



THE CALIFORNIA STATE UNIVERSITY  
FOUNDATION

FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

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## INDEPENDENT AUDITORS' REPORT

To the Board of Governors of California State University Foundation:

We have audited the accompanying financial statements of California State University Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California State University Foundation as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 1, during the year ended June 30, 2021, California State University Foundation adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Customers (Topic 606)* and ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. Our opinion is not modified with respect to this matter.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2021 on our consideration of the Organization'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 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 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 Organization's internal control over financial reporting and compliance.



Long Beach, California  
September 13, 2021

**CALIFORNIA STATE UNIVERSITY FOUNDATION**

**STATEMENTS OF FINANCIAL POSITION**

		<b>ASSETS</b>	
		<b>June 30,</b>	
		<b>2021</b>	<b>2020</b>
<b>CURRENT ASSETS</b>			
Cash	\$	3,008,117	\$ 1,913,207
Pledges receivable, current portion		1,850,000	1,328,631
Other current assets		89,734	113,641
		<u>4,947,851</u>	<u>3,355,479</u>
<b>NONCURRENT ASSETS</b>			
Investments		41,015,920	32,628,149
Charitable gift annuity assets		9,246,558	7,738,985
Pledges receivable, net of current portion		1,548,760	—
Other receivables		150,912	122,293
		<u>51,962,150</u>	<u>40,489,427</u>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>56,910,001</u></b>	<b>\$ <u>43,844,906</u></b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$	7,030	\$ 3,420
Other current liabilities		35,178	—
Local agency liability, current portion		43,142	51,386
		<u>85,350</u>	<u>54,806</u>
<b>NONCURRENT LIABILITIES</b>			
Charitable gift annuity liability		9,246,558	7,738,985
Other payables		150,912	122,293
Local agency liability, net of current portion		123,954	62,312
		<u>9,521,424</u>	<u>7,923,590</u>
<b>TOTAL LIABILITIES</b>		<u>9,606,774</u>	<u>7,978,396</u>
<b>NET ASSETS</b>			
Without donor restrictions:			
Undesignated		6,559,127	5,131,925
Board designated quasi endowment		344,762	194,762
		<u>6,903,889</u>	<u>5,326,687</u>
With donor restrictions:			
Restricted for time/purpose/spending policy		24,396,112	14,746,347
Restricted in perpetuity - endowment		16,003,226	15,793,476
		<u>40,399,338</u>	<u>30,539,823</u>
<b>TOTAL NET ASSETS</b>		<u>47,303,227</u>	<u>35,866,510</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<b><u>56,910,001</u></b>	<b>\$ <u>43,844,906</u></b>

**CALIFORNIA STATE UNIVERSITY FOUNDATION**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 575,486	\$ 7,078,088	\$ 7,653,574
Investment income	1,332,104	8,128,426	9,460,530
Other	455,031	99,040	554,071
Net assets released from restrictions	5,491,539	(5,491,539)	—
Net assets released to restrictions	(45,500)	45,500	—
Total Support and Revenue	<u>7,808,660</u>	<u>9,859,515</u>	<u>17,668,175</u>
<b>EXPENSES</b>			
Program Services:			
Projects, grants and other assistance	2,296,559	—	2,296,559
Student scholarships	2,748,694	—	2,748,694
Conferences, conventions and meetings	5,328	—	5,328
Other expenses	668,228	—	668,228
Total Program Services	<u>5,718,809</u>	<u>—</u>	<u>5,718,809</u>
Supporting Services:			
Professional services	39,241	—	39,241
Overhead	8,759	—	8,759
In-kind administrative expenses	363,871	—	363,871
Other expenses	45,315	—	45,315
Fundraising	55,463	—	55,463
Total Supporting Services	<u>512,649</u>	<u>—</u>	<u>512,649</u>
Total Expenses	<u>6,231,458</u>	<u>—</u>	<u>6,231,458</u>
<b>CHANGE IN NET ASSETS</b>	1,577,202	9,859,515	11,436,717
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>5,326,687</u>	<u>30,539,823</u>	<u>35,866,510</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 6,903,889</u>	<u>\$ 40,399,338</u>	<u>\$ 47,303,227</u>

**CALIFORNIA STATE UNIVERSITY FOUNDATION**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 568,557	\$ 6,522,244	\$ 7,090,801
Investment income	174,421	1,021,427	1,195,848
Other	557,555	8,098	565,653
Net assets released from restrictions	8,375,406	(8,375,406)	—
Net assets released to restrictions	(27,229)	27,229	—
Total Support and Revenue	<u>9,648,710</u>	<u>(796,408)</u>	<u>8,852,302</u>
<b>EXPENSES</b>			
Program Services:			
Projects, grants and other assistance	4,093,720	—	4,093,720
Student scholarships	4,166,244	—	4,166,244
Conferences, conventions and meetings	305,799	—	305,799
Other expenses	235,693	—	235,693
Total Program Services	<u>8,801,456</u>	<u>—</u>	<u>8,801,456</u>
Supporting Services:			
Professional services	38,163	—	38,163
Conferences, conventions and meetings	2,658	—	2,658
Overhead	10,281	—	10,281
In-kind administrative expenses	357,034	—	357,034
Other expenses	55,763	—	55,763
Fundraising	52,518	—	52,518
Total Supporting Services	<u>516,417</u>	<u>—</u>	<u>516,417</u>
Total Expenses	<u>9,317,873</u>	<u>—</u>	<u>9,317,873</u>
<b>CHANGE IN NET ASSETS</b>	330,837	(796,408)	(465,571)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>4,995,850</u>	<u>31,336,231</u>	<u>36,332,081</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 5,326,687</u>	<u>\$ 30,539,823</u>	<u>\$ 35,866,510</u>

**CALIFORNIA STATE UNIVERSITY FOUNDATION**

**STATEMENTS OF CASH FLOWS**

	<b>For the Year Ended</b>	
	<b>June 30,</b>	
	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 11,436,717	\$ (465,571)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Unrealized and realized gain on investments	(9,051,927)	(698,836)
Contributions for long-term investments	(3,799,807)	(4,974,762)
Noncash donation capitalized	800	(558)
Change in discounts to present value of pledges receivable	101,240	(9,520)
Net (increase) decrease in:		
Pledges receivable	(2,171,369)	716,770
Other current assets	23,107	(56,424)
Net increase (decrease) in:		
Accounts payable	3,610	(415,595)
Other current liabilities	35,178	—
Local agency liability	28,923	17,465
Net Cash Used In Operating Activities	<u>(3,393,528)</u>	<u>(5,887,031)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	1,101,889	641,794
Purchase of investments	(413,258)	(3,037,034)
Net Cash Provided By (Used In) Investing Activities	<u>688,631</u>	<u>(2,395,240)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions for long-term investments	<u>3,799,807</u>	<u>4,977,300</u>
Net Cash Provided By Financing Activities	<u>3,799,807</u>	<u>4,977,300</u>
<b>NET CHANGE IN CASH</b>	1,094,910	(3,304,971)
<b>CASH AT BEGINNING OF YEAR</b>	<u>1,913,207</u>	<u>5,218,178</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 3,008,117</u>	<u>\$ 1,913,207</u>



## CALIFORNIA STATE UNIVERSITY FOUNDATION

### NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

#### NOTE 1 – Nature of Activities and Significant Accounting Policies

##### *Nature of Activities*

California State University Foundation (the Foundation) is a nonprofit organization serving as an auxiliary to the Office of the Chancellor of the California State University. The Foundation administers charitable gift annuities and other funds in accordance with specific agreements.

##### *Recently Adopted Pronouncements*

Beginning July 1, 2020, the Organization adopted Accounting Standard Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* and has applied prospectively. ASU 2014-09 will replace most existing revenue recognition guidance in U.S. GAAP and requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. No significant reclassifications to prior-year amounts were necessary in order to adopt the new standard.

Beginning July 1, 2020, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820): *Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. The ASU modifies the disclosure requirements in Topic 820, Fair Value Measurement, by removing certain disclosure requirements related to the fair value hierarchy, modifying existing disclosure requirements related to measurement uncertainty and for non-public entities eliminating certain requirements, such as disclosing the changes in unrealized gains and losses for the period included for recurring level 3 fair value measurements held at the end of the reporting period and disclosing the range and weighted average of significant unobservable inputs used to develop level 3 fair value measurements. No significant reclassifications to prior-year amounts were necessary in order to adopt the new standards.

##### *Financial Statement Presentation*

The accompanying financial statements are presented on the accrual basis of accounting, and the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: without donor restriction and with donor restriction.

Revenues, gains, expenses, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

- **Net assets without donor restrictions** – Net assets without donor restrictions represent net assets that are not subject to donor-imposed restrictions and that may be expendable for any purpose in performing the primary objectives of the Foundation.

**CALIFORNIA STATE UNIVERSITY FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

**NOTE 1 – Nature of Activities and Significant Accounting Policies (Continued)**

*Financial Statement Presentation (Continued)*

- **Net assets with donor restrictions** – Net assets with donor restrictions represent net assets subject to donor-imposed restrictions that will be met either by actions of the Foundation or the passage of time. Other net assets include gifts and pledges, which require, by donor restriction, that the corpus be invested in perpetuity. As the restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions.

*Contributions*

Contributions received are recorded as net assets with or without donor restrictions, depending on the existence and nature of any donor restrictions. Upon satisfaction of the restriction, the contributions are reclassified to net assets without donor restrictions.

Contributions of noncash goods and services are recorded at the estimated fair value on the date of the contribution.

*Use of Estimates and Assumptions*

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

*Fair Value Measurements*

The Foundation follows the provisions required for fair value measurements and disclosures of financial and nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring and nonrecurring basis.

The Foundation's assessment of the significance of a particular input to the fair value measurements requires judgment and may affect the valuation of the assets and liabilities being measured and their placement within the fair value hierarchy.

*Concentration of Cash*

The Foundation maintains cash with financial institutions which, at various times, may exceed federally insured limits. The Foundation has not experienced any deposit losses in the past and believes it is not exposed to any significant risk of loss.

**CALIFORNIA STATE UNIVERSITY FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 – Nature of Activities and Significant Accounting Policies (Continued)**

***Investments***

Investments held by the Foundation include marketable securities, fixed income securities, alternative investments, and venture capital and partnerships. The investments are reflected in the statements of financial position at fair value. Unrealized gains and losses are included in the change in net assets on the statements of activities.

The Foundation's investments in marketable securities and fixed income securities are generally publicly traded on national securities exchanges and have readily available quoted market values. The Foundation's investments in alternative investments and venture capital and partnerships are carried at estimated fair value. Management established fair value of these non-marketable investments based on valuations provided by investment advisors/custodians, on their most recent statements available. Venture capital and partnerships estimated fair value is based on financial information that is six months in arrears. The Foundation believes that the carrying amount of these financial instruments is a reasonable estimate of fair value.

At June 30, 2021 and 2020, and at various times throughout the years, the Foundation maintains cash and cash equivalents, and investment balances at brokers which may not be covered by federally insured limits, that exceed amounts insured by Securities Investor Protection Corporation (SIPC), or be alternative investments which are not covered by SIPC. Certain investments not covered by SIPC may or may not be insured by supplemental insurance carried by the brokers. The Foundation has not experienced any deposit losses in such accounts. Management believes it is not exposed to any significant risk on these accounts.

The Foundation's investments are exposed to various risks, such as market and credit risks. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

The Foundation adopted an Environmental, Social & Governance (ESG) mandate on equity and fixed income portions of the portfolio at its June 2019 meeting. The management changes to equity investments were made in July 2019 and fixed income followed in January 2020. The investment policy statement was amended on December 12, 2019 to define liquid, semi-liquid, and illiquid investments. The investment policy statement was again amended on April 6, 2020 to make changes to the asset allocation guidelines. This change better aligned the Foundation's asset allocations with its peer institutions as reported in the National Association of College & University Business Officers (NACUBO) endowment report.

## CALIFORNIA STATE UNIVERSITY FOUNDATION

### NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

#### **NOTE 1 – Nature of Activities and Significant Accounting Policies (Continued)**

##### ***Pledges Receivable***

The two forms of pledges receivable are unconditional promises to give and conditional promises to give. Unconditional promises to give are recognized as receivables and as revenue in the period in which the Foundation is notified by the donor of a commitment to make a contribution. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount amounts. An allowance for uncollectible promises is provided based on management's evaluation of potential uncollectible promises receivable at year-end. The Foundation did not deem an allowance necessary at June 30, 2021 and 2020.

##### ***Charitable Gift Annuity Assets and Liability***

The Foundation administers charitable gift annuities for various California State University (CSU) campuses. The Foundation acts as an intermediary for the campuses for which they administer the charitable gift annuities for an agreed-upon percentage of the corpus.

Assets held for charitable gift annuities totaled \$9,246,558 and \$7,738,985 and are reported at fair market value in the Foundation's statement of financial position as of June 30, 2021 and 2020, respectively. On an annual basis, the Foundation revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. Present value of amounts owed to annuitants and to various campuses in the CSU system totaled \$3,890,924 and \$5,355,634, respectively at June 30, 2021 and \$3,805,719 and \$3,933,266, respectively at June 30, 2020. The present value of the estimated future payments is calculated using discount rates ranging from 0.4% to 7.4% for 2021 and applicable mortality tables.

##### ***Other Noncurrent Receivables and Payables***

The Foundation was named as an agent by the donors of two charitable remainder trusts which are recorded in other receivables and payables. Accordingly, the Foundation has recorded an asset and a liability on its books for the trusts at their fair market values.

##### ***In-Kind Support***

The Foundation receives noncash goods (in-kind support) and uses them for program support. Contributions of donated noncash goods are recorded at the estimated fair value in the period received in current assets and contributions. The in-kind support for the Foundation includes, but is not limited to, tangible assets such as computer peripherals, airline passes, and personal protective equipment distributed to CSU campuses during the pandemic. The Foundation recognizes them in the various expenses in the accompanying financial statements when the noncash goods are used or distributed.

**CALIFORNIA STATE UNIVERSITY FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

**NOTE 1 – Nature of Activities and Significant Accounting Policies (Continued)**

*Tax Status*

The Foundation has received tax-exempt status from the Internal Revenue Service and California Franchise Tax Board under Section 501(c)(3) of the Internal Revenue Code, and Section 23701(d) of the Revenue and Taxation Code, respectively. The Foundation recognizes the financial statement benefit of tax positions, such as its filing status of tax-exempt, only after determining that the relevant tax authority would more likely than not sustain the position following an audit. The Foundation is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal and California state purposes is generally three and four years, respectively.

*Recently Issued Accounting Pronouncements*

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. Additionally, the standard requires a not-for-profit to disclose a disaggregation of the amount of contributed nonfinancial assets by category that depicts the type of nonfinancial assets and additional information related to the monetization, utilization, and valuation of the contributed nonfinancial assets. The ASU is effective for annual reporting periods beginning after June 15, 2021. The Foundation is currently evaluating the impact of the adoption of the new standard on the financial statements

*Subsequent Events*

The Foundation's management has evaluated subsequent events from the statements of financial position date through September 13, 2021, the date the financial statements were available to be issued.

**CALIFORNIA STATE UNIVERSITY FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 2 – Liquidity and Availability**

The following reflects the Foundation’s financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statements of financial position date because of contractual or donor-imposed restrictions. Amounts not available include amounts set aside for long-term investing for board-designated activities that could be drawn upon if the governing board approves that action.

	<b>June 30,</b>	
	<b>2021</b>	<b>2020</b>
Financial assets:		
Cash	\$ 3,008,117	\$ 1,913,207
Investments	41,015,920	32,628,149
Pledges receivable	3,398,760	1,328,631
	47,422,797	35,869,987
Less those unavailable for general expenditure within one year due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with purpose and time restrictions	(24,396,112)	(14,746,347)
Restricted by donor with perpetual restrictions	(16,003,226)	(15,793,476)
Board designations:		
Board-designated - scholarships	(344,762)	(194,762)
Local agency net assets held:		
Alumni Council	(153,960)	(99,617)
Student Association	(13,136)	(14,081)
	(40,911,196)	(30,848,283)
Add anticipated Board-approved endowment appropriations:	1,166,471	1,032,272
Financial assets available to meet cash needs for general expenditure within one year	\$ 7,678,072	\$ 6,053,976

**CALIFORNIA STATE UNIVERSITY FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 2 – Liquidity and Availability (Continued)**

The Foundation's endowment funds consist of donor-restricted and Board-designated endowment funds. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure. As described in Note 8, for fiscal years 2021 and 2020, the Board of Governors targets current distribution at 4% of the portfolio value, based on a 3-year moving average.

As part of the Foundation's liquidity management, it has a policy (Working Capital and Reserves Policy) to structure its financial assets to be available as its general expenditures, liabilities, and other as they come due. The policy requires that working capital should be maintained at a level sufficient to provide for at least 90 days of normal operating expenditures. The allocation should be consistent with the current year's approved operating budget and authorized program allocations. As of June 30, 2021, \$734,542 was dedicated in cash to fully fund the annual operating expenses and Board-designated budget expenditures. In addition, \$2,236,962 was available in cash for program funds held by the Foundation. An additional \$36,613 in agency funds were held in cash.

In addition, Education Code, Section 89904(b) requires California State University auxiliaries to implement financial standards that will assure fiscal viability by the establishment of reserve funds for current operation, capital replacement, and new business ventures. The Working Capital and Reserves Policy provides a basis for the annual review of fiscal viability, compliance with generally accepted accounting principles, and criteria for the distribution of reserves. General Reserves are maintained at a level sufficient to provide for at least one year of normal operating expenditures and contracted service obligations. The Board of Governors considers future needs for capital equipment acquisition, capital development projects, and/or new business ventures. General Reserves are generated from an excess of revenues over expenditures in the CSU Foundation's General Fund. Allocations from the General Reserve require the approval of the Board of Governors. The Board of Governors reviews the status of the General Reserves each fiscal year as part of the annual budget approval. The unrestricted fund balance (General Reserves) was \$4,736,036 as of June 30, 2021.

**CALIFORNIA STATE UNIVERSITY FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 3 – Pledges Receivable**

Pledges receivable are scheduled to be collected as follows:

	<b>June 30,</b>	
	<b>2021</b>	<b>2020</b>
Current receivable in less than one year	\$ 1,850,000	\$ 1,328,631
Noncurrent receivable in one to five years	1,650,000	—
Less discount factor to present value	(101,240)	—
Net noncurrent receivable	1,548,760	—
	<u>\$ 3,398,760</u>	<u>\$ 1,328,631</u>

**NOTE 4 – Investments**

Investments consists of the following:

	<b>June 30,</b>			
	<b>2021</b>		<b>2020</b>	
	<b>Cost</b>	<b>Fair Value</b>	<b>Cost</b>	<b>Fair Value</b>
Money market	\$ 291,665	\$ 291,663	\$ 385,274	\$ 385,274
Common stock and options	10,138,849	14,874,607	10,168,864	12,034,730
Exchange-traded and closed-end funds	3,326,426	4,368,462	4,381,801	4,389,237
Corporate securities	1,263,773	1,249,385	1,024,168	1,059,506
Mutual funds	7,914,356	8,446,730	5,633,188	5,626,570
Government securities	1,746,558	1,745,243	1,246,204	1,322,043
Alternative investments	5,959,978	10,015,399	6,421,687	7,773,050
Venture capital and partnership	—	24,431	—	37,739
	<u>\$ 30,641,605</u>	<u>\$ 41,015,920</u>	<u>\$ 29,261,186</u>	<u>\$ 32,628,149</u>



**CALIFORNIA STATE UNIVERSITY FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

**NOTE 4 – Investments (Continued)**

Investment return is summarized as follows:

	<b>For year ended June 30,</b>	
	<b>2021</b>	<b>2020</b>
Reinvested interest and dividend, net of investment fees	\$ 408,603	\$ 497,012
Net unrealized gains (losses)	6,148,733	(154,782)
Net realized gains	2,903,194	853,618
	<u>\$ 9,460,530</u>	<u>\$ 1,195,848</u>

**NOTE 5 - Charitable Gift Annuity Assets**

Charitable gift annuity assets for which the Foundation administers consist of the following:

	<b>June 30,</b>			
	<b>2021</b>		<b>2020</b>	
	<b>Cost</b>	<b>Fair Value</b>	<b>Cost</b>	<b>Fair Value</b>
Cash	\$ 226,744	\$ 226,744	\$3,710,894	\$3,710,894
Marketable securities	4,150,792	5,750,710	1,821,987	1,854,749
Real estate investment trust (REIT)	18,847	24,763	—	—
Fixed income securities	3,148,544	3,244,341	1,992,515	2,173,342
Total	<u>\$ 7,544,927</u>	<u>\$ 9,246,558</u>	<u>\$7,525,396</u>	<u>\$7,738,985</u>

**NOTE 6 - Local Agency Liability**

The Foundation entered into an operating agreement with the CSU Alumni Council on March 31, 2006. Pursuant to the agreement, the Foundation agreed to provide all accounting and financial management services to the CSU Alumni Council. As of June 30, 2021 and 2020, the Foundation had a liability balance due to the CSU Alumni Council of \$153,960 and \$99,617, respectively. The balance was related to the net assets held by the Foundation on behalf of the CSU Alumni Council.

**CALIFORNIA STATE UNIVERSITY FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 6 - Local Agency Liability (Continued)**

During fiscal year 2011, the Foundation began providing limited accounting services for the California State Student Association related to their participation in the Foundation's procurement card program. At June 30, 2021 and 2020, the Foundation had a liability balance due to the California State Student Association of \$13,136 and \$14,081, respectively, for the net assets held by the Foundation on behalf of California State Student Association.

The activity for the net local agency liability is as follows:

	<u>Alumni Council Liability</u>	<u>Student Association Receivable (Liability)</u>
Balance at June 30, 2019	\$ (93,902)	\$ 210
Investment gain	(2,541)	—
Operating income	<u>(3,174)</u>	<u>(14,291)</u>
Balance at June 30, 2020	(99,617)	(14,081)
Investment gain	(24,475)	—
Operating (income) loss	<u>(29,868)</u>	<u>945</u>
Balance at June 30, 2021	<u><u>\$ (153,960)</u></u>	<u><u>\$ (13,136)</u></u>

**NOTE 7 - Net Assets**

The following is a summary of the Foundation's net assets:

***Net Assets Without Donor Restrictions***

	<u>June 30,</u>	
	<u>2021</u>	<u>2020</u>
Undesignated	\$ 6,559,127	\$ 5,131,925
Board-designated Reed Quasi Endowment	130,000	130,000
Board-designated Hauck Quasi Endowment	64,762	64,762
Board-designated White Quasi Endowment	<u>150,000</u>	<u>—</u>
	<u><u>\$ 6,903,889</u></u>	<u><u>\$ 5,326,687</u></u>

**CALIFORNIA STATE UNIVERSITY FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 7 - Net Assets (Continued)**

*Net Assets with Donor Restrictions - Restricted for Time/Purpose/Spending Policy*

	June 30,	
	2021	2020
Scholarships	\$ 10,374,757	\$ 5,285,988
Haworth Family Quasi Endowment	91,563	91,563
State University House Quasi Endowment	4,401,883	4,401,883
Inflation Reserve	3,280,392	3,138,670
University Projects	6,247,517	1,828,243
	\$ 24,396,112	\$ 14,746,347

At June 30, 2021 and 2020, included in net assets with donor restrictions are endowment funds of \$18,937,122 and \$11,839,947, respectively, which are restricted for both time and donor purpose.

Included in net assets with donor restrictions, in accordance with the endowment agreements, are inflation reserves for each endowment. The inflation reserve funds are maintained to preserve the purchasing power of the endowment principal; however, they can be spent in support of the endowments' purposes at the discretion of the Board of Governors. During periods of inflation, the Foundation allocates amounts from the scholarship funds to the inflation reserve funds at a rate commensurate with the Consumer Price Index.

Haworth Family Quasi Endowment is included in net assets with donor restrictions. The donor instructed the funds to be used for scholarships at the Board of Governors' direction. The Board of Governors elected to preserve the funds as an endowment, technically known as Haworth Family Quasi Endowment.

The State University House Quasi Endowment was funded with the net proceeds of the sale of real property donated for the purpose of a residence for the Chancellor. The CSU Board of Trustees designated the net proceeds as quasi endowment for operational and maintenance support of the Chancellor's residence. The quasi endowment was transferred to the Foundation in 2013 and supported the operations of the State University House. The CSU Board of Trustees authorized the sale of the State University House and the payment of a housing allowance from the CSU Foundation at its November 2018 meeting. The home was sold in 2019 with the proceeds of \$2,502,072 transferred to the Foundation and added to the corpus of the State University House Quasi Endowment. The endowment funds the reimbursement of the housing allowance and related hospitality expenditures to the California State University.

**CALIFORNIA STATE UNIVERSITY FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 7 - Net Assets (Continued)**

*Net Assets With Donor Restrictions - Restricted in Perpetuity*

	June 30,	
	2021	2020
Gregson Bautzer University Fund Scholarship	\$ 150,000	\$ 150,000
Glenn and Dorothy Dumke Fellowship	24,617	24,617
Nathaniel R. and Valarie Dumont Scholarship	525,000	525,000
William Randolph Hearst/CSU Trustees' Award for Outstanding Achievement	424,050	424,050
Robert M. Odell Endowment Scholarship in Public Administration	75,300	75,300
Dr. Ali C. Razi Endowed Scholarship	337,500	337,500
Wilson C. Riles Education Scholarship	100,000	100,000
Angelina Aliberti Ruggie and Lawrence L. Ruggie Endowed Scholarship	34,346	34,346
Dale M. Schoettler Scholarship for Visually Impaired Students	5,830,940	5,830,940
Dr. Murray L. Galison Endowed Scholarship	153,710	153,710
William and Jan Lahey Art Education and Visual Art Scholarship Endowment	289,200	289,200
William Hauck Endowed Scholarship	94,000	93,250
Stauffer Foundation Endowment	187,675	165,175
Charles and Catherine Reed Endowment	105,850	105,850
Robert D. and Dorothy W. Talty Endowment	134,380	134,380
Kenneth Fong Scholar Endowment	150,000	150,000
Trustee Emerita Claudia Hampton Endowed Scholarship	150,000	150,000
Hampton Scholars Endowed Scholarship	259,264	259,264
George Marcus Endowment	115,000	115,000
James Key Endowment	431,163	431,163
Michelle Marriott Endowment	37,500	37,500
Richard Leffingwell Endowment	155,000	91,000
Howard C. Christiansen Endowment	573,229	573,229
Wang Family Excellence Endowment	2,500,000	2,500,000
Ronald R. and Mitzi Barhorst Scholarship Endowment	198,803	198,803
Michael and Debra Lucki Endowment	122,500	—
William and Jan Lahey Summer Arts Endowment	289,199	289,199
Real Estate and Land Use Institute Program Endowment	1,000,000	1,000,000
Real Estate and Land Use Institute Scholarship Endowment	1,430,000	1,430,000
CSU Social Science Research and Instructional Council Student Symposium Endowment	25,000	25,000
Lyman G. Chaffee Endowment	100,000	100,000
	\$ 16,003,226	\$ 15,793,476

**CALIFORNIA STATE UNIVERSITY FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 7 - Net Assets (Continued)**

*Net Assets With Donor Restrictions - Restricted in Perpetuity (Continued)*

Each of the Foundation's endowments has been established to support a scholarship or program fund recorded in net assets with donor restrictions. Investment gains and losses from the endowment funds are recorded as increases or decreases to the scholarship or program funds in accordance with the endowment agreements.

**NOTE 8 - Endowments**

The Foundation's endowments consist of several individual donor-designated funds established to support a program or scholarship fund recorded in net assets with donor restrictions. Net assets associated with the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation has interpreted the California Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions in perpetuity: (a) the original value of the gifts donated to the perpetually restricted endowment, (b) the original value of subsequent gifts to the perpetually restricted endowment, and (c) accumulations to the perpetually restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in donor restricted in perpetuity net assets is classified as net assets with donor restriction for time/purpose/spending policy until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the organization
- (7) The investment policies of the organization

**CALIFORNIA STATE UNIVERSITY FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

**NOTE 8 - Endowments (Continued)**

The Finance and Investment Committee of the Board of Governors is charged with the responsibility of managing the investment of endowment assets for the Foundation. The overall goal in management of these funds is to generate a long-term total rate of return that provides sustainable distributions to support program expenditures within a reasonable level of risk. As a result, the endowment assets are invested in a manner that is intended to produce results that, over the long term, allow them to grow at a rate exceeding expected inflation. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return.

The Board of Governors targets distribution at 4% of the portfolio value, based on a 3-year moving average.

The Finance and Investment Committee of the Board of Governors adheres to modern portfolio theory, which has, as its basis, risk reduction through diversification. Diversification is obtained through the use of multiple asset classes, as well as multiple investments within these asset classes. Asset classes that may be used include, but are not limited to, domestic and international corporate stocks and bonds, alternative investments, and government-issued debt securities. The investment strategy is implemented through the selection of external advisors and managers with the expertise and successful histories in the management of specific asset classes.

Endowment net assets consist of the following at June 30, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds			
Original donor-restricted amount required to be maintained in perpetuity	\$ —	\$ 16,003,226	\$ 16,003,226
Accumulated investment gains	—	14,443,676	14,443,676
Quasi endowment funds	344,762	4,493,446	4,838,208
	<u>344,762</u>	<u>4,493,446</u>	<u>4,838,208</u>
Total	\$ 344,762	\$ 34,940,348	\$ 35,285,110

**CALIFORNIA STATE UNIVERSITY FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 8 - Endowments (Continued)**

Endowment net assets consist of the following at June 30, 2020:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Donor-restricted endowment funds			
Original donor-restricted amount required to be maintained in perpetuity	\$ —	\$ 15,793,476	\$ 15,793,476
Accumulated investment gains	—	7,346,501	7,346,501
Quasi endowment funds	194,762	4,493,446	4,688,208
	<u>194,762</u>	<u>4,493,446</u>	<u>4,688,208</u>
Total	<u>\$ 194,762</u>	<u>\$ 27,633,423</u>	<u>\$ 27,828,185</u>

Net changes in endowment funds and the related portion of net assets with donor restrictions for the year ended June 30, 2021 were as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment net assets, as of June 30, 2020	\$ 194,762	\$ 27,633,423	\$ 27,828,185
Investment return:			
Investment income	—	354,251	354,251
Net appreciation (realized and unrealized)	—	7,802,864	7,802,864
Total investment return	—	8,157,115	8,157,115
Contributions	150,000	270,770	420,770
Appropriated for expenditure	—	(1,120,960)	(1,120,960)
	<u>150,000</u>	<u>270,770</u>	<u>420,770</u>
Endowment net assets, as of June 30, 2021	<u>\$ 344,762</u>	<u>\$ 34,940,348</u>	<u>\$ 35,285,110</u>

**CALIFORNIA STATE UNIVERSITY FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 8 - Endowments (Continued)**

Net changes in endowment funds and the related portion of net assets with donor restrictions for the year ended June 30, 2020 were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, as of June 30, 2019	\$ 194,762	\$ 24,911,535	\$ 25,106,297
Investment return:			
Investment income	—	426,117	426,117
Net appreciation (realized and unrealized)	—	597,621	597,621
Total investment return	—	1,023,738	1,023,738
Contributions	—	2,735,998	2,735,998
Appropriated for expenditure	—	(1,037,848)	(1,037,848)
Endowment net assets, as of June 30, 2020	<u>\$ 194,762</u>	<u>\$ 27,633,423</u>	<u>\$ 27,828,185</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. As of June 30, 2021 and 2020, there was no deficiency incurred.

During the fiscal years ended June 30, 2021 and 2020, the Foundation matched at a rate of 1:2 (50 cents for every dollar) for new donor gifts contributed to endowment funds supporting the Trustees' Award for Outstanding Achievement. These matching funds were approved by the Board of Governors through the budget line item entitled "Trustees' Award Endowment Incentive" and will be classified in endowment funds and subject to donor restriction, and all expenditure requests and transfers must be consistent with donor intent for the donor contributions.



## CALIFORNIA STATE UNIVERSITY FOUNDATION

### NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

#### NOTE 9 - Fair Value Measurements

The Foundation uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine the fair value disclosures. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, there are no quoted market prices for the Foundation's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. The Foundation groups its assets and liabilities measured at fair value in 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. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. Also included in level 2 are investments measured using a net asset value ("NAV") per share, or its equivalent, that may be redeemed at that NAV at the date of the statement of financial position or in the near term, which is generally considered to be within 90 days.
- Level 3 inputs are unobservable inputs for the asset or liability. This valuation is accomplished using management's best estimate of fair value, with inputs into the determination of fair value that require significant management judgment or estimation. Also included in level 3 are investments measured using a NAV per share, or its equivalent, that can never be redeemed at the NAV or for which redemption at NAV is uncertain due to lockup periods or other investment restrictions.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

**CALIFORNIA STATE UNIVERSITY FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 9 - Fair Value Measurements (Continued)**

The Foundation determines the fair value of financial instruments for which it cannot obtain quoted market prices in active markets as follows:

*Alternative investments:* The valuation of alternative investments is determined through consideration of the net asset values provided by the investment advisors. The investment advisors' determination of fair value is based upon the best available information and other market factors which may include, but are not limited to, estimates of liquidation value, prices of recent transactions in the same or similar funds, current performance, future expectations of the particular investment, and changes in market outlook and the financing environment. For alternative investments, which are composed of hedge funds, the Foundation has determined that the NAV reported by the underlying fund is a practical expedient to fair value; however, adjustments to the reported NAV may be made based on various factors including, but not limited to, the basis of accounting used in determining NAV, the reporting date of the NAV, and probable sales of any individual investment funds as of the measurement date. The Foundation has concluded that these investments are redeemable with the fund at NAV under the original terms of the partnership agreements and/or subscription agreements and operations of underlying fund agreements. Due to the nature of these investments, changes in market conditions and the economic environment may significantly impact the NAV of the funds and, consequently, the fair value of the Foundation's interest in the funds.

*Investments in venture capital and partnerships:* The fair value of investments in venture capital and partnerships is based on the Foundation's estimated capital account as determined by the asset custodians. The asset custodians' determination of fair value uses quoted prices for any assets traded on a recognized securities exchange, and all other assets are valued based upon the best available information and other market factors which may include, but are not limited to, estimates of liquidation value, prices of recent transactions in the same or similar funds, current performance, future expectations of the particular investment, and changes in market outlook and the financing environment. The capital account is also adjusted for cumulative contributions and distributions. The investments are not eligible for redemption or transfer unless written consent has been obtained from the fund's General Partner. Due to the nature of these investments, changes in market conditions and the economic environment may significantly impact the value of the funds and, consequently, the fair value of the Foundation's interest in the funds.

*Other receivables and payables:* The fair value of other receivables and payables is calculated by using current life expectancy tables with a discount rate of 5%.

**CALIFORNIA STATE UNIVERSITY FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 9 - Fair Value Measurements (Continued)**

The following tables present sets forth by level, within the fair value hierarchy, the Foundation's investments at fair value measurement:

	Balance at	Fair Value Measurements at Reporting Date			Net Asset Value <sup>(a)</sup>
	June 30, 2021	Level 1	Level 2	Level 3	
Investments:					
Money market	\$ 291,663	\$ 291,663	\$ —	\$ —	\$ —
Common stock and options	14,874,607	14,874,607	—	—	—
Mutual funds	8,446,730	8,446,730	—	—	—
Exchange-traded and closed-end funds	4,368,462	4,368,462	—	—	—
Corporate securities	1,249,385	—	1,249,385	—	—
Government securities	1,745,243	—	1,745,243	—	—
Alternative investments	10,015,399	—	—	—	10,015,399
Venture capital and partnership	24,431	—	—	24,431	—
	<u>\$ 41,015,920</u>	<u>\$27,981,462</u>	<u>\$2,994,628</u>	<u>\$ 24,431</u>	<u>\$10,015,399</u>
Charitable gift annuity assets:					
Cash and cash equivalents	\$ 226,744	\$ 226,744	\$ —	\$ —	\$ —
Marketable securities	5,750,710	5,750,710	—	—	—
Real estate investment trust	24,763	24,763	—	—	—
Fixed income securities	3,244,341	—	3,244,341	—	—
	<u>\$ 9,246,558</u>	<u>\$ 6,002,217</u>	<u>\$3,244,341</u>	<u>\$ —</u>	<u>\$ —</u>
Other receivables and payables	<u>\$ 150,912</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 150,912</u>	<u>\$ —</u>

<sup>(a)</sup> In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statement of net position.

**CALIFORNIA STATE UNIVERSITY FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 9 - Fair Value Measurements (Continued)**

	Balance at	Fair Value Measurements at Reporting Date			Net Asset Value
	June 30, 2020	Level 1	Level 2	Level 3	
Investments:					
Money market	\$ 385,274	\$ 385,274	\$ —	\$ —	\$ —
Common stock and options	12,034,730	12,034,730	—	—	—
Mutual funds	5,626,570	5,626,570	—	—	—
Exchange-traded and closed-end funds	4,389,237	4,389,237	—	—	—
Corporate securities	1,059,506	—	1,059,506	—	—
Government securities	1,322,043	—	1,322,043	—	—
Alternative investments	7,773,050	—	—	—	7,773,050
Venture capital and partnership	37,739	—	—	37,739	—
	<u>\$ 32,628,149</u>	<u>\$ 22,435,811</u>	<u>\$ 2,381,549</u>	<u>\$ 37,739</u>	<u>\$ 7,773,050</u>
Charitable gift annuity assets and liability:					
Cash and cash equivalents	\$ 3,710,894	\$ 3,710,894	\$ —	\$ —	\$ —
Marketable securities	1,854,749	1,854,749	—	—	—
Fixed income securities	2,173,342	—	2,173,342	—	—
	<u>\$ 7,738,985</u>	<u>\$ 5,565,643</u>	<u>\$ 2,173,342</u>	<u>\$ —</u>	<u>\$ —</u>
Other receivables and payables	<u>\$ 122,293</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 122,293</u>	<u>\$ —</u>

**CALIFORNIA STATE UNIVERSITY FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 9 - Fair Value Measurements (Continued)**

The table below presents additional information about assets measured at fair value on a recurring basis using level 3 inputs to determine fair value:

	<b>Investments in Venture Capital and Partnerships</b>	<b>Receivables and Payables</b>
Balance at June 30, 2019	\$ 51,038	\$ 124,904
Realized and unrealized loss, net	(4,591)	(2,611)
Purchases and sales, net	—	—
Distributions	(8,708)	—
	37,739	122,293
Balance at June 30, 2020	37,739	122,293
Realized and unrealized gain, net	6,850	28,619
Purchases and sales, net	—	—
Distributions	(20,158)	—
	24,431	150,912
Balance at June 30, 2021	\$ 24,431	\$ 150,912

All unrealized gains associated with the investments in venture capital and partnerships and alternative investments are reported in investment income on the statements of activities for the years ended June 30, 2021 and 2020. The unrealized gains for the other receivables and payables are reflected as an increase or decrease in the respective asset and liability on the statements of financial position as of June 30, 2020 and 2019.

**CALIFORNIA STATE UNIVERSITY FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 9 - Fair Value Measurements (Continued)**

*Alternative Investments Reported at Net Asset Value*

The following table summarized the Foundation's alternative investments in funds valued using the fair value practical expedient of net asset value as of June 30, 2020:

	<u>Fair Value</u> <u>June 30, 2021</u>	<u>Redemption</u> <u>Frequency</u>	<u>Redemption</u> <u>Notice Period</u> <u>(Days)</u>	<u>Unfunded</u> <u>Commitment</u>
Level 3:				
Hedge fund (a)	\$ 2,440,419	Quarterly	65	N/A
Hedge fund (b)	1,566,345	Semi-Annually	90	N/A
Private equity fund (c)	678,727	N/A	N/A	260,616
Private equity fund (d)	610,909	N/A	N/A	231,937
Private equity fund (e)	1,346,487	N/A	N/A	289,947
Private equity fund (f)	584,448	N/A	N/A	232,500
Private equity fund (g)	459,371	N/A	N/A	375,000
Private equity fund (h)	201,914	N/A	N/A	496,475
Private equity fund (i)	105,001	N/A	N/A	595,000
REIT (j)	<u>2,021,778</u>	N/A	N/A	N/A
	<u><u>\$ 10,015,399</u></u>			

- (a) Private Advisors Hedged Equity Fund, Ltd. invests in US global and emerging markets with long and short equity strategies. These strategies focus on bottom-up fundamental company analysis but may also include top-down macro-based views, market trends and sentiment factors and investments across sectors in the equity markets.

*Terms, Conditions, and Restriction*

While the liquidity of the underlying assets may vary, withdrawals in this portfolio have a one-year lock up with a 4% early redemption penalty, and quarterly withdrawals thereafter with 65 days written notice. The Board of Directors, by written notice to shareholders wishing to redeem Shares, may suspend redemption rights or the payment of redemptions, in whole or in part, when it reasonably believes it necessary or prudent to do so for the operation of the Fund.

## CALIFORNIA STATE UNIVERSITY FOUNDATION

### NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

#### NOTE 9 - Fair Value Measurements (Continued)

The Memorandum of Association and Articles of Association provide that the Shares may not be sold, assigned, transferred, conveyed, or disposed of without the prior written consent of the Board of Directors, which consent may be given or withheld in its sole and absolute discretion. Any attempted sale, assignment, transfer, conveyance, or disposal without such consent may subject such Shares to compulsory redemption.

Upon approval, if the Shareholder decides to sell its Interest (or any part thereof) in the Fund to a third-party buyer, the Fund would require an Assignment and Assumption to be completed. The third-party must complete a subscription agreement and be able to make all of the necessary representations that it is a qualified client and a qualified eligible person as outlined in the agreement. The third-party buyer will be subject to all necessary anti-money laundering checks and be required to provide documentation as requested by the Fund's administrator. Each Assignment and Assumption is unique and should be discussed with the Fund in advance. These transactions are completed at the first day of each calendar quarter: January 1, April 1, July 1 and October 1.

Redemptions in full are subject to a holdback of 10% on redemption proceeds under the sole discretion of the fund's management until the fund's subsequent audit is completed as set forth in more detail in the fund's private placement memorandum. Interest will not be paid on amounts held back.

- (b) Millennium International Ltd. is a multi-strategy fund using relative-value arbitrage, statistical arbitrage, event-driven merger arbitrage, and quantitative strategies investing in fixed income, commodities and other securities.

#### *Terms, Conditions, and Restrictions*

Shareholders may not redeem more than 33.3% of their shares eligible for redemption as of Redemption Date. However, the holder may, upon 90 days prior written notice, elect to redeem a specified amount or percentage of such holder's shares that are then eligible to be redeemed (which may be 100%) over the next succeeding semi-annual Redemption Dates. In this event, the redemption request will be honored to the extent of:

- i) 33.3% of the NAV of the Redemption Pending Shares at the next Redemption Date;
  - ii) 50% of the NAV of the Redemption Pending Shares at the following Redemption Date;
  - iii) 100% of the NAV of the Redemption Pending Shares at the next following Redemption Date, subject to retaining generally five percent, pending audit and final determination of amounts due (i.e., audit holdback).
- (c) Private Advisor Small Fund VI participates in fund of funds investments, focusing solely on middle market fund managers located in North America. Fund managers primarily focus on growth equity, buyout, and distressed/turnaround strategies with fund sizes below \$750 million and an emphasis on fund sizes below \$500 million typically targeting investments in portfolio companies with total enterprise value below \$150 million.

**CALIFORNIA STATE UNIVERSITY FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

**NOTE 9 - Fair Value Measurements (Continued)**

*Terms, Conditions, and Restrictions*

The term of the Partnership will end 12 years after the date of the final closing but may be extended for up to a maximum of three consecutive one-year periods by the General Partner in its sole discretion and, thereafter, for further one-year periods with the consent of the Advisory Committee.

The Partnership Agreement significantly restricts the ability of a Limited Partner to sell or otherwise transfer its Interest. Interests will not be transferable without the prior consent of the General Partner, which may be withheld by the General Partner in its sole discretion.

- (d) Hamilton Lane Private Markets Opportunity Fund LP seeks to create a portfolio of Private Equity primary investments in underlying funds and secondary and co-investment/direct investments. This Fund of Funds Series participates in diverse investment strategies including buyout, credit/distressed, secondaries, venture/growth capital, co-investment/direct and real estate/real asset and diverse geographies by allocating globally in investments.

*Terms, Conditions, and Restrictions*

The partnership term is 14 years subject to two extensions of one-year each. The first extension is at the discretion of the General Partner. The second extension must be at the consent of the Fund of Funds Advisory Committee. Two additional one-year extensions are given with the consent of a majority in Interest of Limited Partners of the Fund of Funds Series.

The investment period is the first four to five years. Typically, in years six to ten, the fund manager begins to exit portfolio company investments, sending capital back to investors in the form of distributions. Partial realization can occur as early as years two and three.

A Limited Partner may not sell, assign, or transfer any interest without the prior written consent of the General Partner, which may be given or withheld in the General Partner's sole and absolute discretion. Further, subject to certain exceptions for Limited Partners subject to ERISA, a Limited Partner may not withdraw from the Fund. The General Partner may require the withdrawal of a Limited Partner if such Limited Partner's continued participation in the Fund could result in a violation of applicable law or may have a material adverse effect on the Fund, the General Partner, or the Manager.

- (e) KKR Americas Fund XII LP invests in management buyouts and build-ups and growth equity investments, and other investments with a view to control, primarily in the US, Canada, and Mexico.



**CALIFORNIA STATE UNIVERSITY FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

**NOTE 9 - Fair Value Measurements (Continued)**

*Terms, Conditions, and Restrictions*

The General Partner generally intends to distribute all cash proceeds from dispositions of portfolio company securities as soon as practicable after receipt thereof. Cash proceeds from the disposition of investments and current income may be distributed prior to the final closing date as the General Partner may determine in its sole discretion. Subject to up to two one-year extensions by the General Partner with approval of a majority in Interest of the Limited Partner following consultation with the Advisory Committee, the Fund will be terminated on the eleventh anniversary of the date on which the first portfolio investment was made, unless terminated earlier in accordance with the Partnership Agreement.

Generally, a Limited Partner will not be permitted to withdraw from the Fund or any portion of its capital account. A Limited Partner's Interest in the Fund may not be sold, transferred, pledged or assigned, in whole or in part, without the prior written consent of the General Partner. However, the General Partner will not unreasonably withhold or delay its consent to the transfer by a Limited Partner to an affiliate of such Limited Partner, and to the admission of such affiliate as a substitute Limited Partner, so long as such affiliate meets certain minimum requirements set forth in the Partnership Agreement.

- (f) CPG Vintage Access Fund, LLC seeks diversification by employing different strategies such as investments in buyout, growth equity, venture capital, private credit and real estate special situations with a focus on mid-cap and small-cap companies globally.

*Terms, Conditions, and Restrictions*

Investors reasonably can expect to receive distributions from the Fund periodically after the Fund receives distributions from Investment Funds and when Investment Funds terminate, which the Fund anticipates will occur approximately 10 to 12 years after the final closing. The Fund will be wound up and dissolved after its final distribution to Investors.

Investors do not have the right to require the Fund to redeem their Units during the life of the Fund, and the Fund will not provide liquidity to Investors, through periodic written tender offers or otherwise.

- (g) CPG Vintage Access Fund II, LLC seek long-term attractive risk-adjusted returns by investing in a portfolio of private equity, growth equity, venture capital, private credit, and other private investment funds.

**CALIFORNIA STATE UNIVERSITY FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 9 - Fair Value Measurements (Continued)**

*Terms, Conditions, and Restrictions*

The Fund does not have a fixed term. The investment funds, however, generally will have fixed terms. Investors reasonably can expect to receive distributions from the Fund periodically after the Fund receives distributions from investment funds and when Investment Funds terminate, which the Fund anticipates will occur approximately 10 to 12 years after the Final Closing. The Fund will be wound up and dissolved after its final distribution to investors. Investors do not have the right to require the Fund to redeem their Units during the life of the Fund, and the Fund will not provide liquidity to Investors, through periodic written tender offers or otherwise.

- (h) PA Small Company Private Equity Fund IX intends to invest in 12–15 underlying fund managers over two to three vintage years and gain exposure to a diversified portfolio of approximately 150–200 underlying portfolio companies. Targeted underlying managers are expected to invest in a broad range of strategies, including buyouts, growth equity, and distressed/turnaround situations. In addition, Fund IX will seek to opportunistically utilize co-investments (15-20%) and/or secondary investments (10-15%) in order to deploy capital into the Small Company segment which may assist in mitigating the J-Curve.

*Terms, Conditions, and Restrictions*

The term of the Partnership will end 12 years after the date of the final closing, but may be extended for up to a maximum of two consecutive one-year periods by the General Partner in its sole discretion and, thereafter, for further one-year periods with the consent of the Advisory Committee.

The Partnership is subject to earlier dissolution and liquidation upon the first to occur of any of the following events: (i) the removal of the General Partner for cause, unless the Partnership is continued after such removal in accordance with the provisions of the Partnership Agreement; (ii) the removal of the General Partner without cause, unless the Partnership is continued after such removal in accordance with the provisions of the Partnership Agreement; (iii) the written consent of the General Partner and two-thirds in interest of the Limited Partners or (iv) the disposition of the Partnership's last investment and the final distribution of all assets and satisfaction of all liabilities of the Partnership (the "Final Distribution").

The Partnership Agreement significantly restricts the ability of a Limited Partner to sell or otherwise transfer its Interest. Interests will not be transferable without the prior consent of the General Partner, which may be withheld by the General Partner in its sole discretion.

- (i) TrueBridge Select Fund I (Cayman), L.P. seeks to build a concentrated portfolio of top-performing, elite venture capital and growth equity funds. TrueBridge expects to invest in up to eight managers with the expected number of funds ranging from approximately eight to twelve.

## CALIFORNIA STATE UNIVERSITY FOUNDATION

### NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

#### NOTE 9 - Fair Value Measurements (Continued)

##### *Terms, Conditions, and Restrictions*

The term of the Partnership will terminate on the twelfth anniversary of the Initial Closing but may be extended thereafter at the discretion of the General Partner to permit orderly dissolution. The Partnership may be terminated at any time during the Investment Period by the vote of 80% in interest (capital invested) of the Limited Partners, and after the Investment Period, by the vote of 90% in interest of the Limited Partner. Generally, a Limited Partner may not sell, assign, or transfer any interest in the Partnership without the prior written consent of the General Partner, which generally may be withheld in the General Partner's sole discretion. In addition, generally, a Limited Partner may not withdraw any amount from the Partnership.

- (j) Blackstone Real Estate Investment Trust is a non-traded REIT focused on investing in primarily stabilized commercial real estate properties diversified by sector with a focus on providing current income to investors.

##### *Terms, Conditions, and Restrictions*

Monthly repurchases will be made at the transaction price, which is generally equal to the prior month's NAV with an overall limit of 2% of the NAV per month and 5% of the NAV per quarter. Shares not held for at least one year will be repurchased at 95% of that month's transaction price. Repurchase requests must be received in good order by the second to last business day of the applicable month. The share repurchase plan is subject to other limitations and the board may modify, suspend or terminate the plan.

#### NOTE 10 - Related-Party Transactions

The Foundation receives grants for the California State University Office of the Chancellor ("Chancellor's Office") or CSU Campuses, which it then disburses to the respective organizations. During the years ended June 30, 2021 and 2020, approximately \$4,749,000 and \$7,990,000, respectively, were disbursed to CSU organizations, and is presented on the accompanying statements of activities as projects grants, scholarships and other assistance expenses.

At June 30, 2021 and 2020, the Foundation had no payables to the Chancellor's Office, which would be included in accounts payable on the accompanying statements of financial position.

During fiscal years 2021 and 2020, the Foundation received services from the Chancellor's Office for administrative and fundraising activities. The value of such services to the Foundation were \$412,757 and \$396,516, respectively, and is presented on the accompanying statements of activities as contributions without donor restrictions. The corresponding expenses are reported as in-kind administrative expenses in the amount of \$363,871 and \$357,034, respectively and fundraising expenses in the amount of \$48,886 and \$39,482, respectively without donor restrictions.

**CALIFORNIA STATE UNIVERSITY FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

**NOTE 11 - Allocation of Functional Expenses**

The financial statements report certain categories of expenses that are attributable to one or more supporting functions of the Foundation. Those expenses include conference, conventions, meetings, fundraising, and other expenses. All categories are allocated between program and supporting services based on the benefits received.

**NOTE 12 - In-Kind Support**

In addition to the services from Note 10, the Foundation received in-kind support totaling \$437,250 presented on the accompanying statements of activities as contributions in which \$434,521 was with donor restriction and \$2,729 was without donor restriction during the year ended June 30, 2021. The unused tangible in-kind support from the prior fiscal year was \$800; and in-kind support in the amount of \$438,050 was disbursed or liquidated as other expenses of which \$434,521 was in program services and \$3,529 was in support services in the current fiscal year. Therefore at June 30, 2021, there was no tangible in-kind support that was not disbursed. In-kind support not disbursed is typically presented as other current assets on the statements of financial position.

**NOTE 13 - Supplemental Disclosure of Noncash Investing and Financing Activities**

The Foundation increased Alumni Council liability for the investment gain on behalf of Alumni Council of \$24,475 and \$2,541 during the years ended June 30, 2021 and 2020, respectively.