

# **The University Foundation at Sacramento State**

**Sacramento, California**

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

**June 30, 2019 and 2018**



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# The University Foundation at Sacramento State

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## **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, as of and for the years ended June 30, 2019 and 2018; and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

### ***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. 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, 2019 and 2018, and the changes in financial position and cash flows thereof, 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 4 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's 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.

*KCoe Jam, LLP*

September 25, 2019  
Chico, California

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# The University Foundation at Sacramento State

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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This section of The University Foundation at Sacramento State's (the Foundation) annual financial report presents management's discussion and analysis of the financial performance of the Foundation during the fiscal years ended June 30, 2019 and 2018. This discussion has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with, and is qualified in its entirety by, the financial statements and footnotes. The financial statements, footnotes, 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 2019 amounted to \$10.9 million.
- Total Foundation funds used in support of University projects in fiscal year 2019 totaled \$7.4 million.
- Foundation operating loss during fiscal year 2019 was \$1.2 million.
- Total increase in net position, including additions to permanent endowments, amounted to \$3.1 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 (University or CSUS).

The *Statement of Net Position* presents 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 *Statement 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. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected pledges receivable).

The *Statement of Cash Flows* presents 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.

*Notes to the Basic 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	2019	2018	2017
<b>Assets</b>			
Current assets	\$ 17,024	\$ 15,025	\$ 9,961
Noncurrent assets	53,403	52,318	49,177
<b>Total Assets</b>	<b>\$ 70,427</b>	<b>\$ 67,343</b>	<b>\$ 59,138</b>
<b>Liabilities</b>			
Current liabilities	\$ 1,315	\$ 314	\$ 133
Noncurrent liabilities	149	453	936
<b>Total Liabilities</b>	<b>\$ 1,464</b>	<b>\$ 767</b>	<b>\$ 1,069</b>
<b>Deferred Inflows</b>			
Deferred inflows from remainder interest	\$ 276	\$ 966	\$ -
<b>Total Deferred Inflows</b>	<b>\$ 276</b>	<b>\$ 966</b>	<b>\$ -</b>
<b>Net Position</b>			
Restricted:			
Expendable	\$ 20,772	\$ 25,643	\$ 19,345
Nonexpendable	45,616	39,077	38,108
Unrestricted	2,299	890	616
<b>Total Net Position</b>	<b>\$ 68,687</b>	<b>\$ 65,610</b>	<b>\$ 58,069</b>

The \$3.1 million increase in total assets between fiscal years 2019 and 2018 was primarily due to a \$2 million increase in restricted cash not yet invested, and a \$1.1 million increase in restricted long-term investments.

The \$697 thousand increase in total liabilities in 2019, compared to 2018, was primarily due to an increase of \$1 million in accounts payable offset by a decrease of \$304 thousand in funds held in trust for others. The reason for the increase in accounts payable was due to the change of process from University Enterprises, Inc., (UEI) to CSUS. Now that the Foundation is handled by the CSUS Accounting Services Department, Sandhill payments are processed through accounts payable, contrary to how UEI processed them in the past.

The \$8.2 million increase in total assets between fiscal years 2018 and 2017 was primarily due to a \$3.1 million increase in restricted long-term investments along with a \$5.1 million increase in restricted cash not yet invested.

The \$302 thousand decrease in total liabilities in 2018, compared to 2017, was due to a decrease of 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	2019	2018	2017
<b>Operating Revenues</b>			
Contributions and gifts	\$ 3,146	\$ 6,794	\$ 5,423
Fees and other	779	580	569
Investment income (loss)	2,665	3,669	3,379
<b>Total Operating Revenues</b>	<b>6,590</b>	<b>11,043</b>	<b>9,371</b>
<b>Operating Expenses</b>			
University projects	7,351	3,874	3,419
General and administration	446	449	511
Charitable remainder unitrust payments	-	-	14
<b>Total Operating Expenses</b>	<b>7,797</b>	<b>4,323</b>	<b>3,944</b>
<b>Operating Income (Loss)</b>	<b>(1,207)</b>	<b>6,720</b>	<b>5,427</b>
Additions to permanent endowments	4,284	1,252	7,483
<b>Change in Net Position</b>	<b>3,077</b>	<b>7,972</b>	<b>12,910</b>
<b>Net Position - as Previously Reported</b>	<b>65,610</b>	<b>58,069</b>	<b>45,159</b>
<b>Cumulative Change in Accounting Principle</b>	<b>-</b>	<b>(431)</b>	<b>-</b>
<b>Net Position - as Restated</b>	<b>65,610</b>	<b>57,638</b>	<b>45,159</b>
<b>Net Position as Restated - End of Year</b>	<b>\$ 68,687</b>	<b>\$ 65,610</b>	<b>\$ 58,069</b>

The Foundation's receipt of contributions and gifts showed a decrease of \$3.7 million in fiscal year 2019 compared to 2018. This is due primarily to the large gift in the amount of \$2 million, received last year, in support of a new science complex on campus, and to a poor financial market resulting in an increase of unrealized losses and a decrease in realized gains and dividends.

Operating expenses increased by \$3.4 million in 2019, compared to 2018, mainly due to the university projects expenses of \$2 million related to the Science Building II Complex and the scholarship expenses of \$1.3 million.

The Foundation experienced an increase of \$1.4 million in contributions and gifts in fiscal year 2018, compared to 2017, mainly due to receipt of the large gift of \$2 million in support of a new science complex.

Operating expenses increased by \$379 thousand in 2018, compared to 2017, mainly due to the following: 1) a \$314 thousand increase in scholarship payments to students, and 2) expenditures of \$65 thousand in software support for the new computer stations recently installed in the College of Business Administration.



## **The University Foundation at Sacramento State**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

(Continued)

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#### **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	2019	2018
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 748,193	\$ 281,320
Restricted cash	3,391,202	1,200,443
Short-term investments	286,737	438,669
Restricted short-term investments	12,427,893	12,999,301
<b>Total Cash and Cash Equivalents</b>	<b>16,854,025</b>	<b>14,919,733</b>
Receivables:		
Unrestricted receivables	15,679	28,634
Restricted receivables	154,282	76,576
<b>Total Current Assets</b>	<b>17,023,986</b>	<b>15,024,943</b>
Noncurrent assets:		
Cash surrender value of life insurance policies	166,983	156,985
Restricted long-term investments	53,236,048	52,160,939
<b>Total Noncurrent Assets</b>	<b>53,403,031</b>	<b>52,317,924</b>
<b>TOTAL ASSETS</b>	<b>\$ 70,427,017</b>	<b>\$ 67,342,867</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>		
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,312,285	\$ 15,855
Restricted accounts payable and accrued expenses	3,031	298,495
<b>Total Current Liabilities</b>	<b>1,315,316</b>	<b>314,350</b>
Noncurrent liabilities:		
Funds held in trust for others	148,574	452,359
<b>Total Liabilities</b>	<b>1,463,890</b>	<b>766,709</b>
<b>Deferred Inflows of Resources</b>		
Deferred inflows from remainder interest	275,887	966,359
<b>Net Position</b>		
Restricted:		
Expendable	20,771,637	25,643,023
Nonexpendable	45,616,164	39,077,022
Unrestricted	2,299,439	889,754
<b>Total Net Position</b>	<b>68,687,240</b>	<b>65,609,799</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 70,427,017</b>	<b>\$ 67,342,867</b>

*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	2019	2018
<b>Operating Revenues</b>		
Contributions and gifts - noncapital	\$ 3,146,077	\$ 6,793,945
Fees and other	778,998	580,573
Investment income	2,664,995	3,668,916
<b>Total Operating Revenues</b>	<b>6,590,070</b>	<b>11,043,434</b>
<b>Operating Expenses</b>		
University projects	7,351,156	3,874,199
General and administrative	446,330	448,964
<b>Total Operating Expenses</b>	<b>7,797,486</b>	<b>4,323,163</b>
<b>Operating Income (Loss)</b>	<b>(1,207,416)</b>	<b>6,720,271</b>
<b>Nonoperating Revenues</b>		
Additions to permanent endowments	4,284,857	1,251,664
<b>Changes in Net Position</b>	<b>3,077,441</b>	<b>7,971,935</b>
<b>Net Position - as Previously Reported</b>	<b>65,609,799</b>	<b>58,068,629</b>
<b>Cumulative Change in Accounting Principle</b>	<b>-</b>	<b>(430,765)</b>
<b>Net Position - as Restated</b>	<b>65,609,799</b>	<b>57,637,864</b>
<b>Net Position - End of Year</b>	<b>\$ 68,687,240</b>	<b>\$ 65,609,799</b>

*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	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from campus community	\$ 3,850,326	\$ 7,357,660
Investment income received	1,754,020	1,527,469
Cash paid to suppliers	(7,790,777)	(4,089,900)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>(2,186,431)</b>	<b>4,795,229</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Endowments received	4,284,857	1,251,664
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of long-term investments	15,949,644	16,624,011
Long-term investments purchased	(16,113,778)	(17,619,197)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(164,134)</b>	<b>(995,186)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>1,934,292</b>	<b>5,051,707</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>14,919,733</b>	<b>9,868,026</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 16,854,025</b>	<b>\$ 14,919,733</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (1,207,416)	\$ 6,720,271
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Change in fair value of investments	(670,996)	(1,302,422)
Gain (Loss) on sale of investments	(239,979)	(839,025)
(Increase) Decrease due to noncash assets:		
Cash surrender value of life insurance policies	(9,998)	(4,858)
Unrestricted accounts receivable	12,955	(11,162)
Restricted receivables	(77,706)	(42,838)
Restricted pledges receivable	-	42,000
Increase (Decrease) due to noncash liabilities:		
Accounts payable and accrued expenses	1,296,430	4,047
Accounts payable from restricted assets	(295,464)	177,454
Funds held in trust for others	(303,785)	10,126
Deferred inflows from remainder interest	(690,472)	41,636
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>\$ (2,186,431)</b>	<b>\$ 4,795,229</b>

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

# The University Foundation at Sacramento State

## NOTES TO THE FINANCIAL STATEMENTS

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### 1. ORGANIZATION AND 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)

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**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 statement 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, 2019 and 2018.

*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)

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*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.

*Real Estate:* Investment in real estate is carried at the fair value of the interest as of the date the interest was donated and is periodically adjusted upon the performance of an appraisal.

*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, 2019 and 2018, had a balance of \$105.7 billion and \$88.9 billion, respectively. The weighted average maturity of PMIA investments was 173 days and 193 days as of June 30, 2019 and 2018, respectively. The total amount invested by all public agencies in LAIF as of June 30, 2019 and 2018, was \$24.6 billion and \$22.5 billion, respectively. The Local Investment Advisory Board (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 PMIA. The PMIA does not invest in leveraged products or inverse floating rate securities. Included in PMIA's investment portfolio are asset-backed securities totaling \$977 million and \$1.55 billion, respectively, as of June 30, 2019 and 2018.



# The University Foundation at Sacramento State

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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**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.

**Deferred Inflows of Resources** In addition to liabilities, the statements of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The Foundation has one type of deferred inflows, deferred inflows from remainder interest, that represents the Foundation's beneficial interest in irrevocable split-interest agreements. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

**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.

**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 owners and beneficiaries 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 35% and 62% of all donation revenues were received from five donors and three donors at June 30, 2019 and 2018, respectively.

# The University Foundation at Sacramento State

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

**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.

## 2. CASH AND INVESTMENTS

The Foundation had the following cash and investments:

June 30	2019	2018
Cash on hand	\$ -	\$ 1,000
Deposits	4,139,395	1,480,763
<b>Subtotal Cash and Restricted Cash</b>	<b>4,139,395</b>	<b>1,481,763</b>
Money market deposit	81,847	85,620
Certificate of deposit	689,854	1,354,035
Corporate bonds	836,943	1,161,258
Municipal bonds	1,109,407	1,321,257
LAIF	12,714,630	13,437,970
Mutual funds:		
Equity	4,460,036	3,694,350
Fixed income	14,197,924	10,612,973
Real assets	1,880,288	1,878,862
Other	2,898,855	2,733,749
Exchange traded funds:		
Equity	23,257,044	22,696,656
Fixed income	2,509,665	5,136,873
Real estate	1,151,483	1,069,101
Equity securities	162,702	166,205
Real estate	-	250,000
<b>Subtotal Investments</b>	<b>65,950,678</b>	<b>65,598,909</b>
<b>Total Cash and Investments</b>	<b>\$ 70,090,073</b>	<b>\$ 67,080,672</b>

# 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, 2019	Level 1	Level 2	Level 3	Total
<b>Investments</b>				
Money market funds	\$ -	\$ 81,847	\$ -	\$ 81,847
Certificate of deposit	-	689,854	-	689,854
Pooled investments:				
LAIF	-	12,714,630	-	12,714,630
Debt and fixed income securities:				
Corporate	-	836,943	-	836,943
States and municipalities	-	1,109,407	-	1,109,407
Mutual funds by investment objective:				
Bond and fixed income funds	14,197,924	-	-	14,197,924
International funds	2,555,695	-	-	2,555,695
Growth funds	1,741,643	-	-	1,741,643
Blend funds	162,698	-	-	162,698
Real assets funds	1,880,288	-	-	1,880,288
Total return funds	2,776,929	-	-	2,776,929
Other	121,926	-	-	121,926
Exchange traded funds by investment objective:				
Bond and fixed income funds	2,509,665	-	-	2,509,665
Blend funds	13,369,121	-	-	13,369,121
Value funds	2,392,831	-	-	2,392,831
Growth funds	1,926,510	-	-	1,926,510
Real assets funds	1,151,483	-	-	1,151,483
International funds	5,568,582	-	-	5,568,582
Equity securities by industry type:				
Consumer cyclical	17,648	-	-	17,648
Consumer defensive	9,233	-	-	9,233
Energy	2,795	-	-	2,795
Financials	20,152	-	-	20,152
Health care	19,632	-	-	19,632
Industrials	13,771	-	-	13,771
Information technology	42,624	-	-	42,624
Materials	3,989	-	-	3,989
Telecommunications	4,222	-	-	4,222
International	28,636	-	-	28,636
<b>Total Assets at Fair Value</b>	<b>\$ 50,517,997</b>	<b>\$ 15,432,681</b>	<b>\$ -</b>	<b>\$ 65,950,678</b>

# The University Foundation at Sacramento State

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

June 30, 2018	Level 1	Level 2	Level 3	Total
<b>Investments</b>				
Money market funds	\$ 85,620	\$ -	\$ -	\$ 85,620
Certificate of deposit	-	1,354,035	-	1,354,035
Pooled investments:				
LAIF	-	13,437,970	-	13,437,970
Debt and fixed income securities:				
Corporate	-	1,161,258	-	1,161,258
States and municipalities	-	1,321,257	-	1,321,257
Mutual funds by investment objective:				
Bond and fixed income funds	10,612,973	-	-	10,612,973
International funds	2,609,182	-	-	2,609,182
Growth funds	937,791	-	-	937,791
Blend funds	147,377	-	-	147,377
Real assets funds	1,878,862	-	-	1,878,862
Total return funds	2,586,166	-	-	2,586,166
Other	147,583	-	-	147,583
Exchange traded funds by investment objective:				
Bond and fixed income funds	5,136,873	-	-	5,136,873
Blend funds	11,610,666	-	-	11,610,666
Value funds	3,268,844	-	-	3,268,844
Growth funds	996,856	-	-	996,856
Real assets funds	1,069,101	-	-	1,069,101
International funds	5,852,098	-	-	5,852,098
Financial funds	968,192	-	-	968,192
Equity securities by industry type:				
Consumer cyclical	23,117	-	-	23,117
Consumer defensive	5,109	-	-	5,109
Energy	2,489	-	-	2,489
Financials	22,895	-	-	22,895
Health care	21,009	-	-	21,009
Industrials	12,703	-	-	12,703
Information technology	37,030	-	-	37,030
Materials	4,553	-	-	4,553
Telecommunications	2,858	-	-	2,858
International	34,442	-	-	34,442
Real estate	-	-	250,000	250,000
<b>Total Assets at Fair Value</b>	<b>\$ 48,074,389</b>	<b>\$ 17,274,520</b>	<b>\$ 250,000</b>	<b>\$ 65,598,909</b>

# The University Foundation at Sacramento State

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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There were no changes in the fair value of the Foundation's Level 3 assets for the year ended June 30, 2018. Real estate holdings are periodically evaluated for changes in fair value when market conditions warrant appraisals. The Foundation sold the real estate holdings during the year ended June 30, 2019.

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.

**Interest Rate Risk** This 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 23% and 38% of total endowment funds invested; charitable remainder unitrust funds invested in fixed income securities are limited to between 20% and 70% 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 disclosure as of June 30, 2019 and 2018.

**Credit Risk** This 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 disclosure as of June 30, 2019 and 2018.

**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.

# The University Foundation at Sacramento State

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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**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, 2019 and 2018.

# 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, 2019 and 2018. The credit ratings listed are for Standard and Poor's and Moody's Investor Services, whichever rating is lower.

June 30, 2019	Fair Value		Less Than One Year	One to Five Years	Five to Ten Years	More Than Ten Years	Weighted Average Maturity
LAIF	\$	12,714,630	\$	-	\$	-	173 days
Corporate bonds	\$	836,943	\$	226,183	\$	-	-
Municipal bonds	\$	1,109,407	\$	635,844	\$	-	-
Certificates of deposit	\$	689,854	\$	423,664	\$	-	-
Mutual funds:							
Fixed income	\$	14,197,924	\$	1,773,684	\$	3,311,387	\$ 1,207,081
Exchange traded funds:							
Fixed income	\$	2,509,665	\$	1,909,745	\$	144,895	\$ 33,640

June 30, 2018	Fair Value		Less Than One Year	One to Five Years	Five to Ten Years	More Than Ten Years	Weighted Average Maturity
LAIF	\$	13,437,970	\$	-	\$	-	193 days
Corporate bonds	\$	1,161,258	\$	224,921	\$	-	-
Municipal bonds	\$	1,321,257	\$	201,706	\$	-	-
Certificates of deposit	\$	1,354,035	\$	673,994	\$	-	-
Mutual funds:							
Fixed income	\$	10,612,973	\$	1,579,629	\$	2,956,316	\$ 783,649
Exchange traded funds:							
Fixed income	\$	5,136,873	\$	1,054,441	\$	1,479,342	\$ 756,176

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

June 30, 2019	Fair Value	AAA	AA+	AA	AA-	A+	A	A-	BBB	BB	B	Below B	Not Rated
LAIF	\$ 12,714,630	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,714,630
Corporate bonds	\$ 836,943	\$ 101,238	\$ -	\$ 100,975	\$ 226,183	\$ 50,052	\$ 124,950	\$ 233,545	\$ -	\$ -	\$ -	\$ -	-
Municipal bonds	\$ 1,109,407	\$ -	\$ 206,504	\$ 623,693	\$ 279,210	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Certificates of deposit	\$ 689,854	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	689,854
Mutual funds:													
Fixed income	\$ 14,197,924	\$ 33,867	\$ -	\$ 4,151,940	\$ 3,355,923	\$ -	\$ 14,478	\$ -	\$ 3,337,608	\$ 3,270,748	\$ 25,534	\$ 5,433	\$ 2,393
Exchange traded funds:													
Fixed income	\$ 2,509,665	\$ 155,561	\$ -	\$ 1,580,507	\$ -	\$ 687,658	\$ 32,091	\$ -	\$ 46,112	\$ 3,979	\$ 2,907	\$ 850	\$ -

  

June 30, 2018	Fair Value	AAA	AA+	AA	AA-	A+	A	A-	BBB	BB	B	Below B	Not Rated
LAIF	\$ 13,437,970	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,437,970
Corporate bonds	\$ 1,161,258	\$ 100,657	\$ -	\$ 100,166	\$ 227,392	\$ 49,206	\$ 121,975	\$ 561,862	\$ -	\$ -	\$ -	\$ -	-
Municipal bonds	\$ 1,321,257	\$ 77,684	\$ 52,067	\$ 636,076	\$ 555,430	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Certificates of deposit	\$ 1,354,035	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,354,035
Mutual funds:													
Fixed income	\$ 10,612,973	\$ 28,869	\$ -	\$ 4,164,139	\$ -	\$ -	\$ 2,095,755	\$ -	\$ 984,632	\$ 3,304,145	\$ 22,786	\$ 9,163	\$ 3,484
Exchange traded funds:													
Fixed income	\$ 5,136,873	\$ 110,390	\$ -	\$ 3,542,813	\$ -	\$ -	\$ 1,435,423	\$ -	\$ 40,774	\$ 3,568	\$ 3,114	\$ 791	\$ -



# The University Foundation at Sacramento State

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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**Investment Income** The rate of return on investments varies with the rate of return of the underlying portfolios. For the years ended June 30, 2019 and 2018, the rate of return earned on investments governed under the Foundation's investment policy approximated 4.1% and 6.0%, respectively.

Investment income for the years ended June 30, 2019 and 2018, 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, 2019 and 2018, included the payments by the Foundation to University, of \$260,000 and \$237,500, respectively, 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 \$516,392 and \$255,307, as well as for expenses other than salaries of University personnel that amounted to \$587,268 and \$587,908 for the years ended June 30, 2019 and 2018, respectively. Amounts due to the University totaled \$1,303,151 and \$284,043 at June 30, 2019 and 2018, respectively. During the years ended June 30, 2019 and 2018, the Foundation paid on behalf of the University, from expendable resources, \$191,670 and \$280,947, 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 \$71,890 and \$32,213, respectively, for the years ended June 30, 2019 and 2018.

### 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, 2019 and 2018, were \$1,466,982 and \$1,674,549, respectively, and are included in the balance of restricted expendable net position as reported in the statement 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)

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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 (3 to 5 years) of 250 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 3% to 7% of the moving average market value of the endowment portfolio. This average market value is computed using the previous twelve quarters of portfolio activity. Income earned in excess of the spending rate may be reinvested in endowment principal.

The Foundation's Board has allowed spending within the above *Investment Policy and Administrative Guidelines* in the years ended June 30, 2019 and 2018, in the amount of 3.5%.

### 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, 2019 and 2018, designated unrestricted net position totaled \$49,525 and \$48,506, respectively.

## **SUPPLEMENTARY INFORMATION SECTION**

# The University Foundation at Sacramento State

## SCHEDULE OF NET POSITION

June 30, 2019

(for inclusion in the California State University)

Assets:

Current assets:	
Cash and cash equivalents	\$ 748,193
Short-term investments	12,714,630
Accounts receivable, net	169,961
Capital lease receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	-
Total current assets	<u>13,632,784</u>

Noncurrent assets:	
Restricted cash and cash equivalents	3,391,202
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	47,814,816
Other long-term investments	5,421,232
Capital assets, net	-
Other assets	166,983
Total noncurrent assets	<u>56,794,233</u>
Total assets	<u>70,427,017</u>

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

Liabilities:

Current liabilities:	
Accounts payable	1,315,316
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	<u>1,315,316</u>

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	148,574
Total noncurrent liabilities	<u>148,574</u>
Total liabilities	<u>1,463,890</u>

Deferred inflows of resources:	
Service concession arrangements	-
Net pension liability	-
Net OPEB liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Others	275,887
Total deferred inflows of resources	<u>275,887</u>

Net Position:

Net investment in capital assets	-
Restricted for:	
Nonexpendable – endowments	45,616,164
Expendable:	
Scholarships and fellowships	7,307,577
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	13,464,060
Unrestricted	2,299,439
Total net position	<u>\$ 68,687,240</u>

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, 2019**  
**(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	778,998
Scholarship allowances (enter as negative)	-
Other operating revenues	-
Total operating revenues	<u>778,998</u>

Expenses:

Operating expenses:	
Instruction	-
Research	-
Public service	-
Academic support	3,593,557
Student services	510,630
Institutional support	822,909
Operation and maintenance of plant	-
Student grants and scholarships	2,870,390
Auxiliary enterprise expenses	-
Depreciation and amortization	-
Total operating expenses	<u>7,797,486</u>
Operating income (loss)	<u>(7,018,488)</u>

Nonoperating revenues (expenses):

State appropriations, noncapital	-
Federal financial aid grants, noncapital	-
State financial aid grants, noncapital	-
Local financial aid grants, noncapital	-
Nongovernmental and other financial aid grants, noncapital	-
Other federal nonoperating grants, noncapital	-
Gifts, noncapital	3,146,077
Investment income (loss), net	2,664,995
Endowment income (loss), net	-
Interest expense	-
Other nonoperating revenues (expenses) - excl. interagency transfers	-
Other nonoperating revenues (expenses) - interagency transfers	-
Net nonoperating revenues (expenses)	<u>5,811,072</u>
Income (loss) before other revenues (expenses)	(1,207,416)

State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	<u>4,284,857</u>
Increase (decrease) in net position	<u>3,077,441</u>

Net position:

Net position at beginning of year, as previously reported	65,609,799
Restatements	-
Net position at beginning of year, as restated	<u>65,609,799</u>
Net position at end of year	<u>\$ 68,687,240</u>

*See the accompanying note to the supplementary schedules.*

# The University Foundation at Sacramento State

## OTHER INFORMATION

June 30, 2019

(for inclusion in the California State University)

**1 Cash and cash equivalents:**

Portion of restricted cash and cash equivalents related to endowments	\$ 3,391,202
All other restricted cash and cash equivalents	-
<b>Noncurrent restricted cash and cash equivalents</b>	<b>3,391,202</b>
Current cash and cash equivalents	748,193
<b>Total</b>	<b>\$ 4,139,395</b>

**2.1 Composition of investments:**

	Current	Noncurrent	Total
Money market funds	\$ -	\$ 81,847	\$ 81,847
Repurchase agreements	-	-	-
Certificates of deposit	-	689,854	689,854
U.S. agency securities	-	-	-
U.S. treasury securities	-	-	-
Municipal bonds	-	1,109,407	1,109,407
Corporate bonds	-	836,943	836,943
Asset backed securities	-	-	-
Mortgage backed securities	-	-	-
Commercial paper	-	-	-
Mutual funds	-	23,437,103	23,437,103
Exchange traded funds	-	26,918,192	26,918,192
Equity securities	-	162,702	162,702
Alternative investments:			
Private equity (including limited partnerships)	-	-	-
Hedge funds	-	-	-
Managed futures	-	-	-
Real estate investments (including REITs)	-	-	-
Commodities	-	-	-
Derivatives	-	-	-
Other alternative investment types	-	-	-
Other external investment pools (excluding SWIFT)	-	-	-
Other investments	-	-	-
State of California Local Agency Investment Fund (LAIF)	12,714,630	-	12,714,630
State of California Surplus Money Investment Fund (SMIF)	-	-	-
<b>Total investments</b>	<b>12,714,630</b>	<b>53,236,048</b>	<b>65,950,678</b>
Less endowment investments (enter as negative number)	-	(47,814,816)	(47,814,816)
<b>Total investments, net of endowments</b>	<b>\$ 12,714,630</b>	<b>\$ 5,421,232</b>	<b>\$ 18,135,862</b>

See the accompanying note to the supplementary schedules.

# The University Foundation at Sacramento State

## OTHER INFORMATION

June 30, 2019

(for inclusion in the California State University)

(Continued)

### 2.2 Fair value hierarchy in investments:

		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)
	Total				
Money market funds	\$ 81,847	\$ -	\$ 81,847	\$ -	\$ -
Repurchase agreements	-	-	-	-	-
Certificates of deposit	689,854	-	689,854	-	-
U.S. agency securities	-	-	-	-	-
U.S. treasury securities	-	-	-	-	-
Municipal bonds	1,109,407	-	1,109,407	-	-
Corporate bonds	836,943	-	836,943	-	-
Asset backed securities	-	-	-	-	-
Mortgage backed securities	-	-	-	-	-
Commercial paper	-	-	-	-	-
Mutual funds	23,437,103	23,437,103	-	-	-
Exchange traded funds	26,918,192	26,918,192	-	-	-
Equity securities	162,702	162,702	-	-	-
Alternative investments:	-	-	-	-	-
Private equity (including limited partnerships)	-	-	-	-	-
Hedge funds	-	-	-	-	-
Managed futures	-	-	-	-	-
Real estate investments (including REITs)	-	-	-	-	-
Commodities	-	-	-	-	-
Derivatives	-	-	-	-	-
Other alternative investment types	-	-	-	-	-
Other external investment pools (excluding SWIFT)	-	-	-	-	-
Other investments	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	12,714,630	-	-	-	12,714,630
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-
<b>Total investments</b>	<b>\$ 65,950,678</b>	<b>\$ 50,517,997</b>	<b>\$ 2,718,051</b>	<b>\$ -</b>	<b>\$ 12,714,630</b>

### 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.

Investments held by the University under contractual agreements (e.g. CSU Consolidated SWIFT Inv pool):

	Current	Noncurrent	Total
\$	-	-	-

See the accompanying note to the supplementary schedules.

**The University Foundation at Sacramento State**  
**OTHER INFORMATION**  
**June 30, 2019**  
**(for inclusion in the California State University)**  
**(Continued)**

**3.1 Composition of capital assets:**

	Balance June 30, 2018	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2018 (Restated)	Additions	Retirements	Transfer of completed CWIP	Balance June 30, 2019
<b>Non-depreciable/Non-amortizable capital assets:</b>									
Land and land improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Works of art and historical treasures	-	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	-	-	-	-	-	-	-	-	-
Intangible assets:									
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Intangible assets in progress (PWIP)	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
<b>Total non-depreciable/non-amortizable capital assets</b>	-	-	-	-	-	-	-	-	-
<b>Depreciable/Amortizable capital assets:</b>									
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 intangible assets	-	-	-	-	-	-	-	-	-
<b>Total depreciable/amortizable capital assets</b>	-	-	-	-	-	-	-	-	-
<b>Total capital assets</b>	-	-	-	-	-	-	-	-	-
<b>Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)</b>									
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 intangible assets	-	-	-	-	-	-	-	-	-
<b>Total accumulated depreciation/amortization</b>	-	-	-	-	-	-	-	-	-
<b>Total capital assets, net</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>

See the accompanying note to the supplementary schedules.



# The University Foundation at Sacramento State

## OTHER INFORMATION

June 30, 2019

(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

\$	-
	-
<b>\$</b>	<b>-</b>

**Total depreciation and amortization**

### 4 Long-term liabilities:

	Balance June 30, 2018	Prior Period Adjustments / Reclassifications	Balance June 30, 2018 (Restated)	Additions	Reductions	Balance June 30, 2019	Current Portion	Noncurrent Portion
<b>1. Accrued compensated absences</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2. Claims liability for losses and loss adjustment expenses</b>	-	-	-	-	-	-	-	-
<b>3. Capital lease obligations:</b>								
Gross balance	-	-	-	-	-	-	-	-
Unamortized net premium/(discount)	-	-	-	-	-	-	-	-
<b>Total capital lease obligations</b>	-	-	-	-	-	-	-	-
<b>4. Long-term debt obligations:</b>								
4.1 Auxiliary revenue bonds (non-SRB related)	-	-	-	-	-	-	-	-
4.2 Commercial paper	-	-	-	-	-	-	-	-
4.3 Notes payable (SRB related)	-	-	-	-	-	-	-	-
4.4 Others:								
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total others	-	-	-	-	-	-	-	-
<b>Sub-total long-term debt</b>	-	-	-	-	-	-	-	-
4.5 Unamortized net bond premium/(discount)	-	-	-	-	-	-	-	-
<b>Total long-term debt obligations</b>	-	-	-	-	-	-	-	-
<b>Total long-term liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See the accompanying note to the supplementary schedules.

# The University Foundation at Sacramento State

## OTHER INFORMATION

June 30, 2019

(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
<b>Year ending June 30:</b>									
2020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025 - 2029	-	-	-	-	-	-	-	-	-
2030 - 2034	-	-	-	-	-	-	-	-	-
2035 - 2039	-	-	-	-	-	-	-	-	-
2040 - 2044	-	-	-	-	-	-	-	-	-
2045 - 2049	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
<b>Total minimum lease payments</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less: amounts representing interest									-
<b>Present value of future minimum lease payments</b>									-
Unamortized net premium/(discount)									-
<b>Total capital lease obligations</b>									-
Less: current portion									-
<b>Capital lease obligations, net of current portion</b>									\$ -

### 6 Long-term debt obligations schedule:

	Auxiliary Revenue Bonds (Non-SRB Related)			All Other Long-Term Debt Obligations			Total Long-Term Debt Obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
<b>Year ending June 30:</b>									
2020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025 - 2029	-	-	-	-	-	-	-	-	-
2030 - 2034	-	-	-	-	-	-	-	-	-
2035 - 2039	-	-	-	-	-	-	-	-	-
2040 - 2044	-	-	-	-	-	-	-	-	-
2045 - 2049	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
<b>Total minimum payments</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less: amounts representing interest									-
<b>Present value of future minimum payments</b>									-
Unamortized net premium/(discount)									-
<b>Total long-term debt obligations</b>									-
Less: current portion									-
<b>Long-term debt obligations, net of current portion</b>									\$ -

See the accompanying note to the supplementary schedules.

# The University Foundation at Sacramento State

## OTHER INFORMATION

June 30, 2019

(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	\$	516,392
Payments to University for other than salaries of University personnel	\$	587,268
Payments received from University for services, space, and programs	\$	71,890
Gifts-in-kind to the University from discretely presented component units	\$	-
Gifts (cash or assets) to the University from discretely presented component units	\$	191,670
Accounts (payable to) University (enter as negative number)	\$	(1,303,151)
Other amounts (payable to) University (enter as negative number)	\$	-
Accounts receivable from University (enter as positive number)	\$	3,979
Other amounts receivable from University (enter as positive number)	\$	-

**8 Restatements/Prior period adjustments:**

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

Debit/(Credit)
----------------

Transaction #1	Enter transaction description
----------------	-------------------------------

Transaction #2	Enter transaction description
----------------	-------------------------------

# The University Foundation at Sacramento State

## OTHER INFORMATION

June 30, 2019

(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	344,473		163,631	-	-	3,085,454	-	3,593,558
Student services	13,584		191	-	-	496,854	-	510,629
Institutional support	(11,223)		31,740	-	-	802,392	-	822,909
Operation and maintenance of plant	-	-	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	2,870,390	-	-	2,870,390
Auxiliary enterprise expenses	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	-	-
<b>Total operating expenses</b>	<b>\$ 346,834</b>	<b>\$ -</b>	<b>\$ 195,562</b>	<b>\$ -</b>	<b>\$ 2,870,390</b>	<b>\$ 4,384,700</b>	<b>\$ -</b>	<b>\$ 7,797,486</b>

**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:	-
	-
	-
	-
	-
	-
Total deferred outflows - others	-
<b>Total deferred outflows of resources</b>	<b>\$ -</b>

**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:	-
Deferred inflows - remainder interest	275,887
	-
	-
	-
	-
Total deferred inflows - others	275,887
<b>Total deferred inflows of resources</b>	<b>\$ 275,887</b>

See the accompanying note to the supplementary schedules.

## **The University Foundation at Sacramento State**

### **NOTE TO THE SUPPLEMENTARY SCHEDULES**

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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.