accounts receivable from University	74,999
Other amounts receivable from University	-

8. RESTATEMENTS/PRIOR-PERIOD ADJUSTMENTS

Intentionally left blank - no restatements/prior period adjustments.

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9. NATURAL CLASSIFICATIONS OF OPERATING EXPENSES:

	Salaries	Benefits-Other	Benefits-Pension	Benefits-OPEB	Scholarships and Fellowships	Supplies and Other Services	Depreciation and Amortization	Total Operating Expenses
Instruction	$ 1,358,569	$ 449,290	$ -	$ -	$ -	$ 331,664	$ -	$ 2,139,523
Research	427,970	47,817	-	-	-	176,064	-	651,851
Public service	159,978	36,752	-	-	-	200,347	-	397,077
Academic support	1,418,804	335,573	-	-	-	2,375,011	-	4,129,388
Student services	392,276	107,403	-	-	-	1,048,551	-	1,548,230
Institutional support	466,561	244,290	-	-	-	1,710,954	-	2,421,805
Operation and maintenance of plant	-	-	-	-	-	672,829	-	672,829
Student grants and scholarships	-	-	-	-	4,956,695	-	-	4,956,695
Auxiliary enterprise expenses	541,169	174,524	-	-	-	4,608,729	-	5,324,422
Depreciation and amortization	-	-	-	-	-	-	574,772	574,772
Total Operating Expenses	$ 4,765,327	$ 1,395,649	$ -	$ -	$ 4,956,695	$ 11,124,149	$ 574,772	$ 22,816,592

THE UNIVERSITY CORPORATION, SAN FRANCISCO STATE

SUPPLEMENTARY FINANCIAL INFORMATION
OTHER INFORMATION
JUNE 30, 2023
(for inclusion in the California State University Financial Statements)
(Continued)

10. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

1. Deferred outflows of resources		
Deferred outflows - unamortized loss on refunding(s)	$	-
Deferred outflows - net pension liability		-
Deferred outflows - net OPEB liability		-
Deferred outflows - leases		-
Deferred outflows - P3		-
Deferred outflows - others		-
Sales/intra-entity transfers of future revenues		-
Gain/loss on sale leaseback		-
Loan origination fees and costs		-
Change in fair value of hedging derivative instrument		-
Irrevocable split-interest agreements		-
Total deferred outflows - others		-
Total deferred outflows of resources	$	-
2. Deferred inflows of resources		
Deferred inflows - P3 concession arrangements	$	-
Deferred inflows - net pension liability		-
Deferred inflows - net OPEB liability		-
Deferred inflows - unamortized gain on debt refunding(s)		-
Deferred inflows - nonexchange transactions		334,142
Deferred inflows - leases		18,223,877
Deferred inflows - P3		-
Deferred inflows - others:		-
Gain/loss on sale leaseback		-
Loan origination fees and costs		-
Change in fair value of hedging derivative instrument		-
Irrevocable split-interest agreements		-
Total deferred inflows - others		-
Total deferred inflows of resources	$	18,558,019

11. OTHER NONOPERATING REVENUES (EXPENSE)

Other nonoperating revenues	$	-
Other nonoperating (expenses)		(41,141)
Total other nonoperating revenues (expenses)	$	(41,141)