

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

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

June 30, 2025 and 2024

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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, 2025 and 2024, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2025 and 2024, 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 Discussion and Analysis (MD&A) on pages 4-14 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 audits 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 audits were conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying supplementary information on pages 41-58 is presented for purposes of additional analysis and is 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 audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is 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 19, 2025, 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.



Long Beach, California
September 19, 2025

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

**Management Discussion and Analysis
(Unaudited)**

This section of The University Corporation, San Francisco State (the Corporation) annual financial report presents management's discussion and analysis of the financial performance of the Corporation for the fiscal year ended June 30, 2025.

The Corporation presents its financial statements for fiscal year 2025 with comparative data presented for fiscal year 2024. The emphasis of this discussion concerning these statements will be for the fiscal years ended June 30, 2025 and 2024. There are three financial statements presented: the statements of net position; the statements of revenues, expenses, and changes in net position; and the statements of cash flows.

The following discussion and analysis are intended to help readers of the Corporation's financial statements 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, 2025 and 2024 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 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 revenues as soon as all eligibility requirements have been met.

Highlights of Financial Operations

- Net Position

The Corporation's net position increased during fiscal year 2025. The Corporation's overall net position stands at \$69,348,144 at June 30, 2025, an increase of \$6,059,170 over the previous fiscal year.

- Operating Revenues and Expenses

Grants and contracts saw a significant decrease during fiscal year 2025 due to receiving two large grants from Genentech Foundation to support students pursuing certificates in Data Science and Machine Learning for Biotechnology as well as a scholar program also within the College of Science and Engineering during fiscal year 2024.

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

**Management Discussion and Analysis – Continued
(Unaudited)**

Highlights of Financial Operations (Continued)

- Operating Revenues and Expenses (Continued)

The Corporation continued its ongoing management of the Student Organizations banking program in fiscal year 2025, for which it assumed responsibility in fiscal year 2018. Student Organizations generated \$214,771 in program revenues and contributions and \$235,525 in expenses. The Corporation had two vacant retail locations at the end of the fiscal year, with one location closure ending in an early lease termination. Retail and commercial operations revenues remained below pre-Covid-19 levels; however, revenues for retail operations profit margins continued to improve in fiscal year 2025.

Expenses for vendor operations in the Cesar Chavez Student Center were \$1,275,927. The Corporation manages vending operations within the Cesar Chavez Student Center. Revenues from vendor operations cover building expenses and the Corporation's administrative fees. Any remaining revenues are donated to the Associated Students of San Francisco State University (the Associated Students). For fiscal year 2025, there was no residual net income contributed to Associated Students.

Non-Operating Revenues and Expenses

The Corporation's total non-operating revenues increased during fiscal year 2025 because of the Corporation's investment earnings and contributions. The Corporation's portfolio has continued to perform above benchmarks though market volatility exists with tariffs, inflation concerns, and interest rates.

Financial Position

The statements of net position present the financial position of the Corporation at the end of fiscal years 2025 and 2024. The purpose of the statements of net position is to present to readers of the financial statements a fiscal summary of the Corporation. From the data presented, readers of the statements of net position are able to determine the assets available to continue the operations of the Corporation, how much the Corporation owes its vendors, and other liabilities. The statements of net position also provide an overview of the Corporation's net position (assets, deferred outflows of resources minus liabilities, and 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 present 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 for any lawful purpose of the Corporation.

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

**Management Discussion and Analysis – Continued
(Unaudited)**

Financial Position (Continued)

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

Condensed Statements of Net Position - June 30, 2025, 2024, and 2023:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Assets:			
Current assets	\$ 45,750,234	\$ 41,024,604	\$ 36,855,613
Noncurrent assets	<u>54,287,977</u>	<u>53,600,873</u>	<u>43,589,138</u>
Total assets	100,038,211	94,625,477	80,444,751
Deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 100,038,211</u>	<u>\$ 94,625,477</u>	<u>\$ 80,444,751</u>
Liabilities:			
Current liabilities	\$ 4,453,504	\$ 3,291,019	\$ 2,551,602
Noncurrent liabilities	<u>8,190,558</u>	<u>8,357,409</u>	<u>8,390,737</u>
Total liabilities	<u>12,644,062</u>	<u>11,648,428</u>	<u>10,942,339</u>
Deferred inflows of resources	<u>18,046,005</u>	<u>19,688,075</u>	<u>18,558,019</u>
Net position:			
Invested in capital assets	10,913,339	9,813,645	10,246,037
Restricted for:			
Non-expendable - endowments	779,367	707,991	669,951
Expendable	56,862,050	53,363,231	41,835,725
Unrestricted	<u>793,388</u>	<u>(595,893)</u>	<u>(1,807,320)</u>
Total net position	<u>69,348,144</u>	<u>63,288,974</u>	<u>50,944,393</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 100,038,211</u>	<u>\$ 94,625,477</u>	<u>\$ 80,444,751</u>

Assets

Current assets in fiscal year 2025 increased by \$4,725,630 (12%). The driving factor that contributed to the increase in current assets is related to the increase in current investments. Current investments were higher due to the increase in the Corporation's short-term bond holdings.

Current assets in fiscal year 2024 increased by \$4,168,991 (11%). The driving factors that contributed to the increase in current assets are related to the increase in current investments and accounts receivable. Current investments were higher due to cash received related to the endowment payout for the spending accounts housed under the Corporation, which increased the Corporation's LAIF account balance at June 30, 2024.

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

**Management Discussion and Analysis – Continued
(Unaudited)**

Assets (Continued)

Accounts receivable increased by \$1,003,451 (65%) in fiscal year 2024 due to an increase in receivables from the Corporation's related parties, which payments are expected to be received early in fiscal year 2025. A receivable existed for Associated Students regarding the transfer of space within the Cesar Chavez Student Center belonging to the Corporation. The Corporation remodeled the space before the Covid-19 pandemic in support of the campus for a University Club. Associated Students acquired the space for \$750,000 from the Corporation, which was the netbook value of the asset. Associated Students was invoiced on June 27, 2024, which contributed to the increase in accounts receivable. During 2024, the Corporation and the University continued the process of invoicing more activity between the two entities to better track revenues owed. Current pledges receivable decreased by \$4,340,593 (-97%). The decrease in current pledges is due to the payoff of large multiyear grant pledges.

Noncurrent assets decreased by \$687,104 (-1%) in fiscal year 2025 over 2024. The decrease is attributable to a decrease in balances for pledges receivable and lease receivables. Pledges receivable decreased by \$980,750 (-10%) as a result of a reduction to the outstanding pledges receivable balance with current year payment. Prior year balances included two multi-year grant awards totaling \$13,999,899 and balances for new pledges were significantly smaller. Lease receivables also decreased by \$1,137,602 (-6%) due to an early termination of one lease and no new leases. Capital assets increased by \$1,099,694 (11%) due to new equipment being purchased for the University's new science building. GASB Statement No. 87, *Leases* (GASB 87), requires all leases and contracts that meet the definition of a lease to be reported on the statements of net position.

Noncurrent assets increased by \$10,011,735 (23%) in fiscal year 2024 over 2023. The increase is attributable to pledges receivable increasing by \$9,019,782 as a result of receiving two multi-year grant awards totaling \$13,999,899. Lease receivables also increased \$1,534,361 (8%) due to some of the leases extending option periods through 2034. Capital assets decreased by \$432,392 (-4%) due to depreciation for fiscal year 2024 increasing the Corporation's accumulated depreciation. GASB 87 requires all leases and contracts that meet the definition of a lease to be reported on the statements of net position.

Liabilities

In fiscal year 2025, current liabilities increased by \$1,162,485 (35%) over 2024. The increase is related primarily to an increase in accounts payable to related parties of \$1,435,952 (109%). Related-party payables increased due to payments to the University for utility bills, salary reimbursements, and other services for invoices received at year-end.

In fiscal year 2024, current liabilities increased by \$739,417 (29%) over 2023. The increase is related primarily to increases in accounts payable of \$635,057 (62%) and accounts payable to related parties of \$304,928 (30%). Year-end accruals increased accounts payable in fiscal year 2024 compared to fiscal year 2023 primarily due to new equipment purchased for the University's new science building in preparation of the building opening for the start of Fall 2024. Related-party payables increased due to payments to the University for scholarships, salary reimbursements, and other services for invoices received at year-end.

Noncurrent liabilities in fiscal year 2025 decreased by \$166,851 (-2%) over 2024, which is attributable to the recognition of noncurrent lease liabilities, required under GASB 87, for the Corporation's lease obligations.

Noncurrent liabilities in fiscal year 2024 decreased slightly by \$33,328 (0.4%) over 2023, which is attributable to the recognition of noncurrent lease liabilities, required under GASB 87, for the Corporation's lease obligations.

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

**Management Discussion and Analysis – Continued
(Unaudited)**

Liabilities (Continued)

Deferred inflows of resources equaled \$18,046,005 and \$19,688,075 as of June 30, 2025 and 2024, respectively. Deferred inflows of resources decreased due to expanding the option period for vendor leases recorded at present value. Deferred inflows of resources also include charitable annuities held by the CSU Foundation. The charitable annuities held by the Corporation increased \$5,997 in fiscal year 2025 due to the increase of market value and present value of charitable annuities.

Net Position

As of June 30, 2025, the total net position is \$69,348,144, which is an increase of \$6,059,170 (10%) over fiscal year 2024. The increase is attributable to increases in contributions and investment returns. During 2025, the Corporation's investment portfolio ended fiscal year 2025 with positive returns of 9% compared to 2024.

As of June 30, 2024, the total net position is \$63,288,974, which is an increase of \$12,344,581 (24%) over fiscal year 2023. The increase is attributable to increases in grants and contracts, program revenues, and contributions. During 2024, the Corporation's investment portfolio ended fiscal year 2024 with positive returns of 8.6% compared to 2023.

Results of Operations

The statements of revenues, expenses, and changes in net position present the Corporation's operating results, as well as the non-operating revenues and expenses. Operating revenues primarily include grants, contracts, retail operations, and program revenues. 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 statements of revenues, expenses, and changes in net position for the years ended June 30, 2025 and 2024 are included in the financial statements. A condensed version is shown below:

Condensed Statements of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2025, 2024, and 2023:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Operating revenues (expenses):			
Revenues	\$ 24,735,723	\$ 28,788,601	\$ 24,805,322
Expenses	(27,962,549)	(23,059,133)	(22,816,592)
Operating income (loss)	<u>(3,226,826)</u>	<u>5,729,468</u>	<u>1,988,730</u>
Non-operating revenues (expenses):			
Contributions	5,551,741	4,192,221	3,158,830
Investment return	3,952,470	3,174,450	2,628,747
Endowment fees	(14,686)	(13,531)	(12,916)
Other non-operating expenses	(203,529)	(738,027)	(41,141)
Total non-operating revenues (expenses)	<u>9,285,996</u>	<u>6,615,113</u>	<u>5,733,520</u>
Change in net position	<u>\$ 6,059,170</u>	<u>\$ 12,344,581</u>	<u>\$ 7,722,250</u>

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

**Management Discussion and Analysis – Continued
(Unaudited)**

OPERATING REVENUES

Retail, Program, Grants, and Contracts Revenues

For fiscal year 2025, revenues decreased over fiscal year 2024 by \$4,052,278 (-14%). Grants and contracts decreased in fiscal year 2025 over 2024 by \$3,588,961 (-25%) due to the conclusion of large multi-year grant pledges received in the prior year. Retail revenues remained below pre-pandemic levels; however, revenues have continued to improve post-pandemic. In fiscal year 2025, revenues overall increased by \$29,520 (2%) for retail revenues compared to the prior fiscal year.

For fiscal year 2024, revenues increased over fiscal year 2023 by \$3,983,279 (16%). Grants and contracts increased in fiscal year 2024 over 2023 by \$5,464,972 (62%) due to receiving two large multi-year grant pledges totaling \$13,999,999. Retail revenues remained below pre-pandemic levels; however, revenues have continued to improve post-pandemic. In fiscal year 2024, revenues overall decreased by \$244,779 (-17%) for retail revenues compared to the prior fiscal year due to reporting revenues from Follett being recorded as rental income instead of as commission. This change is related to the structure of the contract base changing from commission to base revenue on allocation of space starting in fiscal year 2023.

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

Program revenues decreased by \$19,005 (1%) in fiscal year 2025 over fiscal year 2024. Programs which increased program revenues include:

- The Sierra Nevada Field Campus (SNFC)/Summer Operating Fund is a program which operates classes and workshops at a field campus in Sierra County. SNFC operates classes in the subjects of natural sciences, land management, art, music, and culture. In fiscal year 2025, registration revenues increased by \$5,385 over fiscal year 2024. With extensive efforts expended in fiscal year 2024, the program was able to maintain those strides and improve marginally in fiscal year 2025.
- The Bay Area Math Circle is a program which offers opportunities to learn mathematics and problem-solving skills to K-12 students in the San Francisco Bay Area in after-school enrichment programs. In fiscal year 2025, the Bay Area Math Circle increased its program revenue by \$13,974. Revenues for the program consist of registration fees charged to families for student participants and to the school district for offering the program at various campuses in San Francisco.

Program revenues increased by \$523,578 (19%) in fiscal year 2024 over fiscal year 2023. Programs which increased program revenues include:

- SNFC/Summer Operating Fund is a program which operates classes and workshops at a field campus in Sierra County. SNFC operates classes in the subjects of natural sciences, land management, art, music, and culture. In fiscal year 2024, registration revenues increased by \$157,000 over fiscal year 2023. Extensive efforts have been expended to increase attendance at the campus exceeding pre-pandemic levels.
- The Family Acceptance Project is a program that provides research, education, and intervention initiatives to help families learn to support their LGBTQ+ children. Program revenues increased by \$228,425 in fiscal year 2024 over the prior fiscal year.

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

**Management Discussion and Analysis – Continued
(Unaudited)**

OPERATING REVENUES (CONTINUED)

Retail, Program, Grants, and Contracts Revenues (Continued)

The Corporation's self-operated retail locations include two convenience store locations, a 24-hour automatic vending location, and a copy center which provides printing services for the campus community. Revenues for these retail locations during fiscal year 2025 increased over fiscal year 2024. The campus population still remains below pre-pandemic levels, however, with more students, faculty and staff returning to campus in fiscal year 2025, revenue for the self-operated locations continued trending upward. In 2025, the self-operated enterprises fared as follows:

- Open 24, an automated 24-hour vending machine, generated retail revenues of \$29,861 and \$41,231 in fiscal years 2025 and 2024, respectively. Open 24 has been operational all fiscal year with no significant equipment or technical issues. Open 24 continues to provide a service to the campus community after hours when most other retail locations are closed. Revenue generated by Open 24 has a correlation to sales in Lobby Shop and Healthy U, the other two convenience store locations operated on campus. As sales increase in Lobby Shop and Healthy U, sales decrease in Open 24.
- Retail revenues for Lobby Shop and Healthy U continued to increase in 2025 over 2024. Healthy U revenues were \$359,546 and \$321,602 in fiscal years 2025 and 2024, respectively. EBT program increased revenues for Healthy U as well as offering grab and go food options for the campus community. The Lobby Shop revenues were \$595,293 and \$582,265 in fiscal years 2025 and 2024, respectively.
- Ctrl+P, an on-campus copy center operated by the Corporation, had revenues of \$249,025 and \$261,157 in fiscal years 2025 and 2024, respectively. Ctrl+P is a vital resource for the campus community, providing services to the campus, college departments, and students and has continued improving and increasing services offered in fiscal year 2025.

Revenues for these retail locations during fiscal year 2024 increased over fiscal year 2023 as the campus population began to stabilize post-pandemic. Though campus traffic has not returned to pre-pandemic levels, the campus population in fiscal year 2024 has established a new normal level. In 2024, the self-operated enterprises fared as follows:

- Open 24, an automated 24-hour vending machine, generated retail revenues of \$41,231 and \$74,459 in fiscal years 2024 and 2023, respectively. Open 24 ceased to be operational for over two weeks in fiscal year 2024 as a result of the machine being vandalized, a technical issue which slowed processing credit card sales, and increased sales in Lobby Shop and Healthy U, resulting in decreased revenues in Open 24.
- Open 24, an automated 24-hour vending machine, continued to operate but with very limited revenues. It generated retail revenues of \$74,459 and \$55,479 in fiscal years 2024 and 2023, respectively

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

**Management Discussion and Analysis – Continued
(Unaudited)**

OPERATING REVENUES (CONTINUED)

Retail, Program, Grants, and Contracts Revenues (Continued)

- Retail revenues for Lobby Shop and Healthy U were higher in 2024 over 2023. Revenues for the stores continued to grow in 2024, though still lower than revenues prior to the pandemic. Healthy U revenues were \$321,602 and \$321,603 in fiscal years 2024 and 2023, respectively. The implementation of the EBT program increased revenues for Healthy U during the fiscal year. The Lobby Shop revenues were \$582,265 and \$494,265 in fiscal years 2024 and 2023, respectively.
- Ctrl+P, an on-campus copy center operated by the Corporation, had revenues of \$261,157 and \$225,835 in fiscal years 2024 and 2023, respectively. Ctrl+P is a vital resource for the campus community, providing services to the campus, college departments, and students and has continued improving and increasing services offered in fiscal year 2024.

Follett runs the University's campus bookstore through its contract with the Corporation. The lease payments became \$350,000 annually in fiscal year 2025 per the contract.

Related-party revenues represent revenues received from the campus or other auxiliaries on campus. The related-party revenues are largely revenues 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 2025, related-party revenues decreased by \$185,306 (-3%) over 2024. The decrease is related to a one-time additional payout transfer from the endowment fund in the prior year and funds received for reimbursable cost. In 2024, related-party revenues decreased by \$2,047,421 (-22%) over 2023. The decrease is related to a one-time additional payout transfer from the endowment fund in the prior year.

Indirect costs from grants, contracts, and campus programs were eliminated against revenues so as not to double count the total revenues and expenses. Indirect costs were \$690,876 and \$492,224 as of June 30, 2025 and 2024, respectively.

Rental Income

The Corporation's rental income includes 21 food-vending tenants, a bank, ATMs, and construction companies leasing storage space. The Corporation's food vendors continue to be impacted by the decrease in campus population despite more students, faculty, and staff returning to campus. In fiscal year 2025, one vendor terminated their lease early. The Corporation continues to increase its short-term leases with construction companies leasing storage space, which increased revenues collected on the Corporation's Sutro site by \$4,614. Rental income decreased in fiscal year 2025 by \$239,225 (-9%). The decrease is related to early termination of a lease and recognition of rental revenues for all leases that meet the GASB 87 requirement on a straight-line basis.

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

**Management Discussion and Analysis – Continued
(Unaudited)**

OPERATING REVENUES (CONTINUED)

Rental Income (Continued)

The campus population remained below pre-pandemic levels during fiscal year 2024. The Corporation's food vendors continue to be impacted by the decrease in campus population despite more students, faculty, and staff returning to campus. The Corporation discontinued rent amendments to its vendors in fiscal year 2024 and created amendments to their contract resetting for rent going forward. The new rent makes revenue more predictable and rent will increase three percent per year. Chase, one of the ATM vendors, terminated their lease in December 2023. The Corporation increased its short-term leases with construction companies leasing storage space, which increased revenues collected on the Corporation's Sutro site by \$12,108. Rental income increased in fiscal year 2024 by \$233,890 (9%). The increase is related to higher rent collected with the new rent structure and recognition of rental revenues for all leases that meet the GASB 87 requirement on a straight-line basis.

Other Revenues

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

In 2025, other revenues decreased by \$49,901 (-69%) over 2024 as a result of the Corporation not receiving the insurance payment against a claim in fiscal year 2024.

In 2024, other revenues increased by \$53,039 (278%) over 2023. In fiscal year 2024, the Corporation received \$43,080 from an insurance claim related to snow damage in fiscal year 2023 at the SNFC.

OPERATING EXPENSES

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

Operating expenses increased in fiscal year 2025 by \$4,903,416 (21%) over 2024. In fiscal year 2025, indirect costs of \$690,876 were eliminated against revenues from grants, contracts, and campus programs, so as not to double count the total revenues and expenses. Expenses related to grants and contracts increased by \$4,140,867 (69%) during 2025 as grants provided more student support through stipends and scholarships. Scholarship expenses increased over the prior year by \$111,031 (4%), due to increased support from endowments through scholarships and stipends were given out to students in 2025.

Operating expenses increased in fiscal year 2024 by \$242,541 (1%) over 2023. In fiscal year 2024, indirect costs of \$492,224 were eliminated against revenues from grants, contracts, and campus programs, so as not to double count the total revenues and expenses. Expenses related to grants and contracts increased by \$868,934 (17%) during 2024 as grants provided more student support through stipends and scholarships. Scholarship expenses increased over the prior year by \$344,033 (15%), due to increased support from endowments through scholarships and stipends were given out to students in 2024.

During fiscal year 2025, the Corporation's retail expenses decreased by \$19,690 (1%) over 2024, due to reduced retail operations salary expenses in 2025. As sales increase, expenses are directly impacted by staffing and cost of goods sold. Though the level of activity for the retail locations remains below pre-pandemic levels, operations are trending in a positive direction.

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

**Management Discussion and Analysis – Continued
(Unaudited)**

OPERATING EXPENSES (CONTINUED)

During fiscal year 2024, the Corporation's retail expenses decreased by \$121,247 (7%) over 2023, due to reduced retail operations salary expenses in 2024. As sales increase, expenses are directly impacted by staffing and cost of goods sold. Though the level of activity for the retail locations remains below pre-pandemic levels, operations are trending in a positive direction.

Management and general expenses decreased in 2025 by \$610,769 (14%). Salaries and benefits decreased due to three vacant positions, two of which remained vacant for majority of the fiscal year. In fiscal year 2025, the Corporation's expenses for space in the Cesar Chavez Student Center (the Student Center) decreased because of the Corporation reducing its square footage in the building. (See Note 9.)

Management and general expenses decreased in 2024 by \$1,149,004 (21%). Salaries and benefits increased due to providing cost of living increases to staff members' salaries in alignment with the University.

NON-OPERATING REVENUES AND EXPENSES

Contributions

Contributions are recognized as revenues when they are verifiable, measurable, probable of collection, and the Corporation has met all time and eligibility requirements. Contributions increased in fiscal year 2025 over the prior fiscal year by \$1,359,520 (32%). The Corporation received gifts in 2025 to support the Science & Engineering Innovation Center, donations to support activities, including career readiness and student persistence initiatives, and pledges for scholarships.

Contributions are recognized as revenues when they are verifiable, measurable, probable of collection, and the Corporation has met all time and eligibility requirements. Contributions increased in fiscal year 2024 over the prior fiscal year by \$1,033,391 (33%). The Corporation received gifts in 2024 to support the chair in College of Ethnic Studies, SNFC, and scholarships that were not received in 2023.

Investment Return

Investment income increased in fiscal year 2025, though concern remains due to the volatility of increases in tariffs. The Federal Reserve held interest rates constant for the year and is expected to continue to do so while monitoring inflation. Investment returns for the fiscal year increased \$778,020 (25%) over the prior fiscal year's earnings. Equities and fixed income both exceeded the benchmarks. The Corporation's portfolio returned 9% for the fiscal year with U.S. equities returning 13.1% and U.S. fixed income returning 6.2%. The alternatives in the portfolio were down for the fiscal year end at 0.5%.

Other Non-operating Revenues (Expenses)

Other non-operating revenues decreased in fiscal year 2025 over fiscal year 2024 by \$534,498 as a result of adjustments recorded during the fiscal year related to managing leases according to GASB 87. There were one-time reconciling adjustments which were recorded in fiscal year 2025 due to adjusting leases recorded to reflect the actual leasing agreements. The changes that contributed to variances were associated with correcting the monthly or quarterly rent calculation, as well as processing an early lease termination.

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

**Management Discussion and Analysis – Continued
(Unaudited)**

SIGNIFICANT ITEMS

The Corporation continued its commercial retail and rental programs. In 2025, the retail and rental program revenues were still below return to pre-pandemic levels, however, its rental program and expected revenue was stabilized with contract amendments for fiscal year 2024. In fiscal year 2025, the Corporation retail operations ended fiscal year, 2% ahead last year and the overall profitability of the retail operations showed clear signs continuing to move out of the pandemic and establishing new revenues levels and expectations. During the fiscal year, there were two vending locations vacant, and all other locations were open.

During the next fiscal year, the Corporation will be working to fill two vacant vending locations. In the last quarter of fiscal year 2025 the Corporation issued a RFP for one of the two open spaces in the Cesar Chavez Student Center, in working with the Retail and Commercial Services committee the operations team will select a new food vendor. The Corporation will work with campus partners to determine a potential service, using survey results for the remaining open space in the student center.

The Corporation will also be releasing a Request for Proposal (RFP) for its program, Sierra Nevada Field Campus, to prepare a concept study that provides options for replacing the current dining hall with bathroom and classroom space. The concept study will provide possible design options and high level cost projection for future planning and fundraising.

During fiscal year 2025, the Corporation in April 2025 appointed Tammie Ridgell, as the Executive Director stabilizing the executive leadership of the organization.

The Corporation will be implementing CSUBuy which is a CSU initiative in which all 23 campuses' will implement. CSUBuy will impact procurement and accounts payable. CSUBuy is a new procure-to-pay (P2P) platform, a process for efficiently managing the purchasing of goods and services.

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,

	<u>2025</u>	<u>2024</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,435,363	\$ 1,576,514
Investments, unrestricted	41,955,665	35,975,471
Pledges receivable, current	200,018	149,019
Accounts receivable, net	1,740,421	2,558,583
Lease receivables, current portion	361,860	701,868
Prepaid expenses and other assets	<u>56,907</u>	<u>63,149</u>
Total current assets	<u>45,750,234</u>	<u>41,024,604</u>
NONCURRENT ASSETS:		
Pledges receivable, net of current portion	8,640,046	9,620,796
Lease receivables, net of current portion	19,028,230	20,165,832
Investments:		
Unrestricted	14,926,995	13,292,609
Restricted	779,367	707,991
Capital assets, net	<u>10,913,339</u>	<u>9,813,645</u>
Total noncurrent assets	<u>54,287,977</u>	<u>53,600,873</u>
Total assets	<u>100,038,211</u>	<u>94,625,477</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u><u>\$ 100,038,211</u></u>	<u><u>\$ 94,625,477</u></u>

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,

	<u>2025</u>	<u>2024</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	\$ 1,203,591	\$ 1,652,089
Accrued salaries and benefits payable	227,213	155,826
Accrued compensated absences	160,848	56,810
Payable to related parties	2,750,202	1,314,250
Unearned revenue	4,635	6,700
Lease liabilities - current portion	<u>107,015</u>	<u>105,344</u>
Total current liabilities	<u>4,453,504</u>	<u>3,291,019</u>
NONCURRENT LIABILITIES:		
Lease liabilities - noncurrent portion	<u>8,190,558</u>	<u>8,357,409</u>
Total noncurrent liabilities	<u>8,190,558</u>	<u>8,357,409</u>
Total liabilities	<u>12,644,062</u>	<u>11,648,428</u>
DEFERRED INFLOWS OF RESOURCES (NOTE 2)	<u>18,046,005</u>	<u>19,688,075</u>
NET POSITION:		
Invested in capital assets	10,913,339	9,813,645
Restricted for:		
Nonexpendable - endowments	779,367	707,991
Expendable	56,862,050	53,363,231
Unrestricted	<u>793,388</u>	<u>(595,893)</u>
Total net position	<u>69,348,144</u>	<u>63,288,974</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 100,038,211</u>	<u>\$ 94,625,477</u>

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

For the Year Ended June 30,

	<u>2025</u>	<u>2024</u>
Operating revenues:		
Grants and contract revenue	\$ 10,733,449	\$ 14,322,410
Program revenue	3,325,768	3,344,773
Retail revenue	1,235,775	1,206,255
Programs funded by related parties	6,920,267	7,105,573
Rental income	2,498,261	2,737,486
Other revenues	<u>22,203</u>	<u>72,104</u>
Total operating revenues	<u>24,735,723</u>	<u>28,788,601</u>
Operating expenses:		
Grants and contracts	10,164,539	6,023,672
Campus programs	8,339,269	7,363,904
Rental expenses	247,252	275,256
Student scholarships	2,753,138	2,642,107
Management and general	3,700,969	4,311,738
Retail expenses	1,676,979	1,696,669
Depreciation and amortization	848,474	639,514
Student organization	<u>231,929</u>	<u>106,273</u>
Total operating expenses	<u>27,962,549</u>	<u>23,059,133</u>
Operating income (loss)	<u>(3,226,826)</u>	<u>5,729,468</u>
Non-operating revenues (expenses):		
Contributions	5,551,741	4,192,221
Investment return	3,952,470	3,174,450
Endowment fees	(14,686)	(13,531)
Other non-operating expenses	<u>(203,529)</u>	<u>(738,027)</u>
Net non-operating revenues to permanent endowment	<u>9,285,996</u>	<u>6,615,113</u>
Change in net position	6,059,170	12,344,581
Net position, beginning of the year	<u>63,288,974</u>	<u>50,944,393</u>
Net position, end of the year	<u><u>\$ 69,348,144</u></u>	<u><u>\$ 63,288,974</u></u>

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

For the Year Ended June 30,

	2025	2024
Cash flows from operating activities:		
Receipts from programs	\$ 25,794,642	\$ 19,625,435
Rent receipts	2,498,261	2,737,486
Payments to suppliers	(16,591,999)	(10,628,846)
Payments to employees for services	(6,858,672)	(8,836,170)
Scholarships to students	(2,753,138)	(2,642,107)
Other	22,203	72,104
Net cash provided by operating activities	<u>2,111,297</u>	<u>327,902</u>
Cash flows from non-capital financing activities:		
Donations received	5,210,021	4,312,570
Deferred inflows of resources - financing leases	(1,021,635)	(1,089,243)
Principal payments under lease obligations	(110,215)	(101,789)
Non-operating expense - loss on early termination of lease	13,444	-
Net cash provided by non-capital financing activities	<u>4,091,615</u>	<u>3,121,538</u>
Cash flows from capital and related financing activities:		
Proceeds and transfers of capital assets to related parties	2,538,663	750,000
Purchase of capital assets	(4,538,944)	(941,218)
Net cash used in capital and related financing activities	<u>(2,000,281)</u>	<u>(191,218)</u>
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	31,500,562	14,403,090
Purchase of investments	(37,796,959)	(19,700,567)
Investment income	1,952,615	1,458,418
Net cash used in investing activities	<u>(4,343,782)</u>	<u>(3,839,059)</u>
Net change in cash and cash equivalents	<u>(141,151)</u>	<u>(580,837)</u>
Cash and cash equivalents, beginning of year	<u>1,576,514</u>	<u>2,157,351</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,435,363</u></u>	<u><u>\$ 1,576,514</u></u>
Supplemental disclosures of cash flow activity:		
Non-cash activity:		
Right-of-use assets	\$ 52,113	\$ 73,182
Obtaining right-of-use assets in exchange for lease liabilities	\$ 54,965	\$ 73,234
Leases receivable	\$ 1,477,610	\$ 1,716,671
Deferred inflows of resources - financing leases	\$ 626,431	\$ 2,400,010

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

For the Year Ended June 30,

	<u>2025</u>	<u>2024</u>
Reconciliation of operating income (loss) to net cash		
flows from operating activities:		
Operating income (loss)	\$ (3,226,826)	\$ 5,729,468
Adjustments to reconcile operating income to net cash		
flows from operating activities:		
Depreciation and amortization	848,474	639,514
Interest expense	(251,439)	(257,475)
Loss on disposal of asset	-	57,278
Other non-operating loss related to leases	-	531,474
Reduction of deferred inflows attributable to operations	-	(221,950)
Changes in operating assets and liabilities:		
Pledges receivable	1,277,468	(4,808,272)
Accounts receivable, net	818,162	(1,003,451)
Lease receivables, net	1,477,511	(1,093,873)
Prepaid expenses and other assets	6,242	20,545
Accounts payable	(447,607)	635,057
Accrued salaries and benefits payable	71,387	(183,858)
Accrued compensated absences	104,038	(22,487)
Payable to related parties	1,435,952	304,928
Unearned revenue	(2,065)	1,004
	<u>5,338,123</u>	<u>(5,401,566)</u>
Total adjustments		
	<u>\$ 2,111,297</u>	<u>\$ 327,902</u>
Net cash provided by operating activities		
	<u>\$ 2,111,297</u>	<u>\$ 327,902</u>
Supplemental disclosures of cash flow activity:		
Noncash activity:		
Donation of stock received	\$ 228,647	\$ 377,059
Unrealized gains	\$ 1,939,810	\$ 1,598,957

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

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025 and 2024

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 and 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 the statements of net position as of June 30, 2025 and 2024, and the related statements of revenue, expenses, and changes in net position, and 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 statements 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 revenues as soon as all eligibility requirements have been met.

Assets that can reasonably be expected, as part of the Corporation's normal business operations, to be converted to cash and be available for liquidation of current liabilities within 12 months of the date of the statements of net position are current. 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 statements of net position are current. All other assets and liabilities are noncurrent, with the exception of those amounts that are required to be reported as deferred outflows or inflows of resources. The Corporation follows GASB Statement No. 63 and Statement No. 65, which provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in the statements of net position and related disclosures. The statements define deferred outflows or inflows of resources as transactions that result in the consumption or acquisition of net assets in one period that are applicable to future periods.

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

The Corporation's net position is classified into the following categories:

- *Invested in Capital Assets:* Capital assets, net of accumulated depreciation and any related debt;
- *Restricted, Nonexpendable:* Net position subject to externally imposed conditions that the Corporation retains in perpetuity. Net position in this category consists of endowments;
- *Restricted, Expendable:* Net position 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 and contracts, scholarships, and fellowships;
- *Unrestricted:* All unrestricted net position that may be designated for use by management or the Corporation's Board of Directors.

New Accounting Pronouncement

In June 2022, GASB issued Statement No. 101, *Compensated Absences*, effective for the Corporation's fiscal year beginning July 1, 2024. This statement requires that liabilities for compensated absences be recognized for earned leave that accumulates and is more likely than not to be used or settled. The Corporation has adopted and evaluated the effect of GASB Statement No. 101. The adoption of the statement had no material impact on the Corporation's financial statements and related disclosures.

Cash and Cash Equivalents

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

Custodial credit risk is the risk that in the event of a bank failure, the Corporation's bank 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 the 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, 2025 and 2024, the Corporation maintained balances in excess of federally insured limits.

Investments

Investments are stated at fair value. The Corporation pools available resources into savings, checking, 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.

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

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 fund managers. 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.

Endowment 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 position as long as the donor has not restricted those earnings. The Uniform Prudent Management of Institutional Funds Act (UPMIFA), which was 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 earnings on investments 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 its endowment principal. The Corporation's 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.

Pledges Receivable, Net

Pledges receivable are unconditional promises to give 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 revenues in the period pledged. Pledges extending beyond one year are discounted to recognize the present value of the future cash flows.

Pledges receivable are expected to be received within the next five years as follows as of June 30,

	2025	2024
One year	\$ 200,018	\$ 149,019
Two to five years	8,640,046	9,620,796
Total	<u>\$ 8,840,064</u>	<u>\$ 9,769,815</u>

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pledges Receivable, Net (Continued)

In subsequent years, this discount is accreted and recorded as additional contribution revenues in accordance with donor-imposed restrictions. The allowance for uncollectible pledges is determined by management. At June 30, 2025 and 2024, 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 revenues. The discount rate used to calculate the present value of pledges is 7.50% and 8.50% for fiscal years 2025 and 2024, respectively. The total discounts were \$1,474,799 and \$2,074,389 at June 30, 2025 and 2024, respectively. Conditional promises and intentions to pledge are recognized as receivables and revenues when the specific condition and/or eligibility and recognition requirement are met.

The pledges 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 gifts designated for current use. The annuities have been recorded at present value of the total annuities. The annuities recorded were \$109,457 and \$103,460 as of June 30, 2025 and 2024, respectively.

Accounts Receivable, Net

Accounts receivable include amounts due from special projects, business services, contracts, and other receivables from the University. Accounts receivable of \$1,740,421 and \$2,558,583 as of June 30, 2025 and 2024, respectively, are shown net of an allowance for uncollectible accounts of \$0 and \$1,669, respectively.

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 property. Amortization of leasehold improvements is recognized over the lesser of the lease term or useful life. Property and equipment with a value of less than \$5,000 are not capitalized. The Corporation transfers ownership of capital assets belonging to closed projects to the University annually, where appropriate, and transfers capital assets it purchases when those assets are requested to be transferred to the University. Transfers of net book value made to the University during the years ended June 30, 2025 and 2024 were \$2,538,663 and \$0, respectively.

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

Compensated Absences

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

Revenues and Expenses

The Corporation classifies operating revenues into six categories: program revenues, grants and contracts, programs funded by related parties, retail revenues, rental income, and other revenues. Program revenues, 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, and private foundations and individual contributions restricted for a particular program. Programs funded by related parties primarily represent revenues transferred from the San Francisco State University Foundation (the Foundation) for scholarships and campus programs.

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues and Expenses (Continued)

Retail revenues and expenses include revenues from the operation of Lobby Shop and Healthy U, two convenience stores, Open 24, a 24-hour automated vending machine, and Ctrl+P, an on-campus copy center. The balance relates to commission revenues from the operator of the University's bookstore.

Rental income is comprised of revenues generated from food vendors and commercial space leased to various corporations.

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

The Corporation classifies the non-operating revenues and expenses category as revenues 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 Corporation's investment policy (such as interest, dividends, and net realized and unrealized gains and losses). During fiscal year 2024, there was a one-time reconciling adjustment of \$696,886 in non-operating expenses related to system changes for managing leases according to GASB 87.

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 Revenue and Taxation Code. Continuance of such exemption is subject to compliance with laws and regulations of the respective taxing authorities. Certain activities that are 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 in the opinion of management, the net income from unrelated business is not material to the basic financial statements taken as a whole. The statute of limitations for federal and California state purposes is generally three and four years, respectively.

Fair Value Measurement

GASB Statement No. 72, *Fair Value Measurement and Application*, 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.

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement (Continued)

The following represents the fair value hierarchy model applicable under the statement:

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

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

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

Net asset value (NAV) - the fair value of underlying assets as reported by the Corporation in its financial statements or as determined by fund managers. 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 statements of net position include 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 two items that qualify for reporting in this category as of June 30, 2025: 1) deferred inflows from charitable gift annuities held at the Foundation for \$109,457 and 2) \$17,936,548 in deferred inflows of resources related to lease arrangements that are recognized on a straight line-basis over the life of the arrangements.

Lease Revenues and Expense

The Corporation recognizes lease revenues and expense on a straight-line basis over the term of the respective lease on the statements of revenues, expenses, and changes in net position. In 2022, with the implementation of GASB 87, a lessor is required to recognize a lease receivable and a deferred inflow of resources on the statements of net position, and a lessee is required to recognize a lease liability and an intangible right-to-use lease asset on the statements of net position.

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 3 – INVESTMENTS

Investments consist of the following as of June 30, 2025:

	Fair Value	Investment Maturities (Years)				
		< 1	1 – 5	6 – 10	10+	Other
Local Agency Investment Fund	\$ 15,257,108	\$ 15,257,108	\$ -	\$ -	\$ -	\$ -
Broker Money Market Funds	720,847	720,847	-	-	-	-
U.S. Treasury Securities	5,048,624	2,712,482	779,263	1,556,879	-	-
Agency Securities	302,624	118,668	19,702	164,254	-	-
Corporate Debt Securities	5,163,264	2,578,853	1,704,433	879,978	-	-
Municipal Bonds	346,802	25,000	321,802	-	-	-
Mortgage-Backed Securities	1,393,424	266,420	31,699	228,382	866,923	-
Mutual Funds	7,517,813	7,517,813	-	-	-	-
CMO & Asset-Backed Securities	238,172	55,290	157,854	25,028	-	-
REIT	261,607	261,607	-	-	-	-
Equity Securities	17,745,940	12,441,577	-	-	-	5,304,363
Alternative Investments	3,665,802	-	-	-	-	3,665,802
	<u>\$ 57,662,027</u>	<u>\$ 41,955,665</u>	<u>\$ 3,014,753</u>	<u>\$ 2,854,521</u>	<u>\$ 866,923</u>	<u>\$ 8,970,165</u>

Investments consist of the following as of June 30, 2024:

	Fair Value	Investment Maturities (Years)				
		< 1	1 – 5	6 – 10	10+	Other
Local Agency Investment Fund	\$ 15,966,650	\$ 15,966,650	\$ -	\$ -	\$ -	\$ -
Broker Money Market Funds	595,115	595,115	-	-	-	-
U.S. Treasury Securities	2,686,843	665,341	1,069,480	952,022	-	-
Agency Securities	480,296	72,988	147,319	259,989	-	-
Corporate Debt Securities	2,531,239	613,456	1,465,850	451,933	-	-
Municipal Bonds	393,689	72,820	290,913	29,956	-	-
Mortgage-Backed Securities	611,211	-	9,625	61,056	540,530	-
Mutual Funds	6,683,719	6,683,719	-	-	-	-
CMO & Asset-Backed Securities	463,807	33,498	399,570	30,739	-	-
REIT	263,250	263,250	-	-	-	-
Equity Securities	15,589,331	11,008,634	-	-	-	4,580,697
Alternative Investments	3,710,921	-	-	-	-	3,710,921
	<u>\$ 49,976,071</u>	<u>\$ 35,975,471</u>	<u>\$ 3,382,757</u>	<u>\$ 1,785,695</u>	<u>\$ 540,530</u>	<u>\$ 8,291,618</u>

**The University Corporation, San Francisco State
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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 3 – INVESTMENTS (CONTINUED)

Investment return for the years ended June 30, 2025 and 2024 consists of the following:

	2025	2024
Interest and Dividends	\$ 1,776,680	\$ 1,382,779
Realized and Unrealized Gain	2,357,541	1,981,214
Management Fees	(181,751)	(189,543)
	<u>\$ 3,952,470</u>	<u>\$ 3,174,450</u>

The Corporation mitigates its interest rate risk using professional fund managers that use their judgment when selecting debt securities. The Corporation does not currently have a formal policy on future maturity limitations.

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 fund managers 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.

Securities held by any one issuer are limited to 10% of a particular fund 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 represents the risk that, in the event of failure of a 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) accounts are insured by Securities Investor Protection Corporation (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 a 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. Charles Schwab & Co., Inc. 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 California 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."

**The University Corporation, San Francisco State
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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 3 – INVESTMENTS (CONTINUED)

Local Agency Investment Fund (LAIF) (Continued)

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, 2025 and 2024, the Corporation's investments consist of the following assets, which are classified by level within the fair value hierarchy on a recurring basis at June 30:

	2025				
	Level 1	Level 2	Level 3	NAV	Total
Local Agency Investment Fund	\$ -	\$ -	\$ -	\$ 15,257,108	\$ 15,257,108
Broker Money Market Funds	720,847	-	-	-	720,847
U.S. Treasury Securities	5,048,624	-	-	-	5,048,624
Agency Securities	-	302,624	-	-	302,624
Corporate Debt Securities	-	5,163,264	-	-	5,163,264
Municipal Bonds	-	346,802	-	-	346,802
Mortgage-Backed Securities	-	1,393,424	-	-	1,393,424
Mutual Funds	7,517,813	-	-	-	7,517,813
CMO & Asset-Backed Securities	-	238,172	-	-	238,172
REIT	261,607	-	-	-	261,607
Equity Securities	12,441,577	-	-	5,304,363	17,745,940
Alternative Investments	-	-	-	3,665,802	3,665,802
	<u>\$ 25,990,468</u>	<u>\$ 7,444,286</u>	<u>\$ -</u>	<u>\$ 24,227,273</u>	<u>\$ 57,662,027</u>

	2024				
	Level 1	Level 2	Level 3	NAV	Total
Local Agency Investment Fund	\$ -	\$ -	\$ -	\$ 15,966,650	\$ 15,966,650
Broker Money Market Funds	595,115	-	-	-	595,115
U.S. Treasury Securities	2,686,843	-	-	-	2,686,843
Agency Securities	-	480,296	-	-	480,296
Corporate Debt Securities	-	2,531,239	-	-	2,531,239
Municipal Bonds	-	393,689	-	-	393,689
Mortgage-Backed Securities	-	611,211	-	-	611,211
Mutual Funds	6,683,719	-	-	-	6,683,719
CMO & Asset-Backed Securities	-	463,807	-	-	463,807
REIT	263,250	-	-	-	263,250
Equity Securities	11,008,634	-	-	4,580,697	15,589,331
Alternative Investments	-	-	-	3,710,921	3,710,921
	<u>\$ 21,237,561</u>	<u>\$ 4,480,242</u>	<u>\$ -</u>	<u>\$ 24,258,268</u>	<u>\$ 49,976,071</u>

**The University Corporation, San Francisco State
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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 4 - FAIR VALUE MEASUREMENT (CONTINUED)

Alternative Investments Measured at NAV

	Fair value	Unfunded commitments	Redemption frequency	Redemption notice period
Multi-Strategy Hedge Funds				
(1) Real Estate Funds	\$ 3,074,293	\$ -	Quarterly	90 days
(2) Private Credit	591,509	-	Quarterly	90 days
(3) Commingled Fund	5,304,363	-	Monthly	10 days
Total alternative investments measured at the NAV	<u>\$ 8,970,165</u>	<u>\$ -</u>		

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 Corporation'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 on a quarterly basis with a 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 \$1,666,290 in this fund at June 30, 2025. The second investment has a seven-year lockup after raising \$300 million. The Corporation has invested \$938,437 in this fund at June 30, 2025. The third investment has a seven-year lockup after raising \$200 million. The Corporation has invested \$469,566 in this fund at June 30, 2025.

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 invested \$591,509 in the fund at June 30, 2025.
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.

**The University Corporation, San Francisco State
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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 5 – ENDOWMENTS

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

	2025	2024
Restricted Net Assets – Nonexpendable Endowments	\$ 779,367	\$ 707,991

The Corporation's investment policy during fiscal years 2025 and 2024 allowed a 4% annual payout based on the quarterly average daily balance of the fund. The 4% annual payout was not changed during fiscal years 2025 and 2024, and disbursements were allowed.

NOTE 6 – CAPITAL ASSETS

The following is a roll forward schedule of capital assets for the year ended June 30, 2025:

	Balance June 30, 2024	Additions	Reductions	Transfers	Balance June 30, 2025
Capital assets not being depreciated:					
Construction in progress	\$ -	\$ -	\$ -	\$ -	\$ -
Capital assets being depreciated and amortized:					
Leasehold improvements	3,344,552	-	-	-	3,344,552
Equipment, furniture, and fixtures	2,396,552	4,538,944	(2,941,688)	-	3,993,808
Total capital assets	5,741,104	4,538,944	(2,941,688)	-	7,338,360
Other capital assets:					
Leased land improvements	8,416,065	-	-	-	8,416,065
Leased equipment	268,509	-	(52,113)	-	216,396
Total other capital assets	8,684,574	-	(52,113)	-	8,632,461
Less accumulated depreciation and amortization:					
Leasehold improvements	(1,800,896)	(104,200)	-	-	(1,905,096)
Equipment, furniture, and fixtures	(2,311,175)	(557,708)	403,025	-	(2,465,858)
Leased assets	(499,962)	(186,566)	-	-	(686,528)
Total accumulated depreciation and amortization	(4,612,033)	(848,474)	403,025	-	(5,057,482)
Net capital assets	\$ 9,813,645	\$ 3,690,470	\$ (2,590,776)	\$ -	\$ 10,913,339

Total depreciation and amortization expense for the year ended June 30, 2025 was \$848,474.

On January 1, 2025, the Corporation transferred the capitalized equipment to the University for cash at net book value of \$2,538,663.

**The University Corporation, San Francisco State
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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 6 – CAPITAL ASSETS (CONTINUED)

The following is a roll forward schedule of capital assets for the year ended June 30, 2024:

	Balance June 30, 2023	Additions	Reductions	Transfers	Balance June 30, 2024
Capital assets not being depreciated:					
Construction in progress	\$ 226,471	\$ -	\$ -	\$ (226,471)	\$ -
Capital assets being depreciated and amortized:					
Leasehold improvements	4,904,251	89,164	(1,875,334)	226,471	3,344,552
Equipment, furniture, and fixtures	1,818,891	852,054	(274,393)	-	2,396,552
Total capital assets	6,949,613	941,218	(2,149,727)	-	5,741,104
Other capital assets					
Leased land improvements	8,342,883	73,182	-	-	8,416,065
Leased equipment	268,509	-	-	-	268,509
Total other capital assets	8,611,392	73,182	-	-	8,684,574
Less accumulated depreciation and amortization:					
Leasehold improvements	(2,603,538)	(265,414)	1,068,056	-	(1,800,896)
Equipment, furniture, and fixtures	(2,396,808)	(188,760)	274,393	-	(2,311,175)
Leased assets	(314,622)	(185,340)	-	-	(499,962)
Total accumulated depreciation and amortization	(5,314,968)	(639,514)	1,342,449	-	(4,612,033)
Net capital assets	\$ 10,246,037	\$ 374,886	\$ (807,278)	\$ -	\$ 9,813,645

Total depreciation and amortization expense for the year ended June 30, 2024 was \$639,514.

NOTE 7 – REVOLVING LINE OF CREDIT

The Corporation had a \$3,000,000 line of credit with a financial institution which expired during the fiscal year ended June 30, 2024. The Corporation had no borrowings on the line of credit and opted not to renew the line of credit.

**The University Corporation, San Francisco State
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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 8 – COMPENSATED ABSENCES

A compensated absences liability is recognized for earned leave that accumulates and is more likely than not to be used or settled. Sick leave also accumulates, and an estimate for sick leave more likely than not to be used is included based on historical trends. The total liability includes unused and used but unsettled leave, measured at current pay rates and including salary-related payments. Changes in the liability are disclosed for the fiscal year as follows:

	Balance, June 30, 2024	Net change	Balance, June 30, 2025
Compensated Absences	\$56,810	\$104,038	\$160,848

NOTE 9 – 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 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, 2025 and 2024, as follows:

	<u>2025</u>	<u>2024</u>
Payments to the University for salaries of University personnel working on contracts, grants, and other programs	\$ 4,823,849	\$ 4,033,901
Payments to the University for other than salaries of University personnel	\$ 5,077,694	\$ 4,922,106
Payments to the Foundation and Associated Students for reimbursements	\$ 766,257	\$ 684,526
Payments received from University for services, spaces, and programs	\$ 2,103,215	\$ 1,739,124
Payments received from the Foundation for reimbursements and services	\$ 7,623,951	\$ 7,627,558
Payments received from Associated Students for student support, reimbursements, and accounting services	\$ 1,599,279	\$ 963,369
Gifts (cash or assets) to the University from discretely presented component units	\$ 2,523,355	\$ 2,531,945
Amounts payable to the University	\$ 2,455,426	\$ 1,293,075
Amounts due to other CSU auxiliaries	\$ 294,776	\$ 21,174
Amounts due from other CSU auxiliaries	\$ 100,640	\$ 1,023,671
Accounts receivable from the University	\$ 75,244	\$ 125,229

**The University Corporation, San Francisco State
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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 9 – TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

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 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. For lease costs, the Corporation is required to pay its share of common area and facilities upkeep costs. For the years ended June 30, 2025 and 2024, the Corporation incurred \$973,471 and \$904,025, respectively, for its 44% and 54% share, respectively, 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 Associated Students to support student-related programs and activities it assumed from the Student Center. The Corporation did not contribute rental income to Associated Students for the years ended June 30, 2025 and 2024.

On June 30, 2024, the Corporation transferred the capitalized leasehold improvement to Associated Students for \$750,000.

NOTE 10 – STUDENT CENTER LEASE OPERATIONS

On June 5, 2014, the Board of Directors of the Student Center approved the merger of the Student Center with Associated Students, 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 Associated Students 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 were 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, 2025 and 2024, total rental receipts, including recharges, amounted to \$909,467 and \$925,467, respectively, and total expenses were \$1,412,739 and \$1,010,625, respectively.

During fiscal year 2024, the Corporation amended its sublease arrangements with many of its vendors in the Student Center. The subleases commenced on September 1, 2023, and are set to terminate on June 30, 2029. Base rents ranged from \$8,500 - \$22,000 annually depending on the specific vendor and increased 3% in each year of the contract, with the first increase occurring July 1, 2024, 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 extended from July 1, 2029 to June 30, 2034. All vendors have executed subleases in place.

**The University Corporation, San Francisco State
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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025 and 2024

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 revenues 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 revenues. The Corporation defines program revenues as earned revenues for which a tax deduction would not qualify. Membership fees, conferences and meetings, fees for services, sale of goods, and special events are highlighted examples of program revenues;
- 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 and contracts and campus programs were eliminated against revenues as not to double count the total revenues and expenses.

Administrative fees of \$690,876 and \$505,630 were charged by the Corporation during the years ended June 30, 2025 and 2024, 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 may be 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, 2025 and 2024 were \$11,503 and \$14,276, respectively.

**The University Corporation, San Francisco State
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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 15 – LEASES

As Lessor

The Corporation is the sub-lessor in twenty-three (23) property lease arrangements. Space lease terms range from three (3) to seventeen (17) 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, the 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, 2025:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 361,860	\$ 453,636
2027	364,510	448,740
2028	380,025	443,677
2029	396,175	438,403
2030	402,275	432,957
2031-2035	1,835,881	2,078,033
2036-2040	175,058	3,256,383
2041-2045	724,102	2,525,899
2046-2050	1,125,480	2,124,520
2051-2055	1,306,724	1,943,276
Thereafter	<u>12,318,000</u>	<u>5,882,001</u>
	<u>\$ 19,390,090</u>	<u>\$ 20,027,525</u>

Rental income was \$2,498,261 and \$2,737,486 for the years ended June 30, 2025 and 2024, respectively. Included in lease receivables, current portion on the statements of net position is \$44,848 of interest earned but 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 revenues an average of \$622,544 per year through June 30, 2030, \$541,209 per year through June 30, 2035, and \$247,302 per year through June 30, 2083.

**The University Corporation, San Francisco State
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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 15 – LEASES (CONTINUED)

As Lessee

Equipment Lease

The Corporation entered two (2) financing equipment leases for sixty-six (66) months and sixty (60) months with lease commencement dates in July 2022 and January 2023, respectively. During the fiscal year ended June 30, 2024, one of the financing equipment leases was amended from a variable to fixed maintenance fee with a new forty-six (46) months term effective July 2024.

In estimating the present value of these lease liabilities, the Corporation estimated the 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 expenses were \$61,994 and \$59,265 for the years ended June 30, 2025 and 2024, respectively.

Land Improvement Lease

The Corporation has a ground lease with the University with rent expense of \$300,000 for both of the years ended June 30, 2025 and 2024. (See Note 16.)

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, 2025:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 107,015	\$ 247,921
2027	74,654	244,908
2028	67,282	242,499
2029	59,346	240,654
2030	61,121	238,879
2031-2035	334,134	1,165,866
2036-2040	387,164	1,112,836
2041-2045	448,612	1,051,388
2046-2050	519,812	980,188
2051-2055	602,312	897,688
Thereafter	<u>5,636,121</u>	<u>2,763,880</u>
	<u>\$ 8,297,573</u>	<u>\$ 9,186,707</u>

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 16 - HOLLOWAY AVENUE REVITALIZATION PROJECT (MANZANITA SQUARE)

The Corporation, as a business partner of the University, has entered into a 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 contract. 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 revenues on the project in such lease year compared to the effective gross residential revenues in the preceding lease year.

The Corporation will collect rent from the Tenants and will remit to the University all revenues derived after first deducting a management fee of ten percent (10%) of the gross revenues 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 revenues loss for the 2020-2021 academic year will be offset by ACC against annual base rent an amount equal to 50% of the revenues loss for the 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, 2025 by the Corporation was \$494,688. 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, 2025 and 2024, the Corporation has a lease liability of \$8,216,521 and \$8,269,270 to the University, respectively, related to the ground lease as a result of implementing GASB 87.

NOTE 17 - SUBSEQUENT EVENTS

The Corporation has reviewed its financial statements for all subsequent events through September 19, 2025, the date the financial statements were issued and determined no additional items need to be disclosed.

**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
The University Corporation, San Francisco State

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 statements of net position as of June 30, 2025 and 2024, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated September 19, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audits 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 Corporation'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 audits, 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 audits 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.

A handwritten signature in black ink that reads "Windes, Inc." in a cursive script.

Long Beach, California
September 19, 2025

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

**Schedule of Findings
For the Year Ended June 30, 2025**

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

The independent 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, 2025

(for inclusion in the California State University Financial Statements)

Assets:

Current assets:

Cash and cash equivalents	\$ 1,435,363
Short-term investments	41,955,665
Accounts receivable, net	1,740,421
Lease receivables, current portion	361,860
P3 receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	200,018
Prepaid expenses and other current assets	56,907
Total current assets	<u>45,750,234</u>

Noncurrent assets:

Restricted cash and cash equivalents	-
Accounts receivable, net	-
Lease receivables, net of current portion	19,028,230
P3 receivable, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	8,640,046
Endowment investments	779,367
Other long-term investments	14,926,995
Capital assets, net	10,913,339
Other assets	-
Total noncurrent assets	<u>54,287,977</u>
Total assets	<u>100,038,211</u>

Deferred outflows of resources:

Unamortized loss on debt refunding	-
Net pension liability	-
Net OPEB liability	-
Leases	-
P3	-
Others	-
Total deferred outflows of resources	<u>-</u>

See Independent Auditors' Report

The University Corporation, San Francisco State

SUPPLEMENTARY FINANCIAL INFORMATION

SCHEDULE OF NET POSITION

JUNE 30, 2025

(for inclusion in the California State University Financial Statements)

(Continued)

Liabilities:	
Current liabilities:	
Accounts payable	3,953,793
Accrued salaries and benefits	227,213
Accrued compensated absences, current portion	160,848
Unearned revenues	4,635
Lease liabilities, current portion	107,015
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	<u>4,453,504</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	-
Unearned revenues	-
Grants refundable	-
Lease liabilities, net of current portion	8,190,558
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	<u>8,190,558</u>
Total liabilities	<u>12,644,062</u>
Deferred inflows of resources:	
P3 service concession arrangements	-
Net pension liability	-
Net OPEB liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	109,457
Leases	17,936,548
P3	-
Others	-
Total deferred inflows of resources	<u>18,046,005</u>
Net position:	
Net investment in capital assets	10,913,339
Restricted for:	
Nonexpendable – endowments	779,367
Expendable:	
Scholarships and fellowships	56,862,050
Research	-
Loans	-
Capital projects	-
Debt service	-
P3	-
Others	-
Unrestricted	<u>793,388</u>
Total net position	<u>\$ 69,348,144</u>

See Independent Auditors' Report

The University Corporation, San Francisco State

SUPPLEMENTARY FINANCIAL INFORMATION
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
JUNE 30, 2025
(for inclusion in the California State University Financial Statements)

Revenues:

Operating revenues:

Student tuition and fees, gross	\$ -
Scholarship allowances (enter as negative)	-
Grants and contracts, noncapital:	
Federal	-
State	-
Local	-
Nongovernmental	10,733,449
Sales and services of educational activities	-
Sales and services of auxiliary enterprises, gross	12,958,436
Scholarship allowances (enter as negative)	-
Other operating revenues	1,043,838
Total operating revenues	<u>24,735,723</u>

Expenses:

Operating expenses:

Instruction	2,406,484
Research	449,920
Public service	85,886
Academic support	8,577,790
Student services	2,530,663
Institutional support	1,104,335
Operation and maintenance of plant	3,844,046
Student grants and scholarships	3,379,901
Auxiliary enterprise expenses	4,735,050
Depreciation and amortization	848,474
Total operating expenses	<u>27,962,549</u>
Operating income (loss)	<u>(3,226,826)</u>

The University Corporation, San Francisco State

SUPPLEMENTARY FINANCIAL INFORMATION
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
JUNE 30, 2025
(for inclusion in the California State University Financial Statements)
(Continued)

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	5,551,741
Investment income (loss), net	3,866,408
Endowment income (loss), net	71,376
Interest expense	-
Other nonoperating revenues (expenses)	(203,529)
Net nonoperating revenues (expenses)	<u>9,285,996</u>
Income (loss) before other revenues (expenses)	<u>6,059,170</u>
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
Increase (decrease) in net position	<u>6,059,170</u>
Net position:	
Net position at beginning of year, as previously reported	63,288,974
Restatements	-
Net Position at beginning of year, as restated	<u>63,288,974</u>
Net position at end of year	<u>\$ 69,348,144</u>

The University Corporation, San Francisco State

SUPPLEMENTARY FINANCIAL INFORMATION

OTHER INFORMATION

JUNE 30, 2025

(for inclusion in the California State University Financial Statements)

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	1,435,363
Total	\$ 1,435,363

2.1. COMPOSITION OF INVESTMENTS:

<u>Investment Type</u>	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
Money market funds	\$ 720,847	\$ -	\$ 720,847
Repurchase agreements	-	-	-
Certificates of deposit	-	-	-
U.S. agency securities	118,668	183,956	302,624
U.S. treasury securities	2,712,482	2,336,142	5,048,624
Municipal bonds	25,000	321,802	346,802
Corporate bonds	2,578,853	2,584,411	5,163,264
Asset-backed securities	55,290	182,882	238,172
Mortgage-backed securities	266,420	1,127,004	1,393,424
Commercial paper	-	-	-
Supranational	-	-	-
Mutual funds	7,517,813	-	7,517,813
Exchange-traded funds	-	-	-
Equity securities	12,441,577	5,304,363	17,745,940
Alternative investments:			
Private equity (including limited partnerships)	-	-	-
Hedge funds	-	-	-
Managed futures	-	-	-
Real estate investments (including REITs)	261,607	3,074,293	3,335,900
Commodities	-	-	-
Derivatives	-	-	-
Other alternative investment types	-	591,509	591,509
Other external investment pools	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	-	-	-
State of California Local Agency Investment Fund (LAIF)	15,257,108	-	15,257,108
State of California Surplus Money Investment Fund (SMIF)	-	-	-
Other investments	-	-	-
Total investments	41,955,665	15,706,362	57,662,027
Less endowment investments	-	(779,367)	(779,367)
Total investments, net of endowments	\$ 41,955,665	\$ 14,926,995	\$ 56,882,660

See Independent Auditors' Report

The University Corporation, San Francisco State

SUPPLEMENTARY FINANCIAL INFORMATION
OTHER INFORMATION
JUNE 30, 2025
(for inclusion in the California State University Financial Statements)
(Continued)

2.2 FAIR VALUE HIERARCHY IN INVESTMENTS:

Investment Type	Total	FAIR VALUE MEASUREMENTS USING			Net Asset Value (NAV)
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Money market funds	\$ 720,847	\$ 720,847	\$ -	\$ -	\$ -
Repurchase agreements	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
U.S. agency securities	302,624	-	302,624	-	-
U.S. treasury securities	5,048,624	5,048,624	-	-	-
Municipal bonds	346,802	-	346,802	-	-
Corporate bonds	5,163,264	-	5,163,264	-	-
Asset-backed securities	238,172	-	238,172	-	-
Mortgage-backed securities	1,393,424	-	1,393,424	-	-
Commercial paper	-	-	-	-	-
Supranational	-	-	-	-	-
Mutual funds	7,517,813	7,517,813	-	-	-
Exchange-traded funds	-	-	-	-	-
Equity securities	17,745,940	12,441,577	-	-	5,304,363
Alternative investments:					
Private equity (including limited partnerships)	-	-	-	-	-
Hedge funds	-	-	-	-	-
Managed futures	-	-	-	-	-
Real estate investments (including REITs)	3,335,900	261,607	-	-	3,074,293
Commodities	-	-	-	-	-
Derivatives	-	-	-	-	-
Other alternative investment types	591,509	-	-	-	591,509
Other external investment pools	-	-	-	-	-
CSU consolidated investment pool (formerly SWIFT)	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	15,257,108	-	-	-	15,257,108
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-
Other investments	-	-	-	-	-
Total investments	\$ 57,662,027	\$ 25,990,468	\$ 7,444,286	\$ -	\$ 24,227,273

2.3 INVESTMENTS HELD BY THE UNIVERSITY UNDER CONTRACTUAL AGREEMENTS:

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

See Independent Auditors' Report

The University Corporation, San Francisco State

SUPPLEMENTARY FINANCIAL INFORMATION
OTHER INFORMATION
JUNE 30, 2025
(for inclusion in the California State University Financial Statements)
(Continued)

3.1. CAPITAL ASSETS, EXCLUDING ROU ASSETS:

	Balance June 30, 2024	Reclassifications	Prior-Period Additions	Prior-Period Retirements	Balance June 30, 2024 (Restated)	Additions	Retirements	Transfers of Completed CWIP/PWIP	Balance June 30, 2025
Nondepreciable/nonamortizable capital assets:									
Land and land improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Works of art and historical treasures	-	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	-	-	-	-	-	-	-	-	-
Intangible assets:									
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights, and trademarks	-	-	-	-	-	-	-	-	-
Intangible assets in progress (PWIP)	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total nondepreciable/nonamortizable capital assets	-	-	-	-	-	-	-	-	-
Depreciable/Amortizable capital assets:									
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	3,344,552	-	-	-	3,344,552	-	-	-	3,344,552
Personal property:									
Equipment	2,396,552	-	-	-	2,396,552	4,538,944	(2,941,688)	-	3,993,808
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	5,741,104	-	-	-	5,741,104	4,538,944	(2,941,688)	-	7,338,360
Total capital assets	5,741,104	-	-	-	5,741,104	4,538,944	(2,941,688)	-	7,338,360
Less accumulated depreciation/amortization:									
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	(1,800,896)	-	-	-	(1,800,896)	(104,200)	-	-	(1,905,096)
Personal property:									
Equipment	(2,311,175)	-	-	-	(2,311,175)	(557,708)	403,025	-	(2,465,858)
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	(4,112,071)	-	-	-	(4,112,071)	(661,908)	403,025	-	(4,370,954)
Total capital assets, net excluding ROU assets	\$ 1,629,033	\$ -	\$ -	\$ -	\$ 1,629,033	\$ 3,877,036	\$ (2,538,663)	\$ -	\$ 2,967,406

See Independent Auditors' Report

The University Corporation, San Francisco State

SUPPLEMENTARY FINANCIAL INFORMATION
OTHER INFORMATION

JUNE 30, 2025

(for inclusion in the California State University Financial Statements)

(Continued)

CAPITAL ASSETS, RIGHT OF USE:

Capital assets - Lease ROU, net:	Balance June 30, 2024	Reclassifications	Prior-Period Additions	Prior-Period Reductions	Balance June 30, 2024 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2025
Non-depreciable/Non-amortizable lease assets:									
Land and land improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total non-depreciable/non-amortizable lease assets	-	-	-	-	-	-	-	-	-
Depreciable/amortizable capital assets:									
Land and land improvements	8,416,065	-	-	-	-	-	-	-	8,416,065
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	268,509	-	-	-	-	-	(52,113)	-	216,396
Total depreciable/amortizable lease assets	8,684,574	-	-	-	-	-	(52,113)	-	8,632,461
Less accumulated depreciation/amortization:									
Land and land improvements									
Buildings and building improvements	(404,908)	-	-	-	-	(135,782)	-	-	(540,690)
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	(95,054)	-	-	-	-	(50,784)	-	-	(145,838)
Total accumulated depreciation/amortization	(499,962)	-	-	-	-	(186,566)	-	-	(686,528)
Total capital assets - lease ROU, net	\$ 8,184,612	\$ -	\$ -	\$ -	\$ -	\$ (186,566)	\$ (52,113)	\$ -	\$ 7,945,933
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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See Independent Auditors' Report

The University Corporation, San Francisco State

SUPPLEMENTARY FINANCIAL INFORMATION
OTHER INFORMATION

JUNE 30, 2025

(for inclusion in the California State University Financial Statements)

(Continued)

CAPITAL ASSETS, RIGHT OF USE (CONTINUED):

	Balance June 30, 2024	Reclassifications	Prior-Period Additions	Prior-Period Reductions	Balance June 30, 2024 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2025
Capital assets - P3 ROU, net:									
Non-depreciable/Non-amortizable P3 assets:									
Land and land improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total non-depreciable/non-amortizable P3 assets	-	-	-	-	-	-	-	-	-
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									\$ 10,913,339

See Independent Auditors' Report

The University Corporation, San Francisco State

SUPPLEMENTARY FINANCIAL INFORMATION
OTHER INFORMATION
JUNE 30, 2025
(for inclusion in the California State University Financial Statements)
(Continued)

3.2 DETAIL OF DEPRECIATION AND AMORTIZATION EXPENSE:

	<u>Amount</u>
Depreciation and amortization expense related to capital assets	\$ 661,908
Amortization expense - Leases ROU	186,566
Amortization expense - SBITA ROU	-
Amortization expense - P3 ROU	-
Depreciation and amortization expense - Others	-
Total depreciation and amortization	<u>\$ 848,474</u>

4. LONG-TERM LIABILITIES:

	<u>Balance</u> <u>June 30, 2024</u>	<u>Prior-Period</u> <u>Adjustments</u> <u>Reclassifications</u>	<u>Balance</u> <u>June 30, 2024</u> <u>(Restated)</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2025</u>	<u>Current</u> <u>Portion</u>	<u>Noncurrent</u> <u>Portion</u>
1. Accrued compensated absences	\$ 56,810	\$ -	\$ 56,810	\$ 104,038	\$ -	\$ 160,848	\$ 160,848	\$ -
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:								
	<u>Balance</u> <u>June 30, 2024</u>	<u>Prior-Period</u> <u>Adjustments</u> <u>Reclassifications</u>	<u>Additions</u>	<u>Remeasurements</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2025</u>	<u>Current</u> <u>Portion</u>	<u>Noncurrent</u> <u>Portion</u>
Lease liabilities	\$ 8,462,753	\$ -	\$ -	\$ (54,965)	\$ (110,215)	\$ 8,297,573	\$ 107,015	\$ 8,190,558
SBITA liabilities	-	-	-	-	-	-	-	-
P3 liabilities - SCA	-	-	-	-	-	-	-	-
P3 liabilities - non-SCA	-	-	-	-	-	-	-	-
Total Lease, SBITA, P3 liabilities	<u>\$ 8,462,753</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (54,965)</u>	<u>\$ (110,215)</u>	<u>\$ 8,297,573</u>	<u>\$ 107,015</u>	<u>\$ 8,190,558</u>
Total long-term liabilities						<u>\$ 8,458,421</u>	<u>\$ 267,863</u>	<u>\$ 8,190,558</u>

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

Year Ending June 30,	Lease Liabilities			SBITA liabilities		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
2026	\$ 107,015	\$ 247,921	\$ 354,936	\$ -	\$ -	\$ -
2027	74,654	244,908	319,562	-	-	-
2028	67,282	242,499	309,781	-	-	-
2029	59,346	240,654	300,000	-	-	-
2030	61,121	238,879	300,000	-	-	-
2031 - 2035	334,134	1,165,866	1,500,000	-	-	-
2036 - 2040	387,164	1,112,836	1,500,000	-	-	-
2041 - 2045	448,612	1,051,388	1,500,000	-	-	-
2046 - 2050	519,812	980,188	1,500,000	-	-	-
2051 - 2055	602,312	897,688	1,500,000	-	-	-
Thereafter	5,636,121	2,763,880	8,400,001	-	-	-
Total Minimum Lease Payment	\$ 8,297,573	\$ 9,186,707	\$ 17,484,280	\$ -	\$ -	\$ -

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Public-Private or Public-Public Partnerships (P3)			Total Leases, SBITA, P3 liabilities		
Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
\$ -	\$ -	\$ -	\$ 107,015	\$ 247,921	\$ 354,936
-	-	-	74,654	244,908	319,562
-	-	-	67,282	242,499	309,781
-	-	-	59,346	240,654	300,000
-	-	-	61,121	238,879	300,000
-	-	-	334,134	1,165,866	1,500,000
-	-	-	387,164	1,112,836	1,500,000
-	-	-	448,612	1,051,388	1,500,000
-	-	-	519,812	980,188	1,500,000
-	-	-	602,312	897,688	1,500,000
-	-	-	5,636,121	2,763,880	8,400,001
\$ -	\$ -	\$ -	\$ 8,297,573	\$ 9,186,707	\$ 17,484,280
Less: amounts representing interest					(9,186,707)
Present value of future minimum lease payments					8,297,573
Total Leases, SBITA, P3 liabilities					8,297,573
Less: current portion					(107,015)
Leases, SBITA, P3 liabilities, net of current portion					<u>\$ 8,190,558</u>

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

Year Ending June 30,	Auxiliary Revenue Bonds (non-SRB related)			All Other Long-Term Debt Obligations			Total Long-Term Debt Obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
2026	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2027	-	-	-	-	-	-	-	-	-
2028									
2029									
2030									
2031-2035	-	-	-	-	-	-	-	-	-
2036-2040	-	-	-	-	-	-	-	-	-
2041-2045	-	-	-	-	-	-	-	-	-
2046-2050	-	-	-	-	-	-	-	-	-
2051-2055	-	-	-	-	-	-	-	-	-
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

	<u>Amount</u>
Payments to the University for salaries of University personnel working on contracts, grants, and other programs	\$ 4,823,849
Payments to University for other than salaries of University personnel	\$ 5,077,694
Payments received from University for services, space, and programs	\$ 2,103,215
Gifts-in-kind to the University from discretely presented component units	\$ -
Gifts (cash or assets) to the University from discretely presented component units	\$ 2,523,355
Accounts (payable to) University	\$ (2,455,426)
Other amounts (payable to) University	\$ -
Accounts receivable from University	\$ 75,244
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:

	<u>Salaries</u>	<u>Benefits- Other</u>	<u>Benefits- Pension</u>	<u>Benefits- OPEB</u>	<u>Scholarships and Fellowships</u>	<u>Supplies and Other Services</u>	<u>Depreciation and Amortization</u>	<u>Total Operating Expenses</u>
Instruction	\$ 1,534,989	\$ 481,089	\$ -	\$ -	\$ -	\$ 390,406	\$ -	\$ 2,406,484
Research	269,517	22,263	-	-	-	158,140	-	449,920
Public service	5,880	53	-	-	-	79,953	-	85,886
Academic support	2,720,008	570,391	-	-	-	5,287,391	-	8,577,790
Student services	246,740	43,249	-	-	-	2,240,674	-	2,530,663
Institutional support	619,215	342,180	-	-	-	142,940	-	1,104,335
Operation and maintenance of plant	54,571	929	-	-	-	3,788,546	-	3,844,046
Student grants and scholarships	-	-	-	-	3,379,901	-	-	3,379,901
Auxiliary enterprise expenses	1,648,265	1,202,548	-	-	-	1,884,237	-	4,735,050
Depreciation and amortization	-	-	-	-	-	-	848,474	848,474
Total Operating Expenses	\$ 7,099,185	\$ 2,662,702	\$ -	\$ -	\$ 3,379,901	\$ 13,972,287	\$ 848,474	\$ 27,962,549

No pension plan reported.

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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 service concession arrangements	\$	-
Deferred inflows - net pension liability		-
Deferred inflows - net OPEB liability		-
Deferred inflows - unamortized gain on debt refunding(s)		-
Deferred inflows - nonexchange transactions		109,457
Deferred inflows - leases		17,936,548
Deferred inflows - P3		-
Deferred inflows - 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 inflows - others		-

Total deferred inflows of resources **\$ 18,046,005**

11. OTHER NONOPERATING REVENUES (EXPENSE)

Other nonoperating revenues	\$	-
Other nonoperating (expenses)		(203,529)

Total other nonoperating revenues (expenses) **\$ (203,529)**