

SAN FRANCISCO STATE
UNIVERSITY FOUNDATION
(COMPONENT UNIT OF SAN FRANCISCO STATE
UNIVERSITY)

JUNE 30, 2014 AND 2013

INDEPENDENT AUDITORS' REPORT,

FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

San Francisco State University Foundation
(Component Unit of San Francisco State University)

Independent Auditors' Report,
Financial Statements and Supplementary Information

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of **SAN FRANCISCO STATE UNIVERSITY FOUNDATION (Component Unit of San Francisco State University) (the Foundation)**, which comprise the statement of net position as of June 30, 2014 and 2013, and the related statements of revenues, expenses and changes in net position, cash flows and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Consultants and

Business Advisors

100 First Street

14th Floor

San Francisco

CA 94105

415.781.0793

fax 415.421.2976

60 S. Market Street

Suite 200

San Jose

CA 95113

408.998.8400

fax 408.998.8485



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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net financial position of **SAN FRANCISCO STATE UNIVERSITY FOUNDATION**, as of June 30, 2014 and 2013, and the changes in net financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America, require that the accompanying management's discussion and analysis on pages 3 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 22 through 29 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Hood & Strong LLP

San Francisco, California
September 16, 2014

San Francisco State University Foundation **(Component Unit of San Francisco State University)**

Management Discussion and Analysis **(Unaudited)**

This section of the San Francisco State University Foundation (the Foundation) annual financial report presents management's discussion and analysis of the financial performance of the Foundation for the fiscal year ended June 30, 2014.

The San Francisco State University Foundation (the Foundation) presents its financial statements for fiscal year 2014 with comparative data presented for fiscal years 2013 and 2012. The emphasis of discussions concerning these statements will be for the fiscal years ended June 30, 2014 and 2013 (2014 and 2013, respectively). There are three financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

The following discussion and analysis is intended to help readers of the Foundation's financial statements to better understand its financial position and operating activities. It should be read in conjunction with, and is qualified in its entirety by, the related financial statements and footnotes. The financial statements, footnotes and this discussion and analysis were prepared by the Foundation and are the responsibility of its management.

The Foundation

The Foundation is a non-profit auxiliary organization of San Francisco State University (the University) with a 501(c)(3) designation with the Internal Revenue Service. The Foundation's purpose is to provide private financial support to assist the University in meeting its educational mission.

The Business-Type Activity (BTA) reporting model has been adopted by the California State University (CSU) system for use by all of its member campuses. The CSU determined the BTA model best represents the combined activities of the CSU and its auxiliary corporations.

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

The Foundation's June 30, 2014 and 2013 financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

San Francisco State University Foundation
(Component Unit of San Francisco State University)

Management Discussion and Analysis
(Unaudited)

Highlights of Financial Operations

The Foundation's operating revenue for 2014 increased from the previous fiscal year. Operating Revenue consists primarily of administrative fees earned from the management of the endowments. The fee is determined on the average quarterly balance of the endowment which can fluctuate with endowment payouts and interest/dividends and realized and unrestricted income earned. The Foundation continues to report investment fees separate and not as a component of investment income. The operational expenses for the year were \$1,122,778 which are primarily composed of the administrative cost for accounting services performed by Auxiliary Business Services a unit of the University, auditing services and investment fees.

Total non-operating revenue increased 48% in 2014 over 2013 due to a significant increase in investment returns. Investment returns were up 51% from the previous year as the performance of the market continued to be bullish through fiscal year 2014. Contributions increased in 2014 by 973% from the previous year.

During 2014, additions to the permanent endowment decreased by -25% from 2013 due to a decrease in contributions. The transfers from the endowments are for scholarships, endowed chairs and other programs carried out by the University Corporation, San Francisco State (Corporation.) These transfers are in accordance with the Foundation's payout policy.

Financial Position

The statement of net position presents the financial position of the Foundation at the end of fiscal year 2014 and 2013. The purpose of the statement of net position is to present to the readers of the financial statements a fiscal summary of the Foundation. From the data presented, the readers of the statement of net position are able to determine the assets available to continue the operations of the Foundation. The readers are also able to determine how much the Foundation owes its vendors as well as assessing other liabilities. Finally, the statement of net position provides the overview of the net position (assets, deferred outflows of resources minus liabilities, deferred inflows of resources) and their availability for expenditures.

Net position is divided into two major categories. The first category is Restricted Assets, which is divided into two categories, Nonexpendable and Expendable. The corpus of nonexpendable restricted resources are available for investment purposes and in accordance with UPMIFA where prudent when carrying out the purpose of the donor. Expendable restricted assets are available for expenditure by the Foundation, but must be spent for purposes as determined by the donors and /or external entities that have placed time, purpose or legal restrictions on the use of the assets. The final category is Unrestricted Assets that are available to the Foundation for any lawful purpose of the Foundation.

San Francisco State University Foundation
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Management Discussion and Analysis
(Unaudited)

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

Condensed Statement of Net Position - 2014, 2013, and 2012

	2014	2013	2012
ASSETS			
Current assets	\$ 7,236,536	\$ 5,533,154	\$ 4,179,077
Noncurrent assets	60,207,004	51,367,041	46,266,815
Total assets	\$ 67,443,540	\$ 56,900,195	\$ 50,445,892
LIABILITIES			
Current liabilities	\$ 2,058,728	\$ 1,690,788	\$ 1,442,440
NET POSITION			
Restricted net assets:			
Nonexpendable - endowments	\$ 44,702,721	\$ 38,038,856	\$ 33,168,617
Expendable - scholarships, fellowships & capital projects	20,205,399	16,607,268	15,247,823
Unrestricted net assets	476,692	563,283	587,012
Total net position	\$ 65,384,812	\$ 55,209,407	\$ 49,003,452

Assets

As of June 30, 2014, total assets increased approximately \$10,543,000 (19%) when compared to the prior year. The increase was mainly a result of the continuing bullish market yielding increased investment returns coupled with the Foundation receiving significant contributions of over \$1 million during the fiscal year. Current assets are primarily comprised of short term investments, accounts receivables and cash. Accounts receivables decreased by approximately \$17,000 during 2014 compared to 2013 primarily due to the reduction of funds payable to the Foundation by the Corporation, a related party, related to donations received by the Corporation which are payable to the Foundation. Cash held, decreased in 2014 by approximately \$67,000 (-8%). Short term investments increased approximately \$1,787,000 due to improved investment performance.

As of June 30, 2013, total assets and deferred outflows of resources increased approximately \$6,454,000 (13%) when compared to the prior year. The increase was mainly a result of improved investment performance coupled with the Foundation receiving significant contributions of over \$1 million. Current assets were primarily comprised of approximately \$4,609,000 of short term investments which was an increase of approximately \$986,000. In fiscal year 2013, accounts receivables decreased as a result of improved processes to process payments to the Foundation from the Corporation.

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Management Discussion and Analysis
(Unaudited)

The Foundation and the Corporation have an ongoing relationship where assets will be transferred between the two organizations throughout the year. The Corporation receives contributions where the allocation is split between the two organizations and in that case the Corporation would issue a check to the Foundation for its portion as well as contributions that are received by the Corporation that need to be rerouted to the Foundation to record as its contribution. The Corporation is participating in non-current alternative investments held under the Foundation's name aggregating \$1,986,000, and \$1,648,000 in fiscal year 2014 and 2013, respectively, which represents approximately 10% of the total investments in alternative investments by the Foundation.

Liabilities

Accounts payables for June 30, 2014 increased by approximately \$30,000 (70%) as a result of increased accruals at year-end and pending funds awaiting account setup. The Foundation's remaining current liability continues to consist primarily of related party transactions. As of June 30, 2014, the Foundation had a payable to the Corporation of \$1,985,486 representing the alternative investments held on behalf of the Corporation. During fiscal year 2014, the Corporation's fair value in the Foundation's alternative investment portfolio increased by approximately \$337,000.

As of June 30, 2013, accounts payable decreased by approximately \$180,000 (81%). Based on the activity of the Foundation, the majority of the remaining current liabilities are related party transactions. At June 30, 2013, the Foundation had a payable to the Corporation of \$1,648,191 representing the alternative investments held on behalf of the Corporation.

Net Position

The Foundation's net position for fiscal year 2014 was \$65,384,812 which is an increase of \$10,175,405 (18%) from the previous year. The overall increase is primarily attributed to increase in investment income of approximately \$2,993,000 and an increase in contributions over the previous year.

The Foundation's net position for fiscal year 2013 was \$55,209,407 which was an increase of \$6,205,955 (13%) from the previous year. The overall increase can be primarily attributed investment income of approximately \$4,812,000 and an increase in contributions over the previous year.

Results of Operations

The Statement of Revenues, Expenses and Changes in Net Position presents the Foundation's operating results, as well as the nonoperating revenues and expenses. Operating revenues consist primarily of revenue earned from administrative fees. Gifts and investment income, is classified as prescribed by GASB, Net nonoperating revenues or expenses. This is an integral component in determining the increase or decrease in net assets.

San Francisco State University Foundation
(Component Unit of San Francisco State University)

Management Discussion and Analysis
(Unaudited)

Detailed statement of Revenues, Expenses, and Changes in Position for the period ended June 30, 2014 and 2013 is included in the financial statements. A condensed version is shown below:

Condensed Statement of Revenues, Expenses and Changes in Net Position
For year ended June 30, 2014, 2013, and 2012

	2014	2013	2012
Operating Revenues (Expenses):			
Revenues	\$ 1,066,186	\$ 904,912	\$ 733,073
Expenses	1,122,778	(900,253)	(648,525)
Operating (loss) income	(56,592)	4,659	84,548
Nonoperating Revenues (Expenses):			
Contributions	1,711,856	159,510	270,588
Endowment management fees	(1,062,655)	(903,575)	(729,645)
Investment return	8,882,769	5,889,486	1,107,863
Capital contributions		25,000	1,796,640
Additions to permanent endowments	2,389,380	3,193,672	1,049,075
Transfer to the University Corporation, SF State	(1,689,353)	(1,156,413)	(1,040,222)
Transfers to the University		(281,384)	(213,286)
Total other Nonoperating Revenues (Expenses)	10,231,997	6,926,296	2,241,013
Change in Net Position	\$ 10,175,405	\$ 6,930,955	\$ 2,325,561
Return of endowment donation		\$ (725,000)	

REVENUES

Operating Revenue

As of June 30, 2014, total operating revenue was \$1,066,186 which is an increase of approximately \$161,000 (18%) from the prior year.

As of June 30, 2013, total operating revenue was \$904,912 which was an increase of approximately \$172,000 (23%) from the prior year.

Administrative fees are the main component of operating revenue earned by the Foundation for management of the endowments. The administrative fee earned is based on the annual 2% fee charged quarterly based on endowments calculated quarterly average daily balance per the Foundation's investment policy which can fluctuate based on earnings and endowment distributions.

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Management Discussion and Analysis
(Unaudited)

OPERATING EXPENSES

Operating Expenses

Operating Expenses are tied to the use of both restricted and unrestricted funds. Use of unrestricted operating funds are primarily for accounting services provided by the University through its unit, Auxiliary Business Service, audit, consulting, legal and insurance expenses. The use of restricted operating funds is for Foundation administrative fees charged to endowments. The expenses related to accounting services were approximately \$268,000 for fiscal year 2014. For fiscal year 2013, expenses related to accounting services were approximately \$257,000.

NON-OPERATING REVENUES AND EXPENSES

Contributions

Contributions are recognized as revenue when they are verifiable, measurable, probable of collection, and the Foundation has met all time and eligibility requirements. Contributions were approximately \$1,712,000 for the 2014 fiscal year. Contributions were up in fiscal year 2014 compared to fiscal year 2013 due to an increase in temporary endowments. There was approximately \$1,216,000 received from two planned gifts that the purpose will be determined by the board fiscal year 2014-2015.

Contributions were approximately \$160,000 for the 2013 fiscal year. Contributions were down in fiscal year 2013. Contributions were down in fiscal year 2013 compared to fiscal year 2012 for temporary endowments. During the year the primary contribution for temporary endowments were for the La Chang endowment and Music Scholarship endowment

Investment Return

Investment income increased during fiscal year 2014 as the market was bullish through the fiscal year 2014. Investment returns for the fiscal year was approximately \$8,880,000 which was higher than the last year by approximately \$2,990,000 (51%). In addition to a bullish market, the Foundation increased the value of its portfolio by making a number of changes in its portfolio to reduce its exposure to interest rates and keep its risks manageable.

Investment income increased during fiscal year 2013 due to a bullish market. Investments return for the fiscal year was approximately \$5,889,000 which was higher than 2012 by approximately \$4,782,000(432%). In addition to a bullish market, the Foundation increased the value of its portfolio by making a number of changes in its portfolio to reduce its exposure to interest rates and keep its risks manageable.

The Foundation's portfolio continues to outperform policy benchmarks. The board continues to monitor investments through-out the year along with the investment managers and adjusts targets as well as allocation mix where and when necessary.

San Francisco State University Foundation
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Management Discussion and Analysis
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Other Additions and Transfers

Other additions highlight contributions received for capital projects generally carried out by the University and permanent endowments. Transfers highlight the funds transferred to related parties to fund campus programs, scholarships, endowed chairs and projects carried out by the University or Corporation which are not true operational expenses of the Foundation. Contributions for additions to the permanent endowments decreased during fiscal year 2014 by approximately \$804,000 (-25%). Major contributions were received for Jewish Studies Department Endowment, John & Marcia Goldman Endowed Chair, Jerold Rosenberg Family Scholarship Endowment and B&V Clanton Program and Scholarship Endowment.

Contributions in fiscal year 2013 increased for additions to the permanent endowments. Additions to the permanent endowment were approximately \$3,193,000 which consisted major donations from the S Paff Special Ed scholarship/endowment, Robert Corrigan Endowed Chair, JM Goldman, P Fong & Family endowment, Rosenberg Institute Endowment and Bessemer Trust. During the fiscal year at the request of the donor, the Foundation returned a permanent endowment donation of \$725,000.

SIGNIFICANT ITEMS

During 2014, the Foundation transferred approximately \$1,690,000 to the Corporation and the University to support campus programs, scholarships and endowed chairs. The Foundation's investment committee continues to actively monitor investments in order to optimize earnings to improve growth of the endowment portfolio and meet the current needs of programs and scholarships to students. The Foundation hired additional alternative investment managers and redeemed and closed two alternative funds bringing the total alternative fund managers to thirteen.

Effective July 1, 2014, the Foundation will change how all permanent, term, and quasi endowments are assessed. The new annual management fee will be 1.25% for its regular operations (i.e. accounting, audit, legal and other business obligations) plus investment management fees. The management fee will continue to be calculated on a quarterly basis upon the average daily balance. In addition to the 1.25% management fees the investment management fee will be charged directly to each endowment.

We believe all other significant items have already been disclosed and either they do not have a significant effect on future operations, or these effects have already been included in the current financial statements.

San Francisco State University Foundation
(Component Unit of San Francisco State University)

Statement of Net Position

<i>June 30,</i>	2014	2013
Assets		
Current Assets:		
Cash and cash equivalents	\$ 777,210	\$ 843,909
Investments, restricted	6,395,724	4,608,613
Receivable from related parties	63,602	80,632
Total current assets	7,236,536	5,533,154
Noncurrent Assets:		
Investments, restricted	58,221,158	49,718,850
Investments held for University Corporation, SF State	1,985,846	1,648,191
Total noncurrent assets	60,207,004	51,367,041
Total assets	\$ 67,443,540	\$ 56,900,195
Liabilities		
Current Liabilities:		
Accounts payable	\$ 72,882	\$ 42,597
Payable to the University Corporation, SF State	1,985,846	1,648,191
Total current liabilities	2,058,728	1,690,788
Net Position:		
Restricted for:		
Nonexpendable - endowments	44,702,721	38,038,856
Expendable - scholarships, fellowships, capital projects	20,205,399	16,607,268
Unrestricted - reserved for operations	350,000	350,000
Unrestricted	126,692	213,283
Total net position	65,384,812	55,209,407
Total liabilities and net position	\$ 67,443,540	\$ 56,900,195

The accompanying notes are an integral part of this statement.

San Francisco State University Foundation
(Component Unit of San Francisco State University)

Statement of Revenues, Expenses and Changes in Net Position

<i>Year ended June 30,</i>	2014	2013
Operating Revenues:		
Administrative fees	\$ 1,062,655	\$ 903,575
Other revenues	3,531	1,337
Total operating revenues	1,066,186	904,912
Operating Expenses:		
Management and general	1,122,778	900,253
Total operating expenses	1,122,778	900,253
Operating (loss) income	(56,592)	4,659
Nonoperating Revenues (Expenses):		
Contributions	1,711,856	159,510
Endowment management fees	(1,062,655)	(903,575)
Investment return	8,882,769	5,889,486
Net nonoperating revenues (expenses)	9,531,970	5,145,421
Income before other additions and transfers	9,475,378	5,150,080
Other Additions and Transfers:		
Capital contributions		25,000
Additions to permanent endowments	2,389,380	3,193,672
Transfers to the University Corporation, SF State	(1,689,353)	(1,156,413)
Transfers to the University		(281,384)
Total other additions and transfers	700,027	1,780,875
Change in Net Position	10,175,405	6,930,955
Return of Endowment Donation		(725,000)
Net Position, beginning of the year	55,209,407	49,003,452
Net Assets, end of the year	\$ 65,384,812	\$ 55,209,407

The accompanying notes are an integral part of this statement.

San Francisco State University Foundation
(Component Unit of San Francisco State University)

Statement of Cash Flows

<i>Year ended June 30,</i>	2014	2013
Cash Flows from Operating Activities:		
Receipts from endowment fees	\$ 1,062,655	\$ 903,575
Payments to suppliers	(1,092,493)	(1,080,596)
Other receipts	3,531	1,337
Net cash used by operating activities	(26,307)	(175,684)
Cash Flows from Noncapital Financing Activities:		
Donations received	3,055,611	2,419,867
Transfers to the University Corporation, SF State	(1,351,698)	(727,722)
Transfer to the University		(218,384)
Net cash provided by noncapital financing activities	1,703,913	1,473,761
Cash Flows from Capital and Related Financing Activities:		
Donations received restricted for capital		25,000
Net cash provided by capital and related financing activities	0	25,000
Cash Flows from Investing Activities:		
Proceeds from sales and maturities of investments	34,890,719	31,742,792
Purchase of investments	(37,641,723)	(34,479,036)
Investment income	1,006,699	1,750,663
Net cash used by investing activities	(1,744,305)	(985,581)
Net Change in Cash and Cash Equivalents	(66,699)	337,496
Cash and Cash Equivalents, beginning of year	843,909	506,413
Cash and Cash Equivalents, end of year	\$ 777,210	\$ 843,909

The accompanying notes are an integral part of this statement.

San Francisco State University Foundation
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Statement of Cash Flows (continued)

<i>Year ended June 30,</i>	2014	2013
Reconciliation of Operating Income to Net Cash		
Flows Provided by Operating Activities:		
Operating (loss) income	\$ (56,592)	\$ 4,659
Adjustments to reconcile operating income to net cash flows provided by operating activities:		
Changes in assets and liabilities:		
Accounts payable	30,285	(180,343)
Total adjustments	30,285	(180,343)
Net cash used by operating activities	\$ (26,307)	\$ (175,684)
Supplemental Disclosures of Cash Flow Activity:		
Non-cash activity:		
Donations of stock received	\$ 1,142,003	\$ 572,179

The accompanying notes are an integral part of this statement.

San Francisco State University Foundation
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Notes to Financial Statements

Note 1 - Organization:

The San Francisco State University Foundation (the Foundation), is a non-profit, tax-exempt California corporation. The Foundation serves as an auxiliary organization of San Francisco State University (the University). The Foundation was established in 2007 for the purpose of philanthropy. The Foundation encourages the solicitation and acceptance of private gifts, trusts, and bequests that will help the Foundation in the furtherance of its mission to foster private financial support for the University.

Note 2 - Summary of Significant Accounting Policies:

a. Basis of Presentation

The basic financial statements required by the Governmental Accounting Standards Board (GASB) Statements number 34, 35 and 63 include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position and a Statement of Cash Flows. As a component unit of a public institution, the Foundation 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 Foundation to be reported in a single column in each of the basic financial statements. In accordance with the business-type activities reporting model, the Foundation prepares its Statement of Cash Flows using the direct method.

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as prescribed by GASB. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Generally, grants, contributions, and similar items are recognized as revenue as soon as all eligibility requirements have been met.

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

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Notes to Financial Statements

The Foundation considers assets to be current when they can reasonably be expected, as part of its normal business operations, to be converted to cash and be available for liquidation of current liabilities within twelve months of the date of the Statement of Net Position. Liabilities that reasonably can be expected, as part of the Foundation's normal business operations, to be liquidated within twelve months of the date of the Statement of Net Position are considered to be current. All other assets and liabilities are considered to be non-current; with the exception of those amounts that are required to be reported as deferred outflows or inflows of resources. The Foundation follows GASB 63 and 65 provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The standard defines deferred outflows or inflows of resources as transactions that result in the consumption or acquisition of net assets in one period that are applicable to future periods. As of June 30, 2014 and 2013, the Foundation did not enter into transactions that meet the definition of deferred outflows or inflows of resources.

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

- *Restricted, non-expendable*: Net assets subject to externally imposed conditions that the Foundation retains in perpetuity. Net assets in this category consist of endowments.
- *Restricted, expendable*: Net assets subject to externally imposed conditions that can be fulfilled by the actions of the Foundation or by the passage of time. Net assets in this category also include endowments for capital projects which can be fulfilled by the actions of the University.
- *Unrestricted*: This represents all unrestricted net assets. Unrestricted net assets may be designated for use by management or the Board of Directors.

b. Cash and Cash Equivalents

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

Custodial credit risk - In the case of bank deposits, this is the risk that in the event of a bank failure, the Foundation's deposits may not be returned. The Foundation does not have a formal policy addressing custodial credit risk for its bank deposits. Though the Foundation is not a government agency, the financial institutions, in which the Foundation makes its deposits, have collateralized the deposits in accordance with section 53601 et. Seq. of the California Government Code. Wells Fargo is a financial institution whereby Federal Deposit Insurance Corporation (FDIC) insures deposits. Deposits of more than the \$250,000 insured amount will be collateralized by the bank by pledging identifiable collateral according to statute. The Foundation did not maintain deposits in excess of federally insured limits as of June 30, 2014. Periodically, throughout June 30, 2013, the Foundation maintained balances in excess of the federally insured limits.

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Notes to Financial Statements

c. Related Party Receivable and Payables

Related Party receivables and payables include amounts due from the University Corporation, San Francisco State (the Corporation). Account receivables are presented net of an allowance for uncollectible accounts. There is no allowance for uncollectible accounts at June 30, 2014 and 2013.

d. Investments

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

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

e. Restricted Investments

Investments made from donor restricted endowments are pooled with the Foundation's other investments. Any appreciation of such investments is tracked separately and recorded in restricted net assets. The Uniform Prudent Management of Institutional Funds Act (UPMIFA) passed in July 2006 and as 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 Foundation's policy, up to 4% of the earnings may be distributed each year. Earnings available for distribution are identified as interest, dividends and realized gains and losses and are calculated quarterly based on the average daily balance of the portfolio.

The Foundation invests these funds to produce current income to meet spending needs, and to preserve the real value of the endowment principal. The Payout Policy Objective is interlinked with the Investment Objectives for the Total Fund and has been formulated in the context of the overarching goal for prudent management of endowments: to optimize the balance between preserving the real (after inflation) long-term purchasing power of the endowment principal with the need to make annual distributions to campus beneficiaries.

San Francisco State University Foundation
(Component Unit of San Francisco State University)

Notes to Financial Statements

f. Real Estate Held by Endowments

The Foundation follows GASB 52 Land and other Real Estate held as Investments by Endowments, and it has been determined to have no material impact to the Foundation.

g. Revenue and Expenses

The Foundation currently has two categories classified as operating revenue. Administrative Fees are costs associated with administering endowments and other revenue.

Non-Operating revenue and expenses category includes revenue from restricted and unrestricted contributions where the restrictions have been met, transfers, and expenses related to endowment expendable administrative fees charged per the investment policy. This category also includes investment returns (such as, interest, dividends, and net realized and unrealized gains and losses).

Other Addition and Transfers category includes contributions related to capital projects and permanent endowments and transfers related to funds given to the Corporation and the University as a gift.

h. Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

i. Income Taxes

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

j. Reclassifications

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

San Francisco State University Foundation
(Component Unit of San Francisco State University)

Notes to Financial Statements

k. Recent Accounting Pronouncements Adopted or Under Consideration

The GASB issued statement No. 65, *Items Previously Reported as Assets and Liabilities (March 2012)*, this Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. The statement is applicable for June 30, 2014. The Foundation implemented the guidance of this pronouncement and it did not have a significant impact on its financial statements.

Note 3 - Investments:

Investments consist of the following as of June 30, 2014:

	<u>Fair value</u>	<u><1</u>	<u>1 – 5</u>	<u>6 – 10</u>	<u>10+</u>	<u>Other</u>
Local agency investment fund	\$ 1,541,745	\$ 1,541,745				
Broker money market funds	4,711,162	4,711,162				
Treasury Securities	1,202,092		\$ 1,012,790	\$ 189,302		
Asset-backed Securities	1,542,300		683,044	205,693	\$ 653,563	
Municipal Securities	84,374			84,374		
Corporate debt securities	2,134,465	142,817	1,198,918	707,887		\$ 84,843
Mutual funds	6,322,626					6,322,626
Equity securities	28,988,429					28,988,429
Alternative investments	20,075,535					20,075,535
	<u>\$66,602,728</u>	<u>\$ 6,395,724</u>	<u>\$ 2,894,752</u>	<u>\$ 1,187,256</u>	<u>\$ 653,563</u>	<u>\$ 55,471,433</u>

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

	<u>Fair value</u>	<u><1</u>	<u>1 – 5</u>	<u>6 – 10</u>	<u>10+</u>	<u>Other</u>
Local agency investment fund	\$ 507,924	\$ 507,924				
Broker money market funds	3,639,124	3,639,124				
Treasury Securities	4,373,557		\$ 3,008,203	\$ 1,365,354		
Asset-backed Securities	3,626,855	52,031	1,958,031	193,656	\$ 1,423,137	
Corporate debt securities	6,868,738	409,534	4,322,142	2,137,062		
Equity securities	20,477,542					\$ 20,477,542
Alternative investments	16,481,914					16,481,914
	<u>\$55,975,654</u>	<u>\$ 4,608,613</u>	<u>\$ 9,288,376</u>	<u>\$ 3,696,072</u>	<u>\$ 1,423,137</u>	<u>\$ 36,959,456</u>

San Francisco State University Foundation
(Component Unit of San Francisco State University)

Notes to Financial Statements

Investment return for the years ended June 30, 2014 and 2013 consist of the following:

	2014	2013
Interest and dividends	\$ 1,006,698	\$ 966,270
Realized and unrealized gain	7,876,071	4,923,216
	\$ 8,882,769	\$ 5,889,486

Interest rate risk - The Foundation mitigates its interest rate risk through the use of professional money managers that use their judgment on the selection of debt securities. The Foundation does not currently have a formal policy on future maturity limitations.

Credit risk - The Foundation's investment policy provides that all investments must be rated at least investment grade by one nationally recognized ratings agency. In the event that an investment falls below investment grade, the manager must notify the Foundation of the downgrade and provide a recommended course of action. Securities rated BBB are limited to 10% of the managers' bond portfolio.

Concentration of credit risk - Securities held in any one issuer are limited to 5% of the Foundation'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 Foundation's total investments.

Custodial credit risk - Custodial credit risk represents the risk that, in the event of the failure of counterparty, the Foundation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. UBS Financial Services account is insured with a combination of SIPC and other commercial insurance. SIPC coverage protects customers of a U.S. registered broker-dealer in the event the broker-dealer becomes financially insolvent and cannot return the full value of a customer's securities and cash in the broker-dealer's possession or control. SIPC covers each customer's account up to \$500,000, of which up to \$250,000 may be cash. Excess coverage follows the terms of SIPC coverage but covers each account up to its full net equity value, including all cash balances. UBS Financial Services and certain affiliates have purchased supplemental insurance from London Insurers to augment the SIPC protection. The supplemental policy is subject to policy conditions and limitations and has an aggregate policy limit of \$500 million. Within this aggregate policy limit, each separate client has up to \$1.9 million in protection for cash held in all of the client's accounts. The Foundation does not have a formal policy covering custodial credit risk for its investments.

San Francisco State University Foundation
(Component Unit of San Francisco State University)

Notes to Financial Statements

Local Agency Investment Fund (LAIF)

Under Federal Law, the State of California cannot declare bankruptcy, thereby allowing the Government Code Section 16429.3 to stand. This section states that "moneys placed with the Treasurer for deposit in the LAIF by cities, counties, special districts, nonprofit Foundations, or qualified quasi-governmental agencies shall not be subject to either of the following: (a) transfer or loan pursuant to Sections 16310, 16312, or 16313, or (b) impoundment or seizure by any state official or state agency.

During a 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 Foundation, or qualified quasi-governmental agency to withdraw its deposited moneys from the LAIF, upon demand, may not be altered, impaired, or denied in any way, by any state official or state agency based upon the state's failure to adopt a State Budget by July 1 of each new fiscal year."

Note 4 - Endowments:

Endowments held and administered by the Foundation at June 30, 2014 are as follows:

	Restricted Net Assets		Total
	Nonexpendable	Expendable	
Endowments	\$ 44,702,721	\$ 20,205,399	\$ 64,908,120

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

	Restricted Net Assets		Total
	Nonexpendable	Expendable	
Endowments	\$ 38,038,856	\$ 16,607,268	\$ 54,646,124

The Foundation's investment policy during fiscal years 2014 and 2013 allowed a 4% annual payout based on quarterly average daily balance of the fund. The 4% annual payout was not changed during the year and disbursements were allowed if the particular endowment was not underwater. The Foundation's endowment funds were approximately \$81,000 underwater at June 30, 2014 and approximately \$900,000 at June 30, 2013.

San Francisco State University Foundation
(Component Unit of San Francisco State University)

Notes to Financial Statements

Note 5 - Related Parties:

During the year ended June 30, 2014 and 2013, the Foundation paid \$488,104 and \$281,384, respectively to the University and its affiliates for accounting services, reimbursements and funding for scholarships and capital projects which are fulfilled by the actions of the campus. During the year ended June 30, 2014 and 2013, the Foundation paid \$1,602,954 and \$1,429,224, respectively, for scholarships and other endowment spendable accounts to the Corporation. The Corporation paid \$1,296,544 and \$105,543 to the Foundation in 2014 and 2013, respectively.

At June 30, 2014 and 2013, the Foundation recorded receivables from the Corporation totaling \$8,609 and \$42,275, respectively, and payables to the University totaling \$679 and \$64,178.

The Corporation's total investment in alternative investments held by the San Francisco State Foundation is approximately \$1,986,000 and \$1,648,000 at June 30, 2014 and 2013, respectively. The allocated fair value net of investment fees for these investments and payable to the Corporation is \$1,985,846 and \$1,648,191 at June 30, 2014 and 2013, respectively.

Note 6 - Risk Financing Activities:

The Foundation 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 Foundation carries commercial insurance. The Foundation 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 7 - Litigation:

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

Note 8 - Administrative Fee:

The Foundation charges an administrative fee of 2% percent annually which is calculated on the quarterly average daily balance of all endowments managed by the Foundation per the endowment policy. Administrative fees of \$1,062,655 and \$903,575 were earned by the Foundation during the year ended June 30, 2014 and 2013, respectively.

San Francisco State University Foundation
Schedule of Net Position
June 30, 2014
(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 777,210
Short-term investments	6,395,724
Accounts receivable, net	63,602
Leases receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	
Prepaid expenses and other assets	
Total current assets	<u>7,236,536</u>
Noncurrent assets:	
Restricted cash and cash equivalents	—
Accounts receivable, net	—
Leases receivable, net of current portion	—
Notes receivable, net of current portion	—
Student loans receivable, net	—
Pledges receivable, net	
Endowment investments	44,702,721
Other long-term investments	15,504,283
Capital assets, net	—
Other assets	
Total noncurrent assets	<u>60,207,004</u>
Total assets	<u>67,443,540</u>
Deferred outflows of resources:	
Unamortized loss on refunding(s)	—
Total deferred outflows of resources	<u>—</u>
Liabilities:	
Current liabilities:	
Accounts payable	72,882
Accrued salaries and benefits payable	
Accrued compensated absences— current portion	—
Unearned revenue	
Capitalized lease obligations – current portion	—
Long-term debt obligations – current portion	—
Claims Liability for losses and LAE - current portion	—
Depository accounts	—
Other liabilities	1,985,846
Total current liabilities	<u>2,058,728</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	—
Unearned revenue	
Grants refundable	—
Capitalized lease obligations, net of current portion	—
Long-term debt obligations, net of current portion	—
Claims Liability for losses and LAE, net of current portion	—
Depository accounts	—
Other postemployment benefits obligation	—
Other liabilities	—
Total noncurrent liabilities	<u>—</u>
Total liabilities	<u>2,058,728</u>
Deferred inflows of resources:	
Deferred inflows from SCAs, grants, and others	—
Total deferred inflows of resources	<u>—</u>
Net Position:	
Net investment in capital assets	—
Restricted for:	
Nonexpendable – endowments	44,702,721
Expendable:	
Scholarships and fellowships	13,176,993
Research	
Loans	
Capital projects	7,028,406
Debt service	
Other	
Unrestricted	<u>476,692</u>
Total net position	<u>\$ 65,384,812</u>

San Francisco State University Foundation

Schedule of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2014

(for inclusion in the California State University)

Revenues:

Operating revenues:

Student tuition and fees (net of scholarship allowances of \$ _____)	\$	
Grants and contracts, noncapital:		
Federal		—
State		—
Local		—
Nongovernmental		—
Sales and services of educational activities		—
Sales and services of auxiliary enterprises (net of scholarship allowances of \$ _____)		—
Other operating revenues		1,066,186
		<hr/>
Total operating revenues		1,066,186

Expenses:

Operating expenses:

Instruction		—
Research		—
Public service		—
Academic support		—
Student services		—
Institutional support		—
Operation and maintenance of plant		—
Student grants and scholarships		—
Auxiliary enterprise expenses		1,122,778
Depreciation and amortization		—
		<hr/>
Total operating expenses		1,122,778
		<hr/>
Operating income (loss)		(56,592)

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		1,711,856
Investment income (loss), net		8,882,769
Endowment income (loss), net		
Interest Expenses		—
Other nonoperating revenues (expenses)		(1,062,655)
		<hr/>
Net nonoperating revenues (expenses)		9,531,970

		<hr/>
Income (loss) before other additions		9,475,378

State appropriations, capital		—
Grants and gifts, capital		—
Additions (reductions) to permanent endowments		700,027
		<hr/>
Increase (decrease) in net position		10,175,405

Net position:

Net position at beginning of year, as previously reported		55,209,407
Restatements		—
Net position at beginning of year, as restated		<hr/> 55,209,407
Net position at end of year		<hr/> <hr/> \$ 65,384,812

San Francisco State University Foundation
Other Information
June 30, 2014
(for inclusion in the California State University)

1 Restricted cash and cash equivalents at June 30, 20CY:

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

2.1 Composition of investments at June 30, 20CY:

	Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	1,541,745	1,541,745	-	-	-	1,541,745
Wachovia Short Term Fund	-	-	-	-	-	-	-
Wachovia Medium Term Fund	-	-	-	-	-	-	-
Wachovia Equity Fund	-	-	-	-	-	-	-
CSU Consolidated Investment Pool (includes SWIFT and 0948 SMIF)	-	-	-	-	-	-	-
Common Fund - Short Term Fund	-	-	-	-	-	-	-
Common Fund - Others	-	-	-	-	-	-	-
Debt securities	-	142,817	142,817	-	3,618,322	3,618,322	3,761,139
Equity securities	-	-	-	-	28,988,429	28,988,429	28,988,429
Fixed income securities (Treasury notes, GNMA's)	-	-	-	-	1,202,092	1,202,092	1,202,092
Land and other real estate	-	-	-	-	-	-	-
Certificates of deposit	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-
Mutual funds	-	-	-	-	6,322,626	6,322,626	6,322,626
Money Market funds	-	4,711,162	4,711,162	-	-	-	4,711,162
Collateralized mortgage obligations:	-	-	-	-	-	-	-
Inverse floaters	-	-	-	-	-	-	-
Interest-only strips	-	-	-	-	-	-	-
Agency pass-through	-	-	-	-	-	-	-
Partnership interests (includes private pass-through)	-	-	-	-	-	-	-
Alternative investments	-	-	-	1,985,846	18,089,689	20,075,535	20,075,535
Hedge funds	-	-	-	-	-	-	-
Other major investments:	-	-	-	-	-	-	-
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San Francisco State University Foundation
Other Information
June 30, 2014
(for inclusion in the California State University)

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2014:

Depreciation and amortization expense related to capital assets	\$	—
Amortization expense related to other assets		—
Total depreciation and amortization	\$	—

4 Long-term liabilities activity schedule:

	Balance June 30, 20PY	Prior period adjustments	Reclassifications	Balance June 30, 20PY (restated)	Additions	Reductions	Balance June 30, 20CY	Current portion	Long-term portion
Accrued compensated absences	\$	—	—	—	-	-	—	—	—
Capitalized lease obligations:									
Gross balance	—	—	—	—	-	-	—	—	—
Unamortized premium / (discount) on capitalized lease obligations	—	—	—	—	-	-	—	—	—
Total capitalized lease obligations	—	—	—	—	-	-	—	—	—
Long-term debt obligations:									
Revenue Bonds	—	—	—	—	-	-	—	—	—
Other bonds (non-Revenue Bonds)	—	—	—	—	-	-	—	—	—
Commercial Paper	—	—	—	—	-	-	—	—	—
Note Payable related to SRB	—	—	—	—	-	-	—	—	—
Other:									
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Total long-term debt obligations	—	—	—	—	-	-	—	—	—
Unamortized bond premium / (discount)	—	—	—	—	-	-	—	—	—
Total long-term debt obligations, net	—	—	—	—	—	—	—	—	—
Total long-term liabilities	\$	—	—	—	—	—	—	—	—

5 Future minimum lease payments - capital lease obligations:

	Principal	Interest	Principal and Interest
Year ending June 30:			
2015	-	-	—
2016	-	-	—
2017	-	-	—
2018	-	-	—
2019	-	-	—
2020 - 2024	-	-	—
2025 - 2029	-	-	—
2030 - 2034	-	-	—
2035 - 2039	-	-	—
2040 - 2044	-	-	—
2045 - 2049	-	-	—
2050 - 2054	-	-	—
2055 - 2059	-	-	—
2060 - 2064	-	-	—
Total minimum lease payments			—
Less amounts representing interest			—
Present value of future minimum lease payments			—
Less: current portion			—
Capitalized lease obligation, net of current portion		\$	—

San Francisco State University Foundation
Other Information
June 30, 2014
(for inclusion in the California State University)

6 Long-term debt obligation schedule

	Revenue Bonds			All other long-term debt obligations			Total		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
Year ending June 30:									
2015	\$ -	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-
2020 - 2024	-	-	-	-	-	-	-	-	-
2025 - 2029	-	-	-	-	-	-	-	-	-
2030 - 2034	-	-	-	-	-	-	-	-	-
2035 - 2039	-	-	-	-	-	-	-	-	-
2040 - 2044	-	-	-	-	-	-	-	-	-
2045 - 2049	-	-	-	-	-	-	-	-	-
2050 - 2054	-	-	-	-	-	-	-	-	-
2055 - 2059	-	-	-	-	-	-	-	-	-
2060 - 2064	-	-	-	-	-	-	-	-	-
Total	\$ -	-	-	-	-	-	-	-	-

7 Calculation of net position

	Auxiliary Organizations		Total
	GASB	FASB	Auxiliaries
7.1 Calculation of net position - Net investment in capital assets			
Capital assets, net of accumulated depreciation	\$ ---	---	---
Capitalized lease obligations - current portion	---	---	---
Capitalized lease obligations, net of current portion	---	---	---
Long-term debt obligations - current portion	---	---	---
Long-term debt obligations, net of current portion	---	---	---
Portion of outstanding debt that is unspent at year-end	---	---	---
Other adjustments: (please list)			
Add description	---	---	---
Add description	---	---	---
Add description	---	---	---
Add description	---	---	---
Add description	---	---	---
Net position - net investment in capital asset	\$ ---	---	---

7.2 Calculation of net position - Restricted for nonexpendable - endowments			
Portion of restricted cash and cash equivalents related to endowments	\$ ---	---	---
Endowment investments	44,702,721	---	44,702,721
Other adjustments: (please list)			
Add description	---	---	---
Add description	---	---	---
Add description	---	---	---
Add description	---	---	---
Add description	---	---	---
Add description	---	---	---
Add description	---	---	---
Add description	---	---	---
Add description	---	---	---
Add description	---	---	---
Net position - Restricted for nonexpendable - endowments per SNP	\$ 44,702,721	---	44,702,721

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8 Transactions with Related Entities

	Amount
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 34,000
Payments to University for other than salaries of University personnel	454,104
Payments received from University for services, space, and programs	2,100
Gifts-in-kind to the University from discretely presented component units	—
Gifts (cash or assets) to the University from discretely presented component units	—
Accounts (payable to) University (enter as negative number)	(679)
Other amounts (payable to) University (enter as negative number)	—
Accounts receivable from University	—
Other amounts receivable from University	—

9 Other Postemployment Benefits Obligation (OPEB)

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

10 Pollution remediation liabilities under GASB Statement No. 49:

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

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

	Net Position Class	Amount
		Dr. (Cr.)
Net position as of June 30, 20PY, as previously reported	\$	55,209,407
Prior period adjustments:		
1 (list description of each adjustment)		—
2 (list description of each adjustment)		—
3 (list description of each adjustment)		—
4 (list description of each adjustment)		—
5 (list description of each adjustment)		—
6 (list description of each adjustment)		—
7 (list description of each adjustment)		—
8 (list description of each adjustment)		—
9 (list description of each adjustment)		—
10 (list description of each adjustment)		—
Net position as of June 30, 2013, as restated	\$	55,209,407

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

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