

The University Foundation at Sacramento State

Sacramento, California

**FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITORS' REPORTS**

June 30, 2021 and 2020



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The University Foundation at Sacramento State

TABLE OF CONTENTS

June 30, 2021 and 2020

	<u>Page Number</u>
Independent Auditors' Report	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
FINANCIAL SECTION	
Statements of Net Position	10
Statements of Revenues, Expenses, and Changes in Net Position	11
Statements of Cash Flows	12
Notes to the Financial Statements	13
SUPPLEMENTARY INFORMATION SECTION	
Schedule of Net Position	26
Schedule of Revenues, Expenses, and Changes in Net Position	27
Other Information	28
Note to the Supplementary Schedules	35
OTHER REPORT SECTION	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	37

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The University Foundation at Sacramento State
Sacramento, California

Report on the Financial Statements

We have audited the accompanying financial statements of The University Foundation at Sacramento State (the Foundation), a component unit of California State University, Sacramento, which comprise the statements of net position as of June 30, 2021 and 2020; the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended; and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 auditors' 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 Foundation'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 Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITORS' REPORT

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2021 and 2020, and the changes in its 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 management's discussion and analysis on pages 5 through 8 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Foundation's basic financial statements. The supplementary information on pages 26 through 35 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

INDEPENDENT AUDITORS' REPORT

(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2021, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

KCae Team, LLP

September 10, 2021
Chico, California

MANAGEMENT'S DISCUSSION AND ANALYSIS

The University Foundation at Sacramento State

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of The University Foundation at Sacramento State's (the Foundation)'s annual financial report presents management's discussion and analysis of the financial performance of the Foundation during the fiscal years ended June 30, 2021 and 2020. This discussion has been prepared by management along with the financial statements and related note disclosures and should be read in conjunction with, and is qualified in its entirety by, the financial statements and footnotes. The financial statements, notes, and this discussion are the responsibility of management.

Financial Highlights

- Total restricted contributions and gifts along with return on investments and additions to permanent endowments received during fiscal year 2021 amounted to \$30.8 million.
- Total Foundation funds used in support of University projects in fiscal year 2021 totaled \$4.2 million.
- Foundation operating income during fiscal year 2021 was \$21.4 million.
- Total increase in net position, including additions to permanent endowments, amounted to \$25.8 million.

Overview of the Financial Statements

The financial statements presented herein include all the activities of the Foundation as prescribed by statements of the Governmental Accounting Standards Board (GASB). The Foundation is a component unit of the California State University, Sacramento (the University or CSUS).

The *Statements of Net Position* present information on all the Foundation's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Foundation is improving or deteriorating.

The *Statements of Revenues, Expenses, and Changes in Net Position* present information showing how net position changed during the most recent two fiscal years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some items that will result in cash flows in future fiscal periods (e.g., uncollected pledges receivable).

The *Statements of Cash Flows* present information about the cash receipts and cash payments of the Foundation during the two most recent fiscal years. When used with related disclosures and information in the other financial statements, the information provided in these statements should help financial report users assess the Foundation's ability to generate future net cash flows, its ability to meet its obligations as they come due, and its need for external financing. It also provides insight into the reasons for differences between operating income and associated cash receipts and payments, and the effects on the Foundation's financial position of its cash and its noncash investing, capital, and related financing transactions during the year.

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the Foundation's basic financial statements. The notes are included immediately following the basic financial statements within this report.

The University Foundation at Sacramento State

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

The Foundation's Net Position (Amounts Expressed in Thousands)

June 30	2021	2020	2019
Assets			
Current assets	\$ 11,908	\$ 8,480	\$ 17,024
Noncurrent assets	90,079	67,667	53,403
Total Assets	\$ 101,987	\$ 76,147	\$ 70,427
Liabilities			
Current liabilities	\$ 530	\$ 536	\$ 1,315
Noncurrent liabilities	-	-	149
Total Liabilities	\$ 530	\$ 536	\$ 1,464
Deferred Inflows			
Deferred inflows from remainder interest	\$ -	\$ -	\$ 276
Total Deferred Inflows	\$ -	\$ -	\$ 276
Net Position			
Restricted:			
Expendable	\$ 43,925	\$ 22,736	\$ 20,772
Nonexpendable	55,980	51,507	45,616
Unrestricted	1,552	1,368	2,299
Total Net Position	\$ 101,457	\$ 75,611	\$ 68,687

The \$25.8 million increase in total assets between fiscal years 2021 and 2020 was primarily due to a \$22.4 million increase in restricted long-term investments, a \$1.9 million increase in cash, and a \$1.3 million increase in short-term investments not yet invested.

The \$5.6 thousand decrease in total liabilities in 2021, compared to 2020, was primarily due to a decrease of \$9.5 thousand in accounts payable and an increase of \$3.9 thousand in accounts payable in restricted accounts.

The \$5.7 million increase in total assets between fiscal years 2020 and 2019 was primarily due to a \$14.2 million increase in restricted long-term investments and a \$8.5 million decrease in restricted cash and short-term investments not yet invested.

The \$928 thousand decrease in total liabilities in 2020, compared to 2019, was primarily due to a decrease of \$773 thousand in accounts payable and a decrease of \$149 thousand in funds held in trust for others.

The University Foundation at Sacramento State

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

The Foundation's Changes in Net Position (Amounts Expressed in Thousands)

June 30	2021	2020	2019
Operating Revenues			
Contributions and gifts	\$ 4,367	\$ 7,235	\$ 3,146
Fees and other	156	467	779
Investment income	21,800	4,660	2,665
Total Operating Revenues	26,323	12,362	6,590
Operating Expenses			
University projects	4,196	8,832	7,351
General and administration	754	1,090	446
Total Operating Expenses	4,950	9,922	7,797
Operating Income (Loss)	21,373	2,440	(1,207)
Income (Loss) before additions to permanent endowments	21,373	2,440	(1,207)
Additions to permanent endowments	4,473	4,484	4,284
Changes in net position	25,846	6,924	3,077
Net Position - Beginning of Year	75,611	68,687	65,610
Net Position - End of Year	\$ 101,457	\$ 75,611	\$ 68,687

The Foundation's receipt of contributions and gifts showed a decrease of \$2.8 million in fiscal year 2021 compared to 2020. This is due primarily to the large gifts received in support of the new Science Building on campus in 2020. Large donations in support of the Science Complex were not received in 2021.

Investment income increased by \$17 million in fiscal year 2021 compared to 2020, mainly due to unrealized gains.

Operating expenses decreased by \$4.9 million in fiscal year 2021, compared to 2020, mainly due to not needing to transfer projects expenses related to the Science Building to the University in 2021.

The Foundation's receipt of contributions and gifts showed an increase of \$4.1 million in fiscal year 2020 compared to 2019. This is due primarily to the large gift in the amount of \$2 million received in support of a new Science Building on campus.

Operating expenses increased by \$2.1 million in fiscal year 2020, compared to 2019, mainly due to the University projects expenses of \$2 million transferred to the University, related to the Science Building.

The University Foundation at Sacramento State

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

Request for Information

The financial report is designed to provide a general overview of the Foundation's finances. For questions concerning any information in this report or for additional financial information, please contact California State University, Sacramento, Gina Curry, Associate Vice President, Financial Services, 6000 J Street, Sacramento, California, 95819, or call (916) 278-7461.

FINANCIAL SECTION

The University Foundation at Sacramento State
STATEMENTS OF NET POSITION

June 30	2021	2020
ASSETS		
Current Assets		
Cash	\$ 2,256,921	\$ 380,536
Restricted cash	265,605	230,672
Short-term investments	2,127,977	813,078
Restricted short-term investments	7,227,213	7,010,326
Total Cash and Cash Equivalents	11,877,716	8,434,612
Receivables:		
Unrestricted receivables	22,697	19,398
Restricted receivables	7,490	25,740
Total Current Assets	11,907,903	8,479,750
Noncurrent Assets		
Cash surrender value of life insurance policies	184,872	171,342
Restricted long-term investments	89,893,775	67,495,826
Total Noncurrent Assets	90,078,647	67,667,168
TOTAL ASSETS	\$ 101,986,550	\$ 76,146,918
LIABILITIES AND NET POSITION		
Current Liabilities		
Accounts payable and accrued expenses	\$ 529,864	\$ 539,331
Accounts payable and accrued expenses from restricted accounts	-	(3,826)
Total Current Liabilities	529,864	535,505
Noncurrent Liabilities		
Funds held in trust for others	-	6
Total Liabilities	529,864	535,511
Net Position		
Restricted:		
Expendable	43,925,267	22,736,446
Nonexpendable	55,979,759	51,506,695
Unrestricted	1,551,660	1,368,266
Total Net Position	101,456,686	75,611,407
TOTAL LIABILITIES AND NET POSITION	\$ 101,986,550	\$ 76,146,918

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

The University Foundation at Sacramento State

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Years Ended June 30	2021	2020
Operating Revenues		
Contributions and gifts - noncapital	\$ 4,366,989	\$ 7,234,751
Fees and other	156,169	467,414
Investment income	21,799,736	4,659,991
Total Operating Revenues	26,322,894	12,362,156
Operating Expenses		
University projects	4,196,447	8,832,034
General and administrative	754,232	1,090,096
Total Operating Expenses	4,950,679	9,922,130
Operating Income	21,372,215	2,440,026
Nonoperating Revenues		
Additions to permanent endowments	4,473,064	4,484,141
Change in Net Position	25,845,279	6,924,167
Net Position - Beginning of Year	75,611,407	68,687,240
Net Position - End of Year	\$ 101,456,686	\$ 75,611,407

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

The University Foundation at Sacramento State
STATEMENTS OF CASH FLOWS

Years Ended June 30	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from campus community	\$ 4,524,579	\$ 7,822,629
Investment income received	2,812,175	1,842,157
Cash paid to suppliers	(4,956,326)	(11,126,396)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	2,380,428	(1,461,610)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Endowments received	4,473,064	4,484,141
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of long-term investments	17,169,827	36,244,254
Long-term investments purchased	(20,580,215)	(47,686,198)
NET CASH USED IN INVESTING ACTIVITIES	(3,410,388)	(11,441,944)
Net Increase (Decrease) in Cash and Cash Equivalents	3,443,104	(8,419,413)
Cash and Cash Equivalents - Beginning of Year	8,434,612	16,854,025
Cash and Cash Equivalents - End of Year	\$ 11,877,716	\$ 8,434,612
RECONCILIATION OF OPERATING INCOME TO CASH PROVIDED (USED IN) BY OPERATING ACTIVITIES		
Operating income	\$ 21,372,215	\$ 2,440,026
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Change in fair value of investments	(16,452,721)	(2,491,725)
Gain on sale of investments	(2,534,840)	(326,109)
(Increase) Decrease due to noncash assets:		
Cash surrender value of life insurance policies	(13,530)	(4,359)
Unrestricted accounts receivable	(3,299)	(3,719)
Restricted receivables	18,250	128,542
Increase (Decrease) due to noncash liabilities:		
Accounts payable and accrued expenses	(5,641)	(772,954)
Accounts payable and accrued expenses from restricted assets	-	(6,857)
Funds held in trust for others	(6)	(148,568)
Deferred inflows from remainder interest	-	(275,887)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 2,380,428	\$ (1,461,610)

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

The University Foundation at Sacramento State

NOTES TO THE FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity The California State University Sacramento Trust Foundation was established in 1986 as the philanthropic arm of California State University, Sacramento (the University or CSUS), to promote, assist, and enhance the educational mission of CSUS. In May 2006, the California State University Sacramento Trust Foundation changed its name to The University Foundation at Sacramento State (the Foundation). The Foundation is a governmental not-for-profit, tax-exempt California State University auxiliary organization located on the campus of California State University, Sacramento.

The Foundation receives contributions and performs activities for the benefit of the University community.

Basis of Presentation The Foundation operates as a business enterprise and is a component unit of the University. The accompanying financial statements reflect the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The Foundation accounts for the general activities of the organization, gifts and contributions to the Foundation that have been restricted by donors as to the purposes for which the funds may be used, and endowment funds that have been contributed to the Foundation for which the donor has specified that the principal may not be expended. Income earned from the investment of endowment funds is generally expendable within the restrictions specified by the donors.

Proprietary funds distinguish operating from nonoperating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are contributions and gifts, fees and other, and investment income. Operating expenses include University projects and general and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Foundation's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Cash Equivalents For purposes of the statements of cash flows, cash and cash equivalents consist of cash on hand, cash in commercial accounts, short-term money market funds (excluding the charitable remainder unitrusts), and deposits in the State of California Investment Pooled Money Investment Account - Local Agency Investment Fund (LAIF).

Restricted Cash and Short-Term Investments Restricted cash and short-term investments represent restricted donations.

The University Foundation at Sacramento State

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Investments Excess cash is pooled for investing purposes. Interest, dividend income, and net realized gains and losses from the sale of such marketable securities are recorded as investment income on the statements of revenues, expenses, and changes in net position. The Foundation's policies authorize investment of excess funds in certificates of deposit, savings accounts, federally guaranteed notes and bills, money market funds, equity, and other fixed income securities and mutual funds.

These investment securities are exposed to risks, such as interest rate and various capital market fluctuations. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities may occur in the near term and that such changes could materially affect the financial statements.

Fair Value Measurements The Foundation categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

That framework provides a fair value hierarchy that classifies assets and liabilities into three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. Valuations within these levels are based upon the following:

Level 1: Quoted market prices for identical instruments traded in active exchange markets.

Level 2: Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable or can be corroborated by observable market data.

Level 3: Model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect the Foundation's estimates of assumptions that market participants would use on pricing the asset or liability. Valuation techniques include management's judgment and estimation which may be significant.

Following is a description of the valuation methodologies used for assets measured at fair value for the years ended June 30, 2021 and 2020.

Money Market Funds and Certificates of Deposit: Amounts are in interest-bearing deposit accounts, which at times may be more than the Federal Deposit Insurance Corporation insurance limit. The Foundation does not consider these amounts for use in general operations; therefore, they are not classified as cash and cash equivalents.

The University Foundation at Sacramento State

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Mutual Funds, Equity Securities, and Exchange Traded Funds: Each investor will typically receive units of participation or shares. These shares are valued daily, based on the underlying securities owned, and are usually publicly traded equity securities. Equity securities are instruments that signify an ownership position in a corporation and represents a claim on its proportional share in the corporation's assets and profits. Ownership is determined by the number of shares an investor owns divided by the total number of shares outstanding. Mutual funds, equity securities, and exchange traded funds are valued daily based on the closing market price in the active exchange markets.

Bonds and Fixed Income Securities: Corporate and municipal bonds and other debt and fixed income securities are generally valued by a computerized pricing service or, for less actively traded issues, by utilizing a yield-based matrix system to arrive at an estimated market value. Each bond series has a unique set of variables including coupon payment, number of payments, interest rate, and the maturity value. These factors are used to determine the estimated market value and can be determined daily.

LAIF: The investment in LAIF is measured and reported at fair value based on quoted prices for similar assets in an active market and is part of the State of California Pooled Money Investment Account (PMIA), which, as of June 30, 2021 and 2020, had a balance of \$193.3 billion and \$101 billion, respectively. The weighted average maturity of PMIA investments was 291 days and 191 days as of June 30, 2021 and 2020, respectively. The total amount invested by all public agencies in LAIF as of June 30, 2021 and 2020, was \$37.1 billion and \$32.1 billion, respectively. The Local Investment Advisory Board (the Board) has oversight responsibility for LAIF. The Board consists of five members as designated by state statute. The value of the pool shares in LAIF which may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the Foundation's portion of the pool. PMIA funds are on deposit with the State's Centralized Treasury System and are not SEC registered, but are managed in compliance with the *California Government Code*, according to a statement of investment policy which sets forth permitted investment vehicles, liquidity parameters, and maximum maturity of investments. These investments consist of U.S. government securities, securities of federally-sponsored agencies, domestic corporate bonds, interest-bearing time deposits in California banks, prime-rated commercial paper, bankers' acceptances, negotiable certificates of deposit, and repurchase and reverse repurchase agreements. The PMIA policy limits the use of reverse-repurchase agreements, subject to limits of no more than 10% of the PMIA. The PMIA does not invest in leveraged products or inverse floating rate securities. Included in the PMIA's investment portfolio are asset-backed securities totaling \$2.8 billion and \$1.7 billion, as of June 30, 2021 and 2020, respectively.

Funds Held in Trust for Others Funds held in trust for others consist of charitable remainder unitrusts partially attributable to other beneficiaries, where the Foundation is either the principal beneficiary or remainder interest beneficiary and has been named as trustee. All activity of the unitrusts are allocated ratably among the beneficiaries.

Net Position Certain amounts within net position have been designated by the Board of Directors with the intention of providing funds for certain University programs and activities.

The University Foundation at Sacramento State

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Donations and Contributions Unrestricted contributions are recorded as revenue when received. Under the accrual basis of accounting, receivables, and revenues from private donations that are voluntary nonexchange transactions are recognized when all applicable eligibility requirements (required characteristics of recipients, time requirements, reimbursements, and contingencies) are met. When the revenue recognition requirements have not been met, amounts are reported as unearned revenue. Noncash donations are recorded at estimated fair market value on the date of donation.

Contributions received with donor restrictions are recorded as revenue when all applicable eligibility requirements, generally timing restrictions, have been met. Unexpended contributions with donor-purpose restrictions are classified as expendable restricted net position. Additions to permanent endowments are classified as nonexpendable restricted net position, because the principal is required to be retained in perpetuity pursuant to the donor agreements.

The Foundation has received contributions in the form of charitable remainder unitrust funds. These are funds contributed to the Foundation subject to the requirement that the Foundation periodically pay a percentage of the fair market value of the unitrust to the donor or lead interest beneficiary for the remainder of their lives. The balance of principal and accumulated earnings, if any, upon the death of the donor or lead interest beneficiary will become available to be used in accordance with the designation of the gift. If the Foundation is named as a beneficiary of a charitable remainder unitrust but the funds are held by others, the Foundation does not record the contribution until received, either upon the death of the donor or when the Foundation is named as trustee, and receives the unitrust funds to manage in accordance with the terms of the respective unitrust agreement.

The Foundation has received contributions by being named as owner and beneficiary of life insurance policies. Revenues are recognized when cash surrender values are established and upon receipt of any death benefit proceeds from the policies.

Approximately 49% of all donation revenues were received from four donors and three donors at June 30, 2021 and 2020, respectively.

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 at the date of the financial statements. Accordingly, actual results could differ from those estimates.

Income Taxes The Foundation is exempt from federal income tax under Section 501(c)(3) of the *Internal Revenue Code* (IRC) and comparable state statutes, and is not classified as a private foundation under (509)(a) of the IRC. Contributions to the Foundation qualify as charitable contributions.

The University Foundation at Sacramento State

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

2. CASH AND INVESTMENTS

The Foundation had the following cash and investments:

June 30	2021	2020
Cash on hand	\$ -	\$ -
Deposits	2,522,526	611,208
Subtotal Cash and Restricted Cash	2,522,526	611,208
Money market deposit	2,203,914	885,451
Corporate bonds	-	332,731
LAIF	7,227,213	7,010,326
Mutual funds:		
Equity	9,733,143	5,544,577
Fixed income	11,735,723	12,281,998
Real assets	5,258,174	3,110,672
Other	4,905,151	2,279,512
Exchange traded funds:		
Equity	51,832,925	39,330,392
Fixed income	4,737,450	3,261,990
Real estate	1,373,452	1,059,605
Equity securities	241,820	221,976
Subtotal Investments	99,248,965	75,319,230
Total Cash and Investments	\$ 101,771,491	\$ 75,930,438

The University Foundation at Sacramento State

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

The following is a schedule of the assets at fair value, by level within the fair value hierarchy:

June 30, 2021	Level 1	Level 2	Level 3	Total
Investments				
Money market funds	\$ -	\$ 2,203,914	\$ -	\$ 2,203,914
Pooled investments:				
Local Agency Investment Fund	-	7,227,213	-	7,227,213
Mutual funds by investment objective:				
Bond and fixed income funds	11,735,723	-	-	11,735,723
International funds	5,664,056	-	-	5,664,056
Growth funds	3,927,864	-	-	3,927,864
Blend funds	141,223	-	-	141,223
Real assets funds	5,258,174	-	-	5,258,174
Total return funds	4,876,481	-	-	4,876,481
Other	28,670	-	-	28,670
Exchange traded funds by investment objective:				
Bond and fixed income funds	4,737,449	-	-	4,737,449
Blend funds	35,768,275	-	-	35,768,275
Value funds	2,191,974	-	-	2,191,974
Growth funds	4,519,965	-	-	4,519,965
Real assets funds	1,373,452	-	-	1,373,452
International funds	9,352,712	-	-	9,352,712
Equity securities by industry type:				
Consumer discretionary	29,294	-	-	29,294
Consumer staples	13,779	-	-	13,779
Financials	27,000	-	-	27,000
Health care	22,993	-	-	22,993
Industrials	22,160	-	-	22,160
Information technology	81,053	-	-	81,053
Materials	4,700	-	-	4,700
International	40,841	-	-	40,841
Total Assets at Fair Value	\$ 89,817,838	\$ 9,431,127	\$ -	\$ 99,248,965

The University Foundation at Sacramento State

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

June 30, 2020	Level 1	Level 2	Level 3	Total
Investments				
Money market funds	\$ -	\$ 885,451	\$ -	\$ 885,451
Debt and fixed income securities:				
States and municipalities	-	332,731	-	332,731
Pooled investments:				
Local Agency Investment Fund	-	7,010,326	-	7,010,326
Mutual funds by investment objective:				
Bond and fixed income funds	12,281,998	-	-	12,281,998
International funds	2,696,811	-	-	2,696,811
Growth funds	2,754,665	-	-	2,754,665
Blend funds	93,101	-	-	93,101
Real assets funds	3,110,672	-	-	3,110,672
Total return funds	2,255,584	-	-	2,255,584
Other	23,928	-	-	23,928
Exchange traded funds by investment objective:				
Bond and fixed income funds	3,261,990	-	-	3,261,990
Blend funds	25,406,671	-	-	25,406,671
Growth funds	6,939,443	-	-	6,939,443
Real assets funds	1,059,605	-	-	1,059,605
International funds	6,984,278	-	-	6,984,278
Equity securities by industry type:				
Consumer cyclical	18,476	-	-	18,476
Consumer defensive	15,382	-	-	15,382
Financials	22,118	-	-	22,118
Health care	20,967	-	-	20,967
Industrials	18,914	-	-	18,914
Information technology	80,350	-	-	80,350
Materials	3,626	-	-	3,626
Telecommunications	5,895	-	-	5,895
International	36,248	-	-	36,248
Total Assets at Fair Value	\$ 67,090,722	\$ 8,228,508	\$ -	\$ 75,319,230

The Foundation's Board of Directors periodically reviews and updates, as necessary, the Foundation's investment policies. These policies establish investment guidelines, asset allocation targets, and allowable investments for endowment funds, current funds, and charitable remainder unitrust funds.

The Foundation applies the provisions of GASB Statement No. 40, *Deposit and Investment Risk Disclosures – an Amendment to GASB Statement No. 3*, which requires governmental entities to provide proper disclosures on common deposit and investment risks related to interest rate risk, credit risk, custodial credit risk, and concentration of credit risk.

The University Foundation at Sacramento State

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Interest Rate Risk Interest rate risk is the risk of loss due to the fair value of an investment falling due to rising interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Foundation's investment policy for current funds limits its investment portfolio for fixed income securities to an average maturity of between one-and-one-half to three years. Generally, endowment funds invested in fixed income securities are limited to between 15% and 30% of total endowment funds invested; charitable remainder unitrust funds invested in fixed income securities are limited to between 15% and 30% of total charitable remainder unitrust funds; and current funds are limited entirely to either fixed income securities or cash equivalents. There is no interest rate risk for money market accounts, as they are available on demand. Refer to the tables on page 21 for the interest rate risk disclosures as of June 30, 2021 and 2020.

Credit Risk Credit risk is the risk that an issuer or other counterparty to a debt instrument will not fulfill its obligations. Credit risk is measured by the assignment of ratings by nationally recognized statistical rating organizations. Investments in commercial paper should be rated A-1 by Standard & Poor's and P-1 by Moody's Investors Service, and the senior long-term debt of the issuer must be rated above investment grade. Refer to the tables on page 22 for the credit risk disclosures as of June 30, 2021 and 2020.

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of a bank failure, the Foundation's deposits may not be returned. The *California Government Code* requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. The Foundation does not have a policy regarding custodial credit risk for deposits.

For investments, custodial credit risk is 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 that are in the possession of the counterparty. The Foundation does not have an investment policy for custodial credit risk.

Concentration of Credit Risk This is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. The Foundation's investment policy generally limits fixed income securities to those rated above investment grade. The Foundation's Board of Directors may give permission for some investment managers to purchase bonds below investment grade, but no more than 10% of the portfolio may be invested in securities below investment grade. The Foundation's investment policy generally prohibits investments in the following vehicles without prior permission from the Foundation's Board of Directors: short sales, derivatives, margin purchases, acting as an underwriter, options trading, restricted or private placement investments, foreign securities (except those traded on an organized exchange), securities of the investment manager's firm or affiliated firms, futures, commodities, currency hedges, working interests in oil or gas wells, and tobacco stocks. For fixed income securities, except for U.S. Treasury and agency obligations, no more than 5% of the portfolio assets shall be invested in the securities of a single issuer. Generally, no more than 15% of the endowment or charitable remainder unitrust portfolios shall be invested in a single industry. Bankers' acceptances and certificates of deposit should only be purchased from institutions with equity in excess of 5% of assets and profitable operations. The Foundation is not exposed to concentration of credit risk as of June 30, 2021 and 2020.

The University Foundation at Sacramento State

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

The following indicates the credit and interest rate risk of investments as of June 30, 2021 and 2020. The credit ratings listed are for Standard and Poor's and Moody's Investor Services, whichever rating is lower.

June 30, 2021	Fair Value	Less Than One Year	One to Five Years	Five to Ten Years	More Than Ten Years	Weighted Average Maturity
LAIF	\$ 7,227,213	\$ -	\$ -	\$ -	\$ -	291 Days
Mutual funds:						
Fixed income	\$ 11,735,723	\$ 766,246	\$ 5,062,737	\$ 3,470,669	\$ 2,436,071	
Exchange traded funds:						
Fixed income	\$ 4,737,449	\$ 58,277	\$ 1,082,532	\$ 3,124,442	\$ 472,198	

June 30, 2020	Fair Value	Less Than One Year	One to Five Years	Five to Ten Years	More Than Ten Years	Weighted Average Maturity
LAIF	\$ 7,010,326	\$ -	\$ -	\$ -	\$ -	191 days
Corporate bonds	\$ 332,731	\$ 332,731	\$ -	\$ -	\$ -	
Mutual funds:						
Fixed income	\$ 12,281,998	\$ 1,407,099	\$ 6,853,282	\$ 2,654,988	\$ 1,366,629	
Exchange traded funds:						
Fixed income	\$ 3,261,990	\$ 803,805	\$ 1,004,036	\$ 1,161,719	\$ 292,430	

The University Foundation at Sacramento State
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

June 30, 2021	Fair Value	AAA	AA+	AA	AA-	A+	A	A-	BBB	BB	B	Below B	Not Rated
LAIF	\$ 7,227,213	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,227,213
Mutual funds:													
Fixed income	\$ 11,735,723	\$ 6,848	\$ -	\$ 4,046,645	\$ -	\$ -	\$ 4,639,948	\$ -	\$ 11,291	\$ 1,356,568	\$ 1,657,888	\$ 14,135	\$ 2,400
Exchange traded funds:													
Fixed income	\$ 4,737,449	\$ 149,493	\$ -	\$ 2,001,065	\$ -	\$ -	\$ 2,542,287	\$ -	\$ 35,982	\$ 2,865	\$ 1,857	\$ 610	\$ 3,290

June 30, 2020	Fair Value	AAA	AA+	AA	AA-	A+	A	A-	BBB	BB	B	Below B	Not Rated
LAIF	\$ 7,010,326	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,010,326
Corporate bonds	\$ 332,731	\$ -	\$ -	\$ 100,769	\$ -	\$ -	\$ -	\$ 231,962	\$ -	\$ -	\$ -	\$ -	\$ -
Mutual funds:													
Fixed income	\$ 12,281,998	\$ 8,227	\$ -	\$ 4,959,425	\$ -	\$ -	\$ 3,228,498	\$ 2,184,825	\$ 9,685	\$ 1,846,421	\$ 32,358	\$ 10,577	\$ 1,982
Exchange traded funds:													
Fixed income	\$ 3,261,990	\$ 172,041	\$ -	\$ 1,020,217	\$ -	\$ -	\$ 2,029,449	\$ -	\$ 40,283	\$ -	\$ -	\$ -	\$ -

The University Foundation at Sacramento State

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Investment Income The rate of return on investments varies with the rate of return of the underlying portfolios. For the years ended June 30, 2021 and 2020, the rate of return earned on investments governed under the Foundation's investment policy approximated 30.2% and 6.9%, respectively.

Investment income for the years ended June 30, 2021 and 2020, were comprised of interest, dividends, realized gains and losses, and unrealized gains and losses due to changes in the fair value of investments held at year-end.

3. RELATED-PARTY TRANSACTIONS

Other than those disclosed elsewhere in these financial statements, transactions between the Foundation and related organizations during the years ended June 30, 2021 and 2020, included the payments by the Foundation to the University of \$260,000 for each year, for accounting, tax, and administrative services. The Foundation made reimbursements to the University for salaries of University personnel working on contracts, grants, and other programs that amounted to \$905,977 and \$679,935, as well as for expenses other than salaries of University personnel that amounted to \$839,176 and \$2,099,540 for the years ended June 30, 2021 and 2020, respectively. Amounts due to the University totaled \$360,659 and \$460,063 at June 30, 2021 and 2020, respectively. During the years ended June 30, 2021 and 2020, the Foundation paid on behalf of the University, from expendable resources, \$50,475 and \$267,426, respectively, for capital improvements and equipment owned by the University. These amounts are presented as part of University projects' expense on the statements of revenues, expenses, and changes in net position. Payments received from the University for services, space, and programs amounted to \$3,500 and \$104,122, respectively, for the years ended June 30, 2021 and 2020.

4. ENDOWMENTS

The Foundation's endowments consist of multiple individual donor-restricted funds for a variety of purposes. The amounts of net appreciation on investments of donor-restricted endowments that are available for authorization for expenditure as of June 30, 2021 and 2020, were \$2,092,794 and \$1,817,076 respectively, and are included in the balance of restricted expendable net position as reported in the statements of net position.

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) has been adopted by the state of California and is codified in the *Uniform Probate Code* in Sections 18501 – 18510. UPMIFA applies to institutional funds existing or established after January 1, 2009, and governs decisions made after that date.

The University Foundation at Sacramento State

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

In its *Investment Policy and Administrative Guidelines*, the Foundation's Board of Directors has set forth the following investing goals and objectives for endowment funds:

1. The primary goal is to preserve the real value of the endowment corpus by achieving a growth rate on the principal amount of the endowment over a market cycle (three to five years) of 300 basis points over the rate of inflation as measured by the Consumer Price Index.
2. The secondary goal is to provide spendable income equivalent to the spending rate as defined in the disbursement guidelines.
3. To the extent compatible with objectives 1 and 2, investment strategy should maximize long-term total return while assuming a prudent level of investment risk.

The Foundation's endowment fund spending policy allows for the allocation of income equivalent to 4% of the moving average market value of the endowment portfolio. This average market value is computed using the previous twelve quarters of portfolio activity. The spending policy allows for permanent endowment funds to be spent down to eighty percent of their historical contribution value. An endowment fund balance may decline below its historical contribution value either by this spending policy or by investment losses. The endowment fund balance will be restored to the historical contribution value in years when income earned exceeds the spending rate. There were no endowment accounts with balances below the historical value as of June 30, 2021. There were ten endowment accounts with balances below the historical value as of June 30, 2020, which amounted to \$88,232.

The Foundation's Board has allowed spending within the above *Investment Policy and Administrative Guidelines* in the years ended June 30, 2021 and 2020, in the amount of 4.0% and 4.0%, respectively.

5. UNRESTRICTED NET POSITION DESIGNATED BY BOARD OF DIRECTORS

The Foundation's Board of Directors has established designations of its unrestricted net position for certain University programs and activities. As of June 30, 2021 and 2020, designated unrestricted net position totaled \$61,647 and \$52,474, respectively.

SUPPLEMENTARY INFORMATION SECTION

The University Foundation at Sacramento State
SCHEDULE OF NET POSITION
June 30, 2021
(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 2,522,526
Short-term investments	9,355,190
Accounts receivable, net	30,187
Capital lease receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	-
Total current assets	11,907,903
Noncurrent assets:	
Restricted cash and cash equivalents	-
Accounts receivable, net	-
Capital lease receivable, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	-
Endowment investments	73,695,104
Other long-term investments	16,198,671
Capital assets, net	-
Other assets	184,872
Total noncurrent assets	90,078,647
Total assets	101,986,550
Deferred outflows of resources:	
Unamortized loss on debt refunding	-
Net pension liability	-
Net OPEB liability	-
Others	-
Total deferred outflows of resources	-
Liabilities:	
Current liabilities:	
Accounts payable	529,864
Accrued salaries and benefits	-
Accrued compensated absences, current portion	-
Unearned revenues	-
Capital lease obligations, current portion	-
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	-
Total current liabilities	529,864
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	-
Unearned revenues	-
Grants refundable	-
Capital lease obligations, net of current portion	-
Long-term debt obligations, net of current portion	-
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Net other postemployment benefits liability	-
Net pension liability	-
Other liabilities	-
Total noncurrent liabilities	-
Total liabilities	529,864
Deferred inflows of resources:	
Service concession arrangements	-
Net pension liability	-
Net OPEB liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Others	-
Total deferred inflows of resources	-
Net position:	
Net investment in capital assets	-
Restricted for:	
Nonexpendable – endowments	55,979,759
Expendable:	
Scholarships and fellowships	10,471,764
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	33,453,503
Unrestricted	1,551,660
Total net position	\$ 101,456,686

See the accompanying note to the supplementary schedules.

The University Foundation at Sacramento State
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended June 30, 2021
(for inclusion in the California State University)

Revenues:

Operating revenues:

Student tuition and fees, gross	\$	-
Scholarship allowances (enter as negative)		-

Grants and contracts, noncapital:

Federal		-
State		-
Local		-
Nongovernmental		-
Sales and services of educational activities		-
Sales and services of auxiliary enterprises, gross		156,169
Scholarship allowances (enter as negative)		-
Other operating revenues		-

Total operating revenues		156,169
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Expenses:

Operating expenses:

Instruction		-
Research		-
Public service		-
Academic support		1,418,240
Student services		551,458
Institutional support		1,151,310
Operation and maintenance of plant		-
Student grants and scholarships		1,829,671
Auxiliary enterprise expenses		-
Depreciation and amortization		-

Total operating expenses		4,950,679
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Operating income (loss)		(4,794,510)
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Nonoperating revenues (expenses):

State appropriations, noncapital		-
Federal financial aid grants, noncapital		-
State financial aid grants, noncapital		-
Local financial aid grants, noncapital		-
Nongovernmental and other financial aid grants, noncapital		-
Other federal nonoperating grants, noncapital		-
Gifts, noncapital		4,366,989
Investment income (loss), net		21,799,736
Endowment income (loss), net		-
Interest expense		-
Other nonoperating revenues (expenses) - excl. interagency transfers		-

Net nonoperating revenues (expenses)		26,166,725
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Income (loss) before other revenues (expenses)		21,372,215
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State appropriations, capital		-
Grants and gifts, capital		-
Additions (reductions) to permanent endowments		4,473,064

Increase (decrease) in net position		25,845,279
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Net position:

Net position at beginning of year, as previously reported		75,611,407
Restatements		-

Net position at beginning of year, as restated		75,611,407
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Net position at end of year	\$	101,456,686
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The University Foundation at Sacramento State

OTHER INFORMATION

June 30, 2021

(for inclusion in the California State University)

1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments	\$	-
All other restricted cash and cash equivalents		-
Noncurrent restricted cash and cash equivalents		<u>-</u>
Current cash and cash equivalents		<u>2,522,526</u>
Total	\$	<u>2,522,526</u>

2.1 Composition of investments:

Investment Type	Current	Noncurrent	Total
Money market funds	\$ 75,937	\$ 2,127,977	\$ 2,203,914
Repurchase agreements	-	-	-
Certificates of deposit	-	-	-
U.S. agency securities	-	-	-
U.S. treasury securities	-	-	-
Municipal bonds	-	-	-
Corporate bonds	-	-	-
Asset backed securities	-	-	-
Mortgage backed securities	-	-	-
Commercial paper	-	-	-
Mutual funds	-	31,632,191	31,632,191
Exchange traded funds	-	57,943,827	57,943,827
Equity securities	-	241,820	241,820
Alternative investments:			
Private equity (including limited partnerships)	-	-	-
Hedge funds	-	-	-
Managed futures	-	-	-
Real estate investments (including REITs)	-	-	-
Commodities	-	-	-
Derivatives	-	-	-
Other alternative investment	-	-	-
Other external investment pools	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	-	-	-
State of California Local Agency Investment Fund (LAIF)	7,227,213	-	7,227,213
State of California Surplus Money Investment Fund (SMIF)	-	-	-
Other investments:			
	-	-	-
Total other investments	<u>-</u>	<u>-</u>	<u>-</u>
Total investments	7,303,150	91,945,815	99,248,965
Less endowment investments (enter as negative number)	<u>-</u>	<u>(73,695,104)</u>	<u>(73,695,104)</u>
Total investments, net of endowments	\$ 7,303,150	\$ 18,250,711	\$ 25,553,861

See the accompanying note to the supplementary schedules.

The University Foundation at Sacramento State

OTHER INFORMATION

June 30, 2021

(for inclusion in the California State University)

(Continued)

2.2 Fair value hierarchy in investments:

Investment Type	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
Money market funds	\$ 2,203,914	\$ -	\$ 2,203,914	\$ -	\$ -
Repurchase agreements	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
U.S. agency securities	-	-	-	-	-
U.S. treasury securities	-	-	-	-	-
Municipal bonds	-	-	-	-	-
Corporate bonds	-	-	-	-	-
Asset backed securities	-	-	-	-	-
Mortgage backed securities	-	-	-	-	-
Commercial paper	-	-	-	-	-
Mutual funds	31,632,191	31,632,191	-	-	-
Exchange traded funds	57,943,827	57,943,827	-	-	-
Equity securities	241,820	241,820	-	-	-
Alternative investments:					
Private equity (including limited partnerships)	-	-	-	-	-
Hedge funds	-	-	-	-	-
Managed futures	-	-	-	-	-
Real estate investments (including REITs)	-	-	-	-	-
Commodities	-	-	-	-	-
Derivatives	-	-	-	-	-
Other alternative investment	-	-	-	-	-
Other external investment pools	-	-	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	7,227,213	-	-	-	7,227,213
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-
Other investments:	-	-	-	-	-
Total other investments	-	-	-	-	-
Total investments	\$ 99,248,965	\$ 89,817,838	\$ 2,203,914	\$ -	\$ 7,227,213

2.3 Investments held by the University under contractual agreements:

Instruction: Amounts should agree with University's investments held on behalf of Discretely Presented Component Units.

	Current	Noncurrent	Total
Investments held by the University under contractual agreements	-	-	-
e.g. - CSU Consolidated Investment Pool (formerly SWIFT):	-	-	-

See the accompanying note to the supplementary schedules.

The University Foundation at Sacramento State
OTHER INFORMATION
June 30, 2021
(for inclusion in the California State University)
(Continued)

3.1 Composition of capital assets:

	Balance June 30, 2020	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2020 (Restated)	Additions	Retirements	Transfer of Completed CWIP/PWIP	Balance June 30, 2021
Non-depreciable/Non-amortizable capital assets:									
Land and land improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Works of art and historical treasures	-	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	-	-	-	-	-	-	-	-	-
Intangible assets:									
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Intangible assets in progress (PWIP)	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:									
Total other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable capital assets	-	-	-	-	-	-	-	-	-
Depreciable/Amortizable capital assets:									
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:									
Total other intangible assets:	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	-	-	-	-	-	-	-	-	-
Total capital assets	-	-	-	-	-	-	-	-	-
Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)									
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:									
Total other intangible assets:	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-	-
Total capital assets, net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See the accompanying note to the supplementary schedules.

The University Foundation at Sacramento State

OTHER INFORMATION

June 30, 2021

(for inclusion in the California State University)

(Continued)

3.2 Detail of depreciation and amortization expense:

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

4 Long-term liabilities:

	Balance June 30, 2020	Prior Period Adjustments/Reclass ifications	Balance June 30, 2020 (Restated)	Additions	Reductions	Balance June 30, 2021	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2. Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-
3. Capital lease obligations:								
Gross balance	-	-	-	-	-	-	-	-
Unamortized net premium/(discount)	-	-	-	-	-	-	-	-
Total capital lease obligations	-	-	-	-	-	-	-	-
4. Long-term debt obligations:								
4.1 Auxiliary revenue bonds (non-SRB related)	-	-	-	-	-	-	-	-
4.2 Commercial paper	-	-	-	-	-	-	-	-
4.3 Notes payable (SRB related)	-	-	-	-	-	-	-	-
4.4 Others:	-	-	-	-	-	-	-	-
Total others	-	-	-	-	-	-	-	-
Sub-total long-term debt	-	-	-	-	-	-	-	-
4.5 Unamortized net bond premium/(discount)	-	-	-	-	-	-	-	-
Total long-term debt obligations	-	-	-	-	-	-	-	-
Total long-term liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See the accompanying note to the supplementary schedules.

The University Foundation at Sacramento State
OTHER INFORMATION
June 30, 2021
(for inclusion in the California State University)
(Continued)

5 Capital lease obligations schedule:

	Capital Lease Obligations Related to SRB			All Other Capital Lease Obligations			Total Capital Lease Obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
2027 - 2031	-	-	-	-	-	-	-	-	-
2032 - 2036	-	-	-	-	-	-	-	-	-
2037 - 2041	-	-	-	-	-	-	-	-	-
2042 - 2046	-	-	-	-	-	-	-	-	-
2047 - 2051	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum lease payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less: amounts representing interest									
Present value of future minimum lease payments									
Unamortized net premium/(discount)									
Total capital lease obligations									
Less: current portion									
Capital lease obligations, net of current portion									\$ -

6 Long-term debt obligations schedule:

	Auxiliary Revenue Bonds (Non-SRB Related)			All Other Long-Term Debt Obligations			Total Long-Term Debt Obligations		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
Year ending June 30:									
2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
2027 - 2031	-	-	-	-	-	-	-	-	-
2032 - 2036	-	-	-	-	-	-	-	-	-
2037 - 2041	-	-	-	-	-	-	-	-	-
2042 - 2046	-	-	-	-	-	-	-	-	-
2047 - 2051	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less: amounts representing interest									
Present value of future minimum payments									
Unamortized net premium/(discount)									
Total long-term debt obligations									
Less: current portion									
Long-term debt obligations, net of current portion									\$ -

See the accompanying note to the supplementary schedules.

The University Foundation at Sacramento State

OTHER INFORMATION

June 30, 2021

(for inclusion in the California State University)

(Continued)

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$	905,977
Payments to University for other than salaries of University personnel	\$	839,176
Payments received from University for services, space, and programs	\$	3,500
Gifts-in-kind to the University from discretely presented component units	\$	-
Gifts (cash or assets) to the University from discretely presented component units	\$	50,475
Accounts (payable to) University (enter as negative number)	\$	(360,659)
Other amounts (payable to) University (enter as negative number)	\$	-
Accounts receivable from University (enter as positive number)	\$	-
Other amounts receivable from University (enter as positive number)	\$	-

8 Restatements

Provide a detailed breakdown of the journal entries (at the financial statement line items level) booked to record each restatement:

		Debit/(Credit)
Restatement #1	Enter transaction description	\$ - - - - - - - - - - <hr style="border-top: 1px solid black;"/> \$ -
Restatement #2	Enter transaction description	\$ - - - - - - - - - - <hr style="border-top: 1px solid black;"/> \$ -

See the accompanying note to the supplementary schedules.

The University Foundation at Sacramento State

OTHER INFORMATION

June 30, 2021

(for inclusion in the California State University)

(Continued)

9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and Fellowships	Supplies and Other Services	Depreciation and Amortization	Total Operating Expenses
Instruction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Research	-	-	-	-	-	-	-	-
Public service	-	-	-	-	-	-	-	-
Academic support	547,632	-	202,975	-	-	667,633	-	1,418,240
Student services	83,502	-	2,196	-	-	465,760	-	551,458
Institutional support	46,765	-	14,978	-	-	1,089,567	-	1,151,310
Operation and maintenance of plant	-	-	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	1,829,671	-	-	1,829,671
Auxiliary enterprise expenses	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	-	-
Total operating expenses	\$ 677,899	\$ -	\$ 220,149	\$ -	\$ 1,829,671	\$ 2,222,960	\$ -	\$ 4,950,679

10 Deferred outflows/inflows of resources:

1. Deferred Outflows of Resources	\$ -
Deferred outflows - unamortized loss on refunding(s)	-
Deferred outflows - net pension liability	-
Deferred outflows - net OPEB liability	-
Deferred outflows - others:	-
Sales/intra-entity transfers of future revenues	-
Gain/loss on sale leaseback	-
Loan origination fees and costs	-
Change in fair value of hedging derivative instrument	-
Irrevocable split-interest agreements	-
Total deferred outflows - others	-
Total deferred outflows of resources	\$ -

2. Deferred Inflows of Resources

Deferred inflows - service concession arrangements	\$ -
Deferred inflows - net pension liability	-
Deferred inflows - net OPEB liability	-
Deferred inflows - unamortized gain on debt refunding(s)	-
Deferred inflows - nonexchange transactions	-
Deferred inflows - others:	-
Sales/intra-entity transfers of future revenues	-
Gain/loss on sale leaseback	-
Loan origination fees and costs	-
Change in fair value of hedging derivative instrument	-
Irrevocable split-interest agreements	-
Total deferred inflows - others	-
Total deferred inflows of resources	\$ -

11 Other nonoperating revenues (expenses)

Other nonoperating revenues	\$ -
Other nonoperating (expenses)	-
Total other nonoperating revenues (expenses)	\$ -

See the accompanying note to the supplementary schedules.

The University Foundation at Sacramento State

NOTE TO THE SUPPLEMENTARY SCHEDULES

These schedules are prepared in accordance with the instructions listed in an Administrative Directive dated June 24, 2003: *Financial Reporting Requirements for Auxiliary Organizations*, from the California State University Office of the Chancellor. As a result, these schedules do not purport to represent financial statements prepared fully in accordance with generally accepted accounting standards of the United States of America applicable to governmental not-for-profit organizations.

OTHER REPORT SECTION

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

To the Board of Directors
The University Foundation at Sacramento State
Sacramento, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of The University Foundation at Sacramento State (the Foundation), which comprise the statement of net position as of June 30, 2021; the related statements of revenues, expenses, changes in net position, and cash flows for the year then ended; and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated September 10, 2021.

Internal Control Over Financial Reporting

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

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

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

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

(Continued)

Compliance and Other Matters

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

Purpose of This Report

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

KCae Jrom, LLP

September 10, 2021
Chico, California