

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

JUNE 30, 2011 AND 2010

INDEPENDENT AUDITORS' REPORTS,

FINANCIAL STATEMENTS

AND

SUPPLEMENTAL INFORMATION

San Francisco State University Foundation

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Independent Auditors' Report

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

We have audited the accompanying statement of net assets of the **SAN FRANCISCO STATE UNIVERSITY FOUNDATION (the Foundation)** and the related statements of revenues, expenses and changes in net assets, and cash flows for the year ended June 30, 2011 and from the period of beginning operations, September 30, 2009 through June 30, 2010. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the San Francisco State University Foundation at June 30, 2011 and 2010 and the changes in its net assets and its cash flows for the year and period then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 2 through 8 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Hood & Strong LLP

San Francisco, California
September 21, 2011

*Consultants and
Business Advisors*

100 First Street

14th Floor

San Francisco

CA 94105

415.781.0793

fax 415.421.2976

San Francisco

San Jose

Redwood Shores



San Francisco State University Foundation

Management Discussion and Analysis (Unaudited)

Management's Discussion and Analysis

This section of the Foundation's annual financial report includes management's discussion and analysis of the financial performance of the Foundation for the fiscal year ended June 30, 2011.

The San Francisco State University Foundation (the Foundation) presents its financial statements for fiscal year 2011 with comparative data presented for fiscal period 2010. There are three financial statements presented: the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; 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 in a full year of operations in 2011 with the previous short period. 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 (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 Foundation's June 30, 2011 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.

Highlights of Financial Operations

- **Transfers from the University Corporation, San Francisco State (the Corporation) and to the Corporation**

The Foundation received the remaining cash balance for the endowments during fiscal year 2011 from the Corporation which was part of the original transfer of assets September 20, 2009. The amount transferred from the Corporation was approximately \$1.2 million. The current year transfer from the Corporation of \$560,000 represents assets that were designated for the corresponding endowments from their respective campus program held by the Corporation.

The Foundation also performs transfers to the Corporation per the Foundation's payout policy from the endowments to the corresponding spending and scholarship accounts managed by the Corporation.

San Francisco State University Foundation

Management Discussion and Analysis (Unaudited)

- **Operating and nonoperating revenue and expenses**

Fiscal Year 2011 is the first full year of operations for the Foundation. The Foundation's operating revenue increased during 2011 from 2010 as a result of a full year of earning the administrative fee for managing the endowments. During the 2011 fiscal year the Foundation began reporting investment fees separate and not net of investment income as was originally reported in 2010. The expenses for the year were \$1,310,399 which is primarily the administrative cost for accounting, auditing services and investment fees. The administration fees charged to the endowment are separately presented this year instead of showing as part of the net investment income.

Total non-operating revenue over all increased in 2011 by 39% due to a full year of positive investment returns. Contributions were down in 2011 by -71%.

During 2011 the Foundation changed investment managers from Morgan Stanley to UBS Financial Services, Inc.

Other Additions and Transfers

Additions to the permanent endowment increased by approximately \$18,000. The Foundation made substantial transfers to the University for capital projects carried out by the University. The Foundation also made transfers to the Corporation for scholarships, endowed chairs and other programs carried out by the Corporation.

Financial Position

The statement of net assets presents the financial position of the Foundation at the end of fiscal year 2011. The purpose of the statement of net assets is to present to the readers of the financial statements a fiscal snapshot of the Foundation. From the data presented, the readers of the statement of the net assets are able to determine the assets available to continue the operations of the Foundation. They are also able to determine how much the Foundation owes its vendors as well as assessing other liabilities. Finally, the statement of net assets provides a picture of the net assets (assets minus liabilities) and their availability for expenditures.

Net assets are divided into two major categories. The first category is Restricted Net Assets, which is divided into two categories, Nonexpendable and Expendable. The corpus of nonexpendable restricted resources is only available for investment purposes. Expendable restricted net 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 Net Assets that are available to the Foundation for any lawful purpose of the Foundation.

San Francisco State University Foundation

Management Discussion and Analysis (Unaudited)

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

Condensed Statement of Net Assets - 2011, and 2010

	2011	2010	Change	%Change
ASSETS				
Current Assets	\$ 4,094,724	\$ 7,977,842	\$(3,883,118)	-49%
Noncurrent Assets	44,380,956	39,349,436	5,031,520	13%
	48,475,680	47,327,278	1,148,402	2%
LIABILITIES				
Current Liabilities	1,797,789	1,148,816	648,973	56%
NET ASSETS				
Restricted Net Assets:				
Nonexpendable - endowments	32,451,920	29,062,848	3,389,071	12%
Expendable - Scholarships, Fellowships & Capital Projects	13,723,507	16,870,958	(3,147,451)	-19%
Unrestricted Net Assets	502,464	244,655	257,809	105%
	\$46,677,891	\$46,178,462	\$ 499,429	1%

Assets

As of June 30, 2011, current assets were \$4,094,724, which is primarily comprised of approximately \$3,479,000 of short term investments. In the investment mix at the end of June 30, 2011 there were more long term investments held than short term at this time period during fiscal year 2010. There was a decrease of \$(3,883,118) (-49%) in current assets and a \$5,031,520 increase (13%) in noncurrent assets from the previous year. The receivables from the Corporation were significantly reduced from the previous year as all of the assets associated to the transfer of assets were completed during fiscal year 2011. During 2010, current assets were \$7,977,842; this balance is comprised of approximately \$6,152,000 of short-term investments, \$1,545,000 of receivable from the Corporation and a cash balance of approximately \$281,000. The accounts receivable was mainly attributed to transactions between the Corporation and the Foundation for transfer of contributions and assets due to the Foundation.

San Francisco State University Foundation

Management Discussion and Analysis (Unaudited)

The Foundation and the Corporation will have a continued 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 \$1,222,000, which represents approximately 10% of the total invested in alternative investments by the Foundation.

Liabilities

As of June 30, 2011, accounts payables remained mainly flat for the year. Based on the activity of the Foundation the majority of the remaining current liabilities are related party transactions. At June 30, 2011, the Foundation had a payable of \$536,377 to the University for architectural costs for the Performing Arts Center and a payable to the Corporation of \$1,222,081 representing the alternative investments held on behalf of the Corporation.

As of June 30, 2010, current liabilities were \$1,148,816; the balance is primarily comprised of a \$1,120,855 payable to the University for architectural costs for the creative arts building. The balance is related to spendable accounts associated with the endowments.

Net Assets

The Foundation's net assets for fiscal year 2011 were \$46,677,891 which is an increase of \$499,429 (1%) from the previous year. The overall increase can be primarily attributed to investment income.

Net assets for fiscal year 2010 increased to \$46,178,462 due to improved economic markets, the Foundation recognized a gain from its investment holdings, which positively affected the net assets related to the endowments. The interest, dividends, realized and unrealized gains from investments were approximately \$1.1 million.

Results of Operations

The Statement of Revenues, Expenses and Changes in Net Assets 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

Management Discussion and Analysis (Unaudited)

Detailed statement of Revenue, Expenses, and Changes in Net Assets for the period ending June 30, 2011 and 2010 is included in the financial statements. A condensed version is shown below:

Condensed Statement of Revenue, Expenses, Changes in Net Assets For Year Ended June 30, 2011 and 2010

	2011	2010	Change	% Change
<u>Operating Revenues (Expenses):</u>				
Revenues	\$786,068	\$ 553,765	\$ 232,303	42%
Expenses	(526,930)	(309,110)	(217,820)	70%
Operating income	259,138	244,655	14,483	6%
<u>Nonoperating Revenues (Expenses):</u>				
Contributions	523,946	1,806,813	(1,282,867)	-71%
Endowment management fees	(783,469)	(426,169)	(357,300)	84%
Investment return	3,951,020	1,270,767	2,680,253	211%
Capital contributions	64,333	624,800	(560,467)	-90%
Additions to permanent endowments	1,061,051	1,043,512	17,539	2%
Transfer to the University Corporation	(789,855)	(186,613)	(603,242)	323%
Transfers to the University	(4,346,735)	(1,120,855)	(3,225,880)	288%
Total other Nonoperating Revenues(Expenses)	(319,709)	3,012,255	(3,331,964)	-111%
Change in Net Assets	(60,571)	3,256,910	(3,317,481)	-102%
Transfer from the Corporation	\$560,000	\$42,921,552	\$(42,361,552)	-99%

REVENUES

Operating Revenue

Total Revenue in the first full year of operations was \$786,068 which was an increase of approximately \$232,000 (42%) from the prior year revenue of \$533,765. 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 endowments calculated on the average daily balance per the Foundation's investment policy. In 2010, the Foundation earned this fee for the three quarters of the fiscal year.

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. Use of operating funds for restricted funds are for endowment administrative fees charged. The expenses related to accounting services were approximately \$261,000. For fiscal year 2010, expenses related to accounting services were approximately \$287,000.

San Francisco State University Foundation

Management Discussion and Analysis (Unaudited)

NON-OPERATING REVENUES AND EXPENSES

Contributions

Contributions are recognized as revenue when they are verifiable, measurable, probable of collection, and the Foundation has met all time and eligibility requirements. Contributions were approximately \$524,000 for the 2011 fiscal year. Contributions were down in fiscal year 2011 due to the continued economic instability. Contributions in fiscal year 2010 were approximately \$1,807,000 from the period of beginning operations, September 30, 2009 through June 30, 2010. The balance was primarily due to the receipt of the Fleischman Trust bequest of approximately \$1,650,000. Contributions were from various fund raising, scholarships and capital campaigns.

Investment Return

During the fiscal year ended June 30, 2011 investments continued showing signs of a recovery. Interest and Gains from investments for a full year of operations was approximately \$3,951,000 as compared to the prior year's amount of \$1,121,000 for three quarters. During the fiscal year the Foundation changed investment managers from Morgan Stanley to UBS Financial Services, Inc. and selected a new equity portfolio manager. It also selected ten alternative investment managers representing approximately twenty-four percent (24%) of its invested assets. The Corporation's participation in the Foundation's alternative portfolio is approximately \$1,222,000 which is 10% of total alternative investments. The Foundation's board also updated its investment policy during the year which adjusted its target and investment allocation mix. The investment policy is a guide for its investment managers to follow.

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.

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 which are not true operational expenses of the Foundation. Contributions in fiscal year 2011 were down for capital contributions but increased for additions to the permanent endowments. Additions to the permanent endowment were approximately \$1,061,000 which consisted of a donation from the Jewish Studies endowment of approximately \$500,000 and the William Richard Balkwall trust for \$80,000. Aggregate transfers for 2011 were approximately \$5,137,000 which includes a transfer to the University for approximately \$4,347,000 for expenses for the Performing Arts Center. For fiscal year 2010 other additions and transfers were \$129,893 the balance was attributable to transfers to the University and affiliate of approximately \$1,307,000 and the receipt of capital and permanent endowment contributions of approximately \$1,437,000. Capital contributions represent contributions to the endowment for the Creative Arts Center of approximately \$574,000.

San Francisco State University Foundation

Management Discussion and Analysis (Unaudited)

SIGNIFICANT ITEMS

During 2011 the Foundation received a transfer from the Corporation of approximately \$1.2 million representing the cash that was not transferred last year due to timing to complete the transfer of assets to the Foundation from the Corporation which was part of the original \$42.9 million transfer of all endowment accounts and related investment accounts. In addition, the Foundation also received a transfer of assets from the Corporation related to fiscal year 2011. The Foundation received from the Corporation \$560,000 which represents approximately \$500,000 from the Goldman's and \$60,000 from programs under the Corporation that wanted to maximize their endowment balances by transferring undesignated cash to their Foundation endowments.

During 2011, the Foundation hired a new money manager, UBS Financial Services, Inc., as well as eleven alternative investment managers. The finance committee will be taking an even more active role in the management of these investments.

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

Statement of Net Assets

<i>June 30,</i>	2011	2010
Assets		
Current Assets:		
Cash and cash equivalents	\$ 263,115	\$ 280,656
Investments, restricted	3,479,164	6,151,499
Receivable from related parties	352,445	1,545,687
Total current assets	4,094,724	7,977,842
Noncurrent Assets:		
Investments, restricted	43,158,875	39,349,436
Investments held for University Corporation, SF State	1,222,081	
Total noncurrent assets	44,380,956	39,349,436
Total assets	\$ 48,475,680	\$ 47,327,278
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 39,331	\$ 27,961
Payable to the University	536,377	1,120,855
Payable to the University Corporation, SF State	1,222,081	
Total current liabilities	1,797,789	1,148,816
Net Assets:		
Restricted for:		
Nonexpendable - endowments	32,451,920	29,062,849
Expendable - scholarships, fellowships, capital projects	13,723,507	16,870,958
Unrestricted	502,464	244,655
Total net assets	46,677,891	46,178,462
Total liabilities and net assets	\$ 48,475,680	\$ 47,327,278

The accompanying notes are an integral part of this statement.

San Francisco State University Foundation

Statement of Revenues, Expenses and Changes in Net Assets

<i>Year ended June 30,</i>	2011	2010
Revenues:		
Administrative Fees	\$ 783,673	\$ 553,765
Other revenues	2,395	
Total revenues	786,068	553,765
Expenses:		
Management and general	526,930	309,110
Total expenses	526,930	309,110
Operating income	259,138	244,655
Nonoperating Revenues (Expenses):		
Contributions	523,946	1,806,813
Endowment management fees	(783,469)	(426,169)
Investment return	3,951,020	1,270,767
Net nonoperating revenues (expenses)	3,691,497	2,651,411
Income before other additions	3,950,635	2,896,066
Other Additions and Transfers:		
Capital contributions	64,333	624,800
Additions to permanent endowments	1,061,051	1,043,512
Transfers to the University Corporation, SF State	(789,855)	(186,613)
Transfers to the University	(4,346,735)	(1,120,855)
Total other additions and transfers	(4,011,206)	360,844
Change in Net Assets	(60,571)	3,256,910
Transfer from the University Corporation, SF State	560,000	42,921,552
Net Assets, beginning of the year	46,178,462	
Net Assets, end of the year	\$ 46,677,891	\$ 46,178,462

The accompanying notes are an integral part of this statement.

San Francisco State University Foundation

Statement of Cash Flows

<i>Year ended June 30,</i>	2011	2010
Cash Flows from Operating Activities:		
Receipts from endowment fees	\$ 783,673	\$ 553,765
Payments to suppliers	(515,560)	(281,149)
Other receipts	2,395	
Net cash provided by operating activities	270,508	272,616
Cash Flows from Noncapital Financing Activities:		
Donations received	1,410,293	2,202,033
Transfers to the Corporation	(789,855)	(186,613)
Transfer to SFSU	(3,124,654)	(1,120,855)
Net cash (used) provided by noncapital financing activities	(2,504,216)	894,565
Cash Flows from Capital and Related Financing Activities:		
Donations received restricted for capital	64,333	565,151
Net cash provided by capital and related financing activities	64,333	565,151
Cash Flows from Investing Activities:		
Proceeds from sales and maturities of investments	60,195,028	14,506,500
Purchase of investments	(58,152,381)	(15,683,775)
Investment income	109,187	(274,400)
Net cash provided (used) by investing activities	2,151,834	(1,451,676)
Net Change in Cash and Cash Equivalents	(17,541)	280,656
Cash and Cash Equivalents, beginning of year	280,656	
Cash and Cash Equivalents, end of year	\$ 263,115	\$ 280,656

The accompanying notes are an integral part of this statement.

San Francisco State University Foundation

Statement of Cash Flows (continued)

<i>Year ended June 30,</i>	2011	2010
Reconciliation of Operating Loss to Net Cash		
Flows Used by Operating Activities:		
Operating income	\$ 259,138	\$ 244,655
Adjustments to reconcile operating income to net cash flows used by operating activities:		
Changes in assets and liabilities:		
Accounts payable	11,370	27,961
Total adjustments	11,370	27,961
Net cash provided by operating activities	\$ 270,508	\$ 272,616
Supplemental Disclosures of Cash Flow Activity:		
Non-cash activity:		
Donations of stock received	\$ 1,544	\$ 573,633
Transfer of assets from the University Corporation		\$ 42,921,552

The accompanying notes are an integral part of this statement.

San Francisco State University Foundation

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 San Francisco State 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 and 35 includes a Statement of Net Assets, a Statement of Revenues, Expenses, and Changes in Net Assets 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.

The Foundation uses all applicable GASB and FASB pronouncements and interpretations issued on or before November 30, 1989, unless these FASB pronouncements conflict with or contradict GASB. The Foundation has elected not to follow FASB pronouncements issued after 1989.

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 Assets. 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 Assets are considered to be current. All other assets and liabilities are considered to be non-current.

San Francisco State University Foundation

Notes to Financial Statements

The Foundation's net assets are 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. During 2010, the Foundation maintained deposits in excess of federally insured limits. Though the Foundation is not a government agency, our financial institutions 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, 2011.

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, 2011.

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.

San Francisco State University Foundation

Notes to Financial Statements

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 unrestricted net assets as long as the donor has not restricted those earnings. The Uniform Prudent Management of Institutional Funds Act (UPMIFA) passed in July 2006 and as adopted by California in 2008 authorizes an institution to spend the amount it deems prudent after considering the donor's intent, the purposes of the fund, and relevant economic factors. According to Foundation 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.

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 one category classified as operating revenues which is other revenue. Other Revenue is indirect cost earned associated with administering endowments.

San Francisco State University Foundation

Notes to Financial Statements

Non-Operating revenue and expenses category includes revenue from restricted and unrestricted contributions where the restrictions have been met, transfers, 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 Additions and Transfers category includes contributions related to capital projects and permanent endowments and transfers related to funds given to 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 assets or change in net assets.

k. Recent Accounting Pronouncements Adopted or Under Consideration

Effective July 1, 2010, the Foundation adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type*, the objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and also clarifies the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The Foundation determined that this pronouncement did not have a significant impact on its financial statements.

San Francisco State University Foundation

Notes to Financial Statements

Effective July 1, 2010, the Foundation adopted GASB Statement No. 59, *Financial Instruments Omnibus*, the objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The Foundation determined that this pronouncement did not have a significant impact on its financial statements.

The GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, the objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. The statement is applicable for fiscal year ending June 30, 2012. The Foundation is currently assessing the impact of this statement, if any.

The GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, should apply for financial statements for periods beginning after December 15, 2011. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a “facility”) in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The statement is applicable for fiscal year June 30, 2013. The Foundation is currently assessing the impact of this statement, if any.

The GASB issued Statement No.62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. The provisions of this Statement generally are required to be applied retroactively for all periods presented. The objective of this Statement is to incorporate into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements, includes 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. The statement is applicable for fiscal year June 30, 2013. The Foundation is currently assessing the impact of this statement, if any.

San Francisco State University Foundation

Notes to Financial Statements

Note 3 - Investments:

Investments consist of the following as of June 30, 2011:

	<u>Fair value</u>	<u><1</u>	Investment Maturities (Years)			<u>Other</u>
			<u>1 - 5</u>	<u>6 - 10</u>	<u>10+</u>	
Local agency investment fund	\$ 254,732	\$ 254,732				
Broker money market funds	2,462,294	2,462,294				
Treasury securities	8,691,807	472,499	\$ 4,207,038	\$ 4,012,270		
Asset-backed securities	3,365,315		1,212,091	274,241	\$ 1,878,983	
Corporate debt securities	7,314,284	289,639	3,250,983	3,773,662		
Equity securities	12,970,061					\$ 12,970,061
Alternative investments	12,801,627					12,801,627
	<u>\$47,860,120</u>	<u>\$ 3,479,164</u>	<u>\$ 8,670,112</u>	<u>\$ 8,060,173</u>	<u>\$ 1,878,983</u>	<u>\$ 25,771,688</u>

Investments consist of the following as of June 30, 2010:

	<u>Fair value</u>	<u><1</u>	Investment Maturities (Years)		
			<u>1 - 5</u>	<u>6 - 10</u>	<u>10+</u>
Local agency investment fund	\$ 700,726	\$ 700,726			
Broker money market funds	2,382,035	2,382,035			
Mutual funds	2,382,339	2,382,339			
US Treasuries	7,019,421		\$ 3,214,591	\$ 3,804,830	
Federal National/ Home Loan mortgages	4,238,052		2,922,586		\$ 1,315,466
Corporate debt securities	12,278,864	686,399	6,248,786	5,343,679	
Equity securities	13,404,450	13,404,450			
Alternative investments	3,095,048	3,095,048			
	<u>\$45,500,935</u>	<u>\$22,650,997</u>	<u>\$12,385,963</u>	<u>\$ 9,148,509</u>	<u>\$ 1,315,466</u>

Investment return for the years ended June 30, 2011 and 2010 consists of the following:

	2011	2010
Interest and dividends	\$ 1,266,477	\$ 938,272
Realized and unrealized gain	2,684,543	189,435
	<u>\$ 3,951,020</u>	<u>\$ 1,127,707</u>

San Francisco State University Foundation

Notes to Financial Statements

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 the 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. The 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.

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

San Francisco State University Foundation

Notes to Financial Statements

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 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 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, 2011 are as follows:

	<u>Restricted Net Assets</u>		Total
	Nonexpendable	Expendable	
<u>Endowments</u>	<u>\$ 32,451,920</u>	<u>\$ 13,723,507</u>	<u>\$ 46,175,427</u>

Endowments held and administered by the Foundation at June 30, 2010 are as follows:

	<u>Restricted Net Assets</u>		Total
	Nonexpendable	Expendable	
<u>Endowments</u>	<u>\$ 29,062,849</u>	<u>\$16,870,958</u>	<u>\$ 45,933,807</u>

As of September 30, 2009 all endowment balances and associated investment accounts with the exception of one endowment have been transferred from the Corporation. The amount transferred by the corporation was approximately \$560,000 and \$42,900,000 for years ended June 30, 2011 and 2010, respectively.

The Foundation's investment policy during fiscal year 2010-2011 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 had approximately \$751,000 underwater at June 30, 2011 and \$1,700,000 of underwater at June 30, 2010. Underwater endowments are endowments where their current market value are below the original contribution.

San Francisco State University Foundation

Notes to Financial Statements

Note 5 - Related Parties:

During the year ended June 30, 2011 and 2010, the Foundation paid \$5,237,350 and \$510,299, respectively, to the University and its affiliate for accounting services, reimbursements and funding for scholarships and capital projects which are fulfilled by the actions of the campus. During 2011, the Foundation paid \$ 862,476 for scholarship and other endowment spendable accounts to the Corporation. The Corporation paid \$ 1,679,678 to the Foundation and transferred \$560,000 in 2011 and \$42,925,771 in 2010 of endowment along with the ownership of investment accounts .

At June 30, 2011 and 2010, the Foundation's recorded receivables from the Corporation totaling \$343,138 and \$1,545,687, respectively and payables to the University totaling \$536,377 and \$1,120,855.

During 2011, the Corporation invested \$1,200,000 in alternative investments held by the Foundation. The fair value of the investments payable to the Corporation for these investments is \$1,222,081 as of June 30, 2011.

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 - 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 \$783,673 and \$553,765 were earned by the Foundation during the year ended June 30, 2011 and 2010, respectively.

San Francisco State University Foundation
Schedule of Net Assets
June 30, 2011
(for inclusion in the California State University)

Assets:

Current assets:	
Cash and cash equivalents	\$ 263,115
Short-term investments	3,479,164
Accounts receivable, net	352,445
Leases receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other assets	—
Total current assets	4,094,724
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	32,451,920
Other long-term investments	11,929,036
Capital assets, net	—
Other assets	—
Total noncurrent assets	44,380,956
Total assets	48,475,680

Liabilities:

Current liabilities:	
Accounts payable	1,797,789
Accrued salaries and benefits payable	—
Accrued compensated absences— current portion	—
Deferred revenue	—
Capitalized lease obligations – current portion	—
Long-term debt obligations – current portion	—
Self-insurance claims liability - current portion	—
Depository accounts	—
Other liabilities	—
Total current liabilities	1,797,789
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	—
Deferred revenue	—
Grants refundable	—
Capitalized lease obligations, net of current portion	—
Long-term debt obligations, net of current portion	—
Self-insurance claims liabilities, net of current portion	—
Depository accounts	—
Other postemployment benefits obligation	—
Other liabilities	—
Total noncurrent liabilities	—
Total liabilities	1,797,789

Net assets:

Invested in capital assets, net of related debt	—
Restricted for:	
Nonexpendable – endowments	32,451,920
Expendable:	
Scholarships and fellowships	12,371,613
Research	—
Loans	—
Capital projects	1,351,894
Debt service	—
Other	—
Unrestricted	502,464
Total net assets	\$ 46,677,891

San Francisco State University Foundation
Schedule of Revenues, Expenses, and Changes in Net Assets
Year Ended June 30, 2011
(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		786,068
Total operating revenues		786,068

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		526,930
Depreciation and amortization		—
Total operating expenses		526,930
Operating income (loss)		259,138

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		—
Investment income (loss), net		3,951,020
Endowment income (loss), net		—
Interest Expenses		—
Other nonoperating revenues (expenses)		(234,523)
Net nonoperating revenues (expenses)		3,716,497
Income (loss) before other additions		3,975,635

State appropriations, capital

Grants and gifts, capital		—
Additions (reductions) to permanent endowments		(4,282,402)
Increase (decrease) in net assets		806,196

Net assets:

Net assets at beginning of year, as previously reported		46,178,462
Restatements		—
Net assets at beginning of year, as restated		46,178,462
Net assets at end of year	\$	46,677,891

See accompanying independent auditors' report.

San Francisco State University Foundation
Other Information
June 30, 2011
(for inclusion in the California State University)

1 Restricted cash and cash equivalents at June 30, 2011:

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

2.1 Composition of investments at June 30, 2011:

	<u>Current Unrestricted</u>	<u>Current Restricted</u>	<u>Total Current</u>	<u>Noncurrent Unrestricted</u>	<u>Noncurrent Restricted</u>	<u>Total Noncurrent</u>	<u>Total</u>
State of California Surplus Money Investment Fund (SMIF)	\$ -	-	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	254,732	254,732	-	-	-	254,732
Wachovia Short Term Fund	-	-	-	-	-	-	-
Wachovia Medium Term Fund	-	-	-	-	-	-	-
Wachovia Equity Fund	-	-	-	-	-	-	-
US Bank SWIFT pool	-	-	-	-	-	-	-
Common Fund - Short Term Fund	-	-	-	-	-	-	-
Common Fund - Others	-	-	-	-	-	-	-
Debt securities	-	289,639	289,639	751,693	9,638,267	10,389,960	10,679,599
Equity securities	-	-	-	-	12,970,061	12,970,061	12,970,061
Fixed income securities (Treasury notes, GNMA's)	-	472,499	472,499	-	8,219,308	8,219,308	8,691,807
Land and other real estate	-	-	-	-	-	-	-
Certificates of deposit	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-
Mutual funds	-	-	-	-	-	-	-
Money Market funds	-	2,462,294	2,462,294	-	-	-	2,462,294
Collateralized mortgage obligations:							
Inverse floaters	-	-	-	-	-	-	-
Interest-only strips	-	-	-	-	-	-	-
Agency pass-through	-	-	-	-	-	-	-
Private pass-through	-	-	-	-	-	-	-
Other major investments:							
Alternative Investments	-	-	-	1,222,081	11,579,546	12,801,627	12,801,627
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Total investments	<u>-</u>	<u>3,479,164</u>	<u>3,479,164</u>	<u>1,973,774</u>	<u>42,407,182</u>	<u>44,380,956</u>	<u>47,860,120</u>
Less endowment investments (enter as negative number)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(32,451,920)</u>	<u>(32,451,920)</u>	<u>(32,451,920)</u>
Total investments	<u><u>-</u></u>	<u><u>3,479,164</u></u>	<u><u>3,479,164</u></u>	<u><u>1,973,774</u></u>	<u><u>9,955,262</u></u>	<u><u>11,929,036</u></u>	<u><u>15,408,200</u></u>

2.2 Investments held by the University under contractual agreements at June 30, 2011:

Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2011 :	-	-	-	-	-	-	-
---	---	---	---	---	---	---	---

2.3 Restricted current investments at June 30, 2011 related to:

Restricted for Expendable scholarships, fellowships, capital project	\$ <u>3,479,164</u>
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Total restricted current investments at June 30, 2011	<u><u>\$ 3,479,164</u></u>

2.4 Restricted noncurrent investments at June 30, 2011 related to:

Endowment investment	\$ <u>32,451,920</u>
Restricted for scholarships, fellowships, capital projects:	9,955,262
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Total restricted noncurrent investments at June 30, 2011	<u><u>\$ 42,407,182</u></u>

San Francisco State University Foundation
Other Information
June 30, 2011
(for inclusion in the California State University)

3.1 Composition of capital assets at June 30, 2011:

	Balance June 30, 2010	Prior period Adjustments	Reclassifications	Balance June 30, 2010 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2011
Nondepreciable/nonamortizable capital assets:								
Land and land improvements	\$ -	-	-	-	-	-	-	-
Works of art and historical treasures	-	-	-	-	-	-	-	-
Construction work in progress (CWIP):	-	-	-	-	-	-	-	-
Intangible assets:								
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-
Internally generated intangible assets in progress:	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total nondepreciable/nonamortizable capital assets	-	-	-	-	-	-	-	-
Depreciable/amortizable capital assets:								
Buildings and building improvement:	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-
Personal property:								
Equipment	-	-	-	-	-	-	-	-
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyright and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	-	-	-	-	-	-	-	-
Total capital assets	-	-	-	-	-	-	-	-
Less accumulated depreciation/amortization:								
Buildings and building improvement:	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-
Personal property:								
Equipment	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-
Total capital assets, net	\$ -	-	-	-	-	-	-	-

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2011:

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

San Francisco State University Foundation
Other Information
June 30, 2011
(for inclusion in the California State University)

4 Long-term liabilities activity schedule:

	Balance June 30, 2010	Prior period adjustments	Reclassifications	Balance June 30, 2010 (restated)	Additions	Reductions	Balance June 30, 2011	Current portion	Long-term portion
Accrued compensated absences	\$ —	—	—	—	-	-	—	—	—
Capitalized lease obligations:									
Gross balance	—	—	—	—	-	-	—	—	—
Unamortized premium / (discount) on capitalized lease obligation	—	—	—	—	-	-	—	—	—
Total capitalized lease obligations	—	—	—	—	-	-	—	—	—
Long-term debt obligations:									
Revenue Bonds	—	—	—	—	-	-	—	—	—
Other bonds (non-Revenue Bonds)	—	—	—	—	-	-	—	—	—
Commercial Paper	—	—	—	—	-	-	—	—	—
Other:									
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Total long-term debt obligations	—	—	—	—	-	-	—	—	—
Unamortized bond premium / (discount)	—	—	—	—	-	-	—	—	—
Unamortized loss on refunding	—	—	—	—	-	-	—	—	—
Total long-term debt obligations, net	—	—	—	—	—	—	—	—	—
Total long-term liabilities	\$ —	—	—	—	—	—	—	—	—

5 Future minimum lease payments - capital lease obligations:

	Principal	Interest	Principal and Interest
Year ending June 30:			
2012	-	-	—
2013	-	-	—
2014	-	-	—
2015	-	-	—
2016	-	-	—
2017 - 2021	-	-	—
2022 - 2026	-	-	—
2027 - 2031	-	-	—
2032 - 2036	-	-	—
2037 - 2041	-	-	—
2042 - 2046	-	-	—
2047 - 2051	-	-	—
2052 - 2056	-	-	—
2057 - 2061	-	-	—
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, 2011
 (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:									
2012	\$ -	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2017 - 2021	-	-	-	-	-	-	-	-	-
2022 - 2026	-	-	-	-	-	-	-	-	-
2027 - 2031	-	-	-	-	-	-	-	-	-
2032 - 2036	-	-	-	-	-	-	-	-	-
2037 - 2041	-	-	-	-	-	-	-	-	-
2042 - 2046	-	-	-	-	-	-	-	-	-
2047 - 2051	-	-	-	-	-	-	-	-	-
2052 - 2056	-	-	-	-	-	-	-	-	-
2057 - 2061	-	-	-	-	-	-	-	-	-
Total	\$ -	-	-	-	-	-	-	-	-

7 Calculation of net assets

	Auxiliary Organizations		Total
	GASB	FASB	Auxiliaries
7.1 Calculation of net assets - Invested in capital assets, net of related debt			
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 assets - invested in capital assets, net of related debt	\$ —	—	—
7.2 Calculation of net assets - Restricted for nonexpendable - endowments			
Portion of restricted cash and cash equivalents related to endowments	\$ —	—	—
Endowment investments	32,451,920	—	32,451,920
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 assets - Restricted for nonexpendable - endowments per SNA	\$ 32,451,920	—	32,451,920

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8 Transactions with Related Entities	<u>Amount</u>
Payments to University for salaries of University personnel working on contracts, grants, and other program	\$ —
Payments to University for other than salaries of University personnel	5,237,350
Payments received from University for services, space, and program	—
Gifts-in-kind to the University from Auxiliary Organization	—
Gifts (cash or assets) to the University from recognized Auxiliary Organization	—
Accounts (payable to) University (enter as negative number)	(536,377)
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	
<u>Description</u>	<u>Amount</u>
Add description	\$ —
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	—

11 The nature and amount of the prior period adjustment(s) recorded to beginning net assets		
	<u>Net Asset Class</u>	<u>Amount</u>
		<u>Dr. (Cr.)</u>
Net assets as of June 30, 2010, as previously reported		\$ 46,178,462
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 assets as of June 30, 2010, as restated		\$ 46,178,462

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