

**HUMBOLDT STATE UNIVERSITY  
FOUNDATION**

Formerly known as  
Humboldt State University Advancement Foundation

**BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

Including Schedules Prepared for  
Inclusion in the Financial Statements of  
California State University

Years Ended June 30, 2021 and 2020

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## Report of Independent Auditors

To the Board of Directors  
Humboldt State University Foundation

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities and fiduciary activities of Humboldt State University Foundation (the "Foundation"), a component unit of Humboldt State University as of and for the years ended June 30, 2021 and 2020, 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***

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.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the Humboldt State University Foundation as of June 30, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof 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 to the financial statements, during the year ended June 30, 2021, the Foundation adopted new accounting guidance, GASB Statement No. 84 *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis. 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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Foundation's basic financial statements. The schedule of net position, schedule of revenues, expenses, and changes in net position, other information, and notes to the supplementary information (collectively supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The 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.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2021 on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

*Moss Adams LLP*

Medford, Oregon  
October 1, 2021

## HUMBOLDT STATE UNIVERSITY FOUNDATION

### Management's Discussion and Analysis

June 30, 2021, 2020 and 2019

This section of the annual financial report of Humboldt State University Foundation (the Foundation) presents the Foundation's discussion and analysis of the financial performance of the Foundation for the fiscal years ended June 30, 2021, 2020 and 2019. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes.

On February 22, 2019, the Foundation Board of Directors approved changing the name of Humboldt State University Advancement Foundation to Humboldt State University Foundation. The name change will clarify the purpose of the Foundation to donors and relieve administrative confusion on campus. New articles of incorporation have been issued by the California Secretary of State and the Foundation name change has been made with appropriate financial and taxing authorities.

#### **Introduction to the Financial Statements**

This annual report consists of a series of financial statements prepared in accordance with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. This standard is applicable to the Foundation as it is a component unit of Humboldt State University (the University). Consistent with the University, the Foundation has adopted the business-type activity (BTA) reporting model to represent its activities.

The financial statements include the statements of net position; the statements of revenues, expenses, and changes in net position; the statements of cash flows; the statement of fiduciary net position; and the statement of changes in fiduciary net position. These statements are supported by the notes to the financial statements and this section. All sections must be considered together to obtain a complete understanding of the financial picture of the Foundation.

**Statements of Net Position** – The statements of net position include all assets and liabilities. Assets and liabilities are generally reported on an accrual basis, as of each statement date. The statement also identifies major categories of restrictions on the net position of the Foundation.

**Statements of Revenues, Expenses, and Changes in Net Position** – The statements of revenues, expenses, and changes in net position present the revenues earned and expenses incurred during the year on an accrual basis.

**Statements of Cash Flows** – The statements of cash flows present the inflows and outflows of cash for the year and are summarized by operating, noncapital financing, capital and related financing, and investing activities. The statements are prepared using the direct method of cash flows and, therefore, present gross rather than net amounts for the year's activities.

## HUMBOLDT STATE UNIVERSITY FOUNDATION

### Management's Discussion and Analysis

June 30, 2021, 2020 and 2019

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the Foundation. Fiduciary funds are not reported in the Foundation's financial statements because the resources of these funds are not available to support the Foundation's programs. The accounting used for fiduciary funds is similar to that used for the Foundation's financial statements.

**Custodial Funds** – Custodial funds report resources held by the Foundation in a custodial capacity for individuals, private organizations, and other governments.

The Foundation maintains one fiduciary fund as a custodial fund. This fund reports the resources held in the pooled investment account for funds for the Humboldt State University Center (UC Fund) per an agreement signed by both parties in May of 2021. The purpose of the University Center Fund is to operate as an investment of principal that generates returns to cover the pension and other post-employment benefit obligations of the University Center. An initial investment of \$7,000,000 established the fund. Regular annual distributions from the Fund will be made at the direction of the University Center Board of Directors. The fiduciary fund financial statements can be found on pages 13 and 14 of this report.

### **Analytical Overview**

#### ***Summary***

The following discussion highlights management's understanding of the key financial aspects of the Foundation's financial activities. Included is an analysis of current and prior year activities and balances; a discussion of the Foundation's net position restrictions; and factors impacting future reporting periods.

## HUMBOLDT STATE UNIVERSITY FOUNDATION

### Management's Discussion and Analysis

June 30, 2021, 2020 and 2019

The Foundation's condensed summary of net position as of June 30 is as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Assets:</b>			
Current assets	\$ 10,004,126	\$ 8,099,541	\$ 8,030,855
Noncurrent assets	47,310,174	35,351,022	34,102,067
Total Assets	<u>\$ 57,314,301</u>	<u>\$ 43,450,563</u>	<u>\$ 42,132,923</u>
<b>Liabilities:</b>			
Current liabilities	\$ 2,174,061	\$ 2,225,654	\$ 2,158,308
Long-term debt obligations, net of current position	387,963	415,800	442,816
Total Liabilities	<u>\$ 2,562,024</u>	<u>\$ 2,641,454</u>	<u>\$ 2,601,124</u>
<b>Net Position:</b>			
Restricted for: nonexpendable - endowments	\$ 30,248,990	\$ 27,283,899	\$ 26,032,025
Restricted for: expendable - other	11,973,555	8,485,220	7,950,587
Unrestricted	2,947,433	3,288,388	3,772,509
Net investment in capital assets - restricted	8,256,178	474,135	474,135
Net investment in capital assets - unrestricted	1,326,121	1,277,467	1,302,543
Total net position	<u>\$ 54,752,277</u>	<u>\$ 40,809,109</u>	<u>\$ 39,531,799</u>

### **Assets**

#### Current Assets

From 2020 to 2021, total current assets increased by \$1.90 million. A combination of an increase in the general cash account balance due to the timing of payments and an increase in pledges receivable comprised the increase in total current assets. From 2019 to 20, total current assets increased by \$0.068 million. A combination of a decrease in the general cash account balance due to the timing of payments offset by an increase in other receivables comprised the decrease in total current assets. The Foundation began a capital campaign during 2020-2021 which contributed to an increase in contributions. The campaign will be ongoing over coming years.

#### Other Noncurrent Assets

From 2020 to 2021, noncurrent assets increased by \$11.96 million. An increase in the endowment balance and an increase in land and capital assets accounted for the increase. From 2019 to 2020, noncurrent assets increased by \$1.25 million. An increase in the endowment balance and an increase in noncurrent investments accounted for the increase.

### **Liabilities**

#### Current Liabilities

Total current liabilities decreased by \$0.052 million from 2020 to 2021. Decreases in accounts payable comprised the decreases. Total current liabilities increased by \$0.067 million from 2019 to 2020. Increases in accounts payable and other accrued payables comprised the increases. Current liabilities also include \$2 million for the pledge payable to the University related to the Samoa property.

## HUMBOLDT STATE UNIVERSITY FOUNDATION

### Management's Discussion and Analysis

June 30, 2021, 2020 and 2019

#### Noncurrent Liabilities

Noncurrent liabilities include \$0.39 million related to the Foundation's acquisition of a building and simultaneous capital lease of the building to the University during the year ended June 30, 2014. Details of this transaction are disclosed in the Notes to Financial Statements under Note 11.

#### ***Net Position***

During the 2020 to 2021 fiscal year, total net position increased \$13.94 million. The Foundation's net position as of June 30, 2021 consists of:

#### Restricted for: non-expendable – endowments - \$30,248,990

Represents endowments created by a multitude of donors over time. These endowments are intended to provide a perpetual and consistent level of financial support for the University. Net investment depreciation reduces this net position category if the endowments' market value is below historic gift value. If the endowments' market value is below historic gift value then the net investment appreciation is recorded under the restricted for: expendable – other or unrestricted net position category dependent upon if there is an underlying purpose restriction.

#### Restricted for: expendable - other - \$11,973,555

Represents net position restricted by external restrictions, but available for spending authorized by the Foundation. This category includes quasi and term endowments with a restricted purpose, trusts restricted to a purpose, and investment appreciation above endowment corpus.

#### Unrestricted - \$2,947,433

Represents the Foundation's general operating fund along with any Board designated funds including unrestricted quasi-endowments and unrestricted investment appreciation above endowment corpus. This category is not restricted by external restrictions. Its use is designated by the Board of Directors of the Foundation.

#### Net investment in capital assets – restricted - \$8,256,178

Represents gifts of property including the Schatz Tree Farm in Maple Creek and the Bello Forest in Mendocino County, and property purchased by the Foundation on St. Louis Road and 8<sup>th</sup> Street in Arcata. The gifts are designated for the benefit of the instructional and research needs of the students and faculty of Humboldt State University and as an example for owners of small timberland parcels. The purchases are commercial properties designated to provide a sustained revenue stream to the endowment accounts.

#### Net investment in capital assets – unrestricted - \$1,326,121

Represents property held by Real Estate Holdings and includes four residential rental properties, an undeveloped parcel of land and an unrestricted portion of the St. Louis Road property.



## HUMBOLDT STATE UNIVERSITY FOUNDATION

### Management's Discussion and Analysis

June 30, 2021, 2020 and 2019

#### Operating Results

The Foundation's condensed summary of revenues, expenses, and changes in net position for the years ended June 30, 2021, 2020, and 2019 is as follows:

	2021	2020	2019
Total operating revenues	\$ 992,394	\$ 669,831	\$ 679,027
Total operating expenses	(2,181,251)	(2,926,337)	(2,830,385)
Operating loss	(1,188,857)	(2,256,506)	(2,151,358)
Nonoperating revenues (expenses):			
Total gifts	3,645,811	2,146,273	3,159,657
Non-endowment investment income, net	89,820	109,709	300,272
Endowment investment income, net	9,413,878	722,285	1,148,075
Interest expense	(12,915)	(13,712)	(14,486)
Other nonoperating revenue (expense), net	(573,700)	(743,493)	36,786
Non nonoperating revenues (expenses)	12,562,895	2,221,062	4,630,304
Income (loss) before other additions	11,374,038	(5,444)	2,478,946
Additions to permanent endowments	4,008,911	2,047,110	1,207,560
Net transfers to other campus entities	(1,439,781)	(764,356)	(1,843,380)
Increase in net position	13,943,168	1,277,310	1,843,126
Net position at beginning of year	40,809,109	39,531,799	37,688,674
Net position at end of year	\$ 54,752,277	\$ 40,809,109	\$ 39,531,799

#### Operating Revenues and Expenses

Operating revenues and expenses come from sources that are connected directly to the Foundation's primary business function. This includes revenues collected by the Foundation from endowment funds to operate the Foundation. The UC fund will pay the Foundation an annual investment fee of 1.5%, the same fee charged to other invested endowment funds. During 2020-21, total operating revenue of \$992 thousand increased \$0.32 million from the prior year. During 2019-20 total operating revenue of \$669 thousand decreased \$0.009 million from the prior year.

Operating expenses are reported by functional program which are public service, academic support, scholarships and fellowships, student services, institutional support, research, instruction, and auxiliary enterprises. Expenses in fiscal year 2020-21 included costs associated with the Bello Forest property donation. During 2019-20 total operating expenses of \$2.93 million increased \$0.095 million from the prior year. During 2020-21 total operating expenses of \$2.18 million decreased \$0.745 million from the prior year.

#### Nonoperating Revenues and Expenses

Nonoperating revenues and expenses include gifts, investment income, rental income, endowment income, and interest expense. During 2019-20 net nonoperating revenue of \$2.22 million decreased \$2.41 million from the prior year. During 2020-21 net nonoperating revenue of \$12.56 million increased \$10.34 million from the prior year due to the following factors:

## HUMBOLDT STATE UNIVERSITY FOUNDATION

### Management's Discussion and Analysis

June 30, 2021, 2020 and 2019

During the fiscal year ended in June 2021, gifts increased \$1.49 million to \$3.65 million. Gifts decreased \$1.01 million to \$2.15 million during the year ended June 2020. The reasons behind changes in gift revenue can be difficult to explain as giving is related mainly to donor sentiment and general economic conditions. From 2020 to 2021, investment earnings on endowed funds increased \$8.69 million to \$9.41 million, reflecting general market performance. From 2019 to 2020, investment earnings on endowed funds decreased \$0.42 million to \$0.73 million, reflecting general market performance.

#### **Advancement Foundation Policies and Procedures**

On July 17, 2020, the Foundation Board approved a revised investment policy. The policy establishes a framework for the investment of Foundation assets, and ensures future growth of these assets. Management believes that this framework is sufficient to allow for normal inflation plus reasonable spending. The goal of this policy is to preserve the constant dollar value and purchasing power of the assets for future generations. The policy establishes appropriate risk and return objectives in light of the fund's risk tolerance and investment time horizon. The policy establishes target asset allocations, performance monitoring procedures, and identifies the roles of key responsible parties.

On March 9, 2012, the Foundation Board approved earnings distribution policy and procedures. The policy establishes a target distribution of 4.5% of the Foundation's average total market value during the twelve quarters ending with the last quarter of the previous fiscal year. The actual net return rate will be approved annually by the Board of Directors. Earnings, described as realized and unrealized gains and losses, interest and dividend income, shall generally be available for distribution from those participant accounts invested for two or more quarters. Distributions for participant accounts invested for less than four quarters at the end of the fiscal year, will be prorated based on the number of quarters invested. The actual distribution will occur in July based on the level recommended by the Finance Committee and must be approved annually by the Board of Directors.

#### **Capital Lease Transaction**

During the year ended June 30, 2014, the Foundation entered into a three-party transaction with a private bank and Humboldt State University which resulted in the Foundation acquiring title to a building ("the museum building") which was simultaneously leased to the University under a noncurrent capital lease. The transaction created a liability in the amount of the fair market value of the building, \$600,000. In lieu of cash payments, the bank agreed to accept monthly rent credits on the lease of a second building ("the new bank building") that is owned by the University. To reimburse the University for making payments to the bank on its behalf, the Foundation agreed to credit the University's lease payments on the museum building in the same amount as the rent credit the University gives to the bank.

The current portion of the capital lease receivable is reflected as capital lease receivable, current and the noncurrent portion is shown as capital lease receivable on the face of the Statement of Net Position. The current portion of the obligation to the bank is reported with other payables and the noncurrent portion is reflected as Redwood Capital Bank lease obligation.

## HUMBOLDT STATE UNIVERSITY FOUNDATION

### Management's Discussion and Analysis

June 30, 2021, 2020 and 2019

#### **Factors That Will Affect the Future**

The fair market value of the total endowment balance is greater than the corpus as of June 30, 2021. The Foundation's Board takes an active role in managing the Foundation's investments. However, volatility in the economy impacts the Foundation's investment portfolio and could impact the Foundation's ability to support the University.

The declaration by the World Health Organization (WHO) on March 11, 2020 of a global pandemic due to a new strain of coronavirus (COVID-19 outbreak) triggered volatility in financial markets with a significant negative impact on the global economy. The Foundation's investment portfolio has incurred significant volatility in fair value. However, as the values of the Foundation's individual investments have and will fluctuate in response to changing market conditions, the amount of losses, if any, that might be recognized in subsequent periods, cannot be determined.

**HUMBOLDT STATE UNIVERSITY FOUNDATION**  
**Statements of Net Position**  
**June 30, 2021 and 2020**

<b>Assets</b>	<b>2021</b>	<b>2020</b>
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,693,728	\$ 335,099
Short-term investments	7,229,000	7,189,566
Interest receivable	3,833	15,708
Prepaid expenses	-	-
Pledges receivable	834,037	131,458
Capital lease receivable - current	27,838	27,016
Other receivable	215,690	400,694
Total current assets	10,004,126	8,099,541
<b>Noncurrent assets</b>		
Pledges receivable, noncurrent	321,879	30,589
Endowment pooled investments	35,340,439	31,592,921
Noncurrent investments	1,332,885	1,277,661
Land and capital assets, net	9,582,299	1,751,601
Capital lease receivable	387,963	415,801
Other assets	344,709	282,449
Total noncurrent assets	47,310,174	35,351,022
<b>Total assets</b>	<b>\$ 57,314,301</b>	<b>\$ 43,450,563</b>
<b>Liabilities and Net Position</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 12,341	\$ 73,090
Accrued salaries and benefits payable	-	8,848
Capitalized lease obligations, current portion	27,838	27,016
Depository accounts, current portion	2,350	2,350
Other liabilities	131,532	114,350
Other liabilities - pledge payable	2,000,000	2,000,000
Total current liabilities	2,174,061	2,225,654
<b>Long-term liabilities</b>		
Capitalized lease obligations	387,963	415,800
Total liabilities	2,562,024	2,641,454
<b>Net position</b>		
Net investment in capital assets - restricted	8,256,178	474,135
Net investment in capital assets - unrestricted	1,326,121	1,277,467
Unrestricted	2,947,433	3,288,388
Restricted for: nonexpendable - endowments	30,248,990	27,283,899
Restricted for: expendable - other	11,973,555	8,485,220
Total net position	54,752,277	40,809,109
<b>Total liabilities and net position</b>	<b>\$ 57,314,301</b>	<b>\$ 43,450,563</b>

See accompanying notes

**HUMBOLDT STATE UNIVERSITY FOUNDATION**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**Years ended June 30, 2021 and 2020**

Revenues:	<u>2021</u>	<u>2020</u>
Operating revenues:		
Indirect cost - trusts	\$ 225,228	\$ 181,766
Cost recovery	512,254	427,153
Other operating revenues	254,912	90,912
Total operating revenues	<u>992,394</u>	<u>699,831</u>
Expenses:		
Operating expenses:		
Public service	71,415	325,811
Academic support	254,703	433,968
Scholarships and fellowships	343,190	333,885
Student services	56,672	156,526
Institutional support	72,635	158,025
Auxiliary enterprises	923,406	688,363
Instructional	204,551	442,693
Research	223,721	361,990
Depreciation	30,958	25,076
Total operating expenses	<u>2,181,251</u>	<u>2,926,337</u>
Operating loss	<u>(1,188,857)</u>	<u>(2,226,506)</u>
Nonoperating revenues (expenses):		
Gifts		
Contributions	3,544,845	1,810,926
Fundraising	58,574	55,586
Campus support	-	236,834
Additions (reductions) to quasi- and term-endowments	42,392	42,927
Total gifts	<u>3,645,811</u>	<u>2,146,273</u>
Investment income, net	89,820	109,709
Endowment income, net	9,413,878	722,285
Interest expense	(12,915)	(13,712)
Other nonoperating revenue (expense)	(573,700)	(743,493)
Net nonoperating revenues	<u>12,562,895</u>	<u>2,221,062</u>
Income (loss) before other additions and transfers	11,374,038	(5,444)
Additions to permanent endowments	1,993,911	2,047,110
Additions to permanent endowments - capital	2,015,000	-
Transfers to other campus entities	(1,439,781)	(764,356)
Increase in net position	<u>13,943,168</u>	<u>1,277,310</u>
Net position:		
Net position at beginning of year	40,809,109	39,531,799
Net position at end of year	<u>\$ 54,752,277</u>	<u>\$ 40,809,109</u>

See accompanying notes

**HUMBOLDT STATE UNIVERSITY FOUNDATION**  
**Statements of Cash Flows**  
**Years ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities:</b>		
Received for administrative services	\$ 1,132,320	\$ 430,778
Payments to vendors and suppliers	(2,140,370)	(2,528,412)
Transfers to other campus entities	(79,520)	(298,770)
<b>Net cash (used in) operating activities</b>	<u><b>(1,087,570)</b></u>	<u><b>(2,396,404)</b></u>
<b>Cash flows from noncapital financing activities:</b>		
Noncapital gifts and endowments received	2,659,389	2,669,549
<b>Net cash provided by (used in) noncapital financing activities</b>	<u><b>2,659,389</b></u>	<u><b>2,669,549</b></u>
<b>Cash flows from capital and related financing activities:</b>		
Principal and Interest paid on debt and leases	(39,930)	(39,931)
Purchases of capital assets	(5,846,656)	-
<b>Net cash (used in) capital and related financing activities</b>	<u><b>(5,886,586)</b></u>	<u><b>(39,931)</b></u>
<b>Cash flows from investing activities:</b>		
Proceeds from sales and maturities of investments	7,948,114	1,594,267
Investment income	2,237,456	3,305,993
Purchase of investments and related fees	(4,512,174)	(5,469,593)
<b>Net cash provided by (used in) investing activities</b>	<u><b>5,673,396</b></u>	<u><b>(569,333)</b></u>
<b>Net (decrease) in cash and cash equivalents</b>	1,358,629	(336,120)
Cash and cash equivalents at beginning of year	335,099	671,219
<b>Cash and cash equivalents at end of year</b>	<u><b>\$ 1,693,728</b></u>	<u><b>\$ 335,099</b></u>
<b>Reconciliation of operating (loss) to net cash (used in) operating activities:</b>		
Operating (loss)	\$ (1,188,857)	\$ (2,226,506)
<b>Adjustments to reconcile operating (loss) to net cash (used in) operating activities:</b>		
Depreciation	30,958	25,076
<b>Change in assets and liabilities:</b>		
Receivables	122,744	(262,023)
Other assets	-	500
Accounts payable and accrued liabilities	(52,415)	66,549
<b>Net cash (used in) operating activities</b>	<u><b>\$ (1,087,570)</b></u>	<u><b>\$ (2,396,404)</b></u>
<b>Supplemental schedule of noncash transactions:</b>		
Assets acquired through a gift	\$ (2,015,000)	\$ -
Change in fair value of investments	\$ 7,412,445	\$ (2,454,967)

See accompanying notes

**HUMBOLDT STATE UNIVERSITY FOUNDATION**  
**Statement of Fiduciary Net Position**  
**Fiduciary Fund**  
**June 30, 2021**

<b>Assets</b>	<b>2021</b>
Cash and investments	
Pooled cash and investments	\$ 7,063,102
<b>Total assets</b>	<b>\$ 7,063,102</b>
<b>Liabilities and Net Position</b>	
Liabilities	
Accounts payable	\$ 26,487
<b>Total liabilities</b>	<b>26,487</b>
Net position	
Restricted for: individuals, organizations and other governments	7,036,615
<b>Total net position</b>	<b>7,036,615</b>
<b>Total liabilities and net position</b>	<b>\$ 7,063,102</b>

See accompanying notes

**HUMBOLDT STATE UNIVERSITY FOUNDATION**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Fund**  
**Year ended June 30, 2021**

	<u>2021</u>
Additions:	
University Center deposit	\$ 7,000,000
Net investment income	63,102
Total additions	<u>7,063,102</u>
Deductions:	
Total administrative expense	26,487
Total deductions	<u>26,487</u>
Change in fiduciary net position	<u>7,036,615</u>
Net position:	
Fiduciary net position at beginning of year	-
Fiduciary net position at end of year	<u>\$ 7,036,615</u>

See accompanying notes



# HUMBOLDT STATE UNIVERSITY FOUNDATION

## Notes to Financial Statements

June 30, 2021 and 2020

### **(1) Organization**

Humboldt State University Foundation (the Foundation) is organized to promote and assist the Humboldt State University campus of The California State University (the University) to receive gifts and property, to manage those resources and to make them available to the University to further their educational mission and objectives as determined by the duly appointed and acting president of the University.

On February 22, 2019, the Foundation Board of Directors approved changing the name of the Humboldt State University Advancement Foundation to Humboldt State University Foundation. The name change will clarify the purpose of the Foundation to donors and relieve administrative confusion on campus. New articles of incorporation have been issued by the California Secretary of State and the Foundation name change has been made with appropriate financial and taxing authorities.

During the fiscal year ended June 30, 2016, a new entity, Real Estate Holdings (REH) was created as a supporting organization of the Foundation to accept, hold and manage certain real property on behalf of the Foundation and the University.

#### ***Summary of Significant Accounting Policies***

##### ***(a) Basis of Presentation***

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with U.S. generally accepted accounting principles, as prescribed by the Government Accounting Standards Board (GASB). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The accompanying financial statements present the Foundation and its component unit, REH. The blended component unit, although a legally separate entity, is, in substance, part of the Foundation's operations. REH is governed by the Foundation Board of Directors and Foundation management has operational responsibility of REH.

## HUMBOLDT STATE UNIVERSITY FOUNDATION

### Notes to Financial Statements

June 30, 2021 and 2020

#### (1) Organization (Continued)

##### ***Summary of Significant Accounting Policies (Continued)***

##### **(a) *Basis of Presentation (continued)***

The financial statements required by GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities* and GASB Statement No. 63, include a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows. The Foundation is a component unit of the University, a public university under The California State University system. The Foundation has elected to use the reporting model for special-purpose governments engaged only in business-type activities. In accordance with the business-type activities reporting model, the Foundation prepares its statement of cash flows using the direct method.

During the fiscal year ended June 30, 2021, the Foundation implemented GASB Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. Four fiduciary funds should be reported, if applicable: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

The Foundation reports one fiduciary (custodial) fund for the pension and other post-employment benefits for the Humboldt State University Center.

##### **(b) *Presentation of Operating Expenses and Transfers from/(to) Other Campus Entities***

The Foundation disburses most contributed funds from accounts held by the Foundation for the benefit of the University. These disbursements are reported as operating expenses on the Statement of Revenues, Expenses, and Changes in Net Position. Transfers to/from other campus entities consists of funds distributed based on Board action and donor agreements. Management believes these procedures provide greater assurance that contributions are expended consistent with donor intent.

##### **(c) *Classification of Current and Noncurrent Assets (Other Than Investments) and Liabilities***

The Foundation considers assets to be current that can reasonably be expected, as part of its normal business operations, to be converted to cash and be available for liquidation of current liabilities within twelve months of the statement of net position date. Liabilities that reasonably can be expected, as part of normal Foundation business operations, to be liquidated within twelve months of the statement of net position date are considered to be current. All other assets and liabilities are considered to be noncurrent.

# HUMBOLDT STATE UNIVERSITY FOUNDATION

## Notes to Financial Statements

June 30, 2021 and 2020

### (1) Organization (Continued)

#### *Summary of Significant Accounting Policies (Continued)*

##### **(d) Cash and Cash Equivalents**

The Foundation considers all highly liquid investments with an original maturity date of three months or less to be cash and cash equivalents. The amount reported excludes cash held in investment accounts that are considered part of the Foundation's endowment investments. The Foundation considers amounts included in the Local Agency Investment Fund (LAIF) to be investments.

##### **(e) Pledges Receivable**

Unconditional pledges receivable are recorded as receivables and revenue. To be recorded, the pledge must be documented, reasonably measured and collection is probable. The Foundation distinguishes between contributions received for each net position category in accordance with donor-imposed restrictions. As GASB requirements neither require nor prohibit discounting pledges receivable for the time value of money, the Foundation has elected to record pledges at the full original pledged amount.

##### **(f) Investments**

Investments are reflected at fair value using quoted market prices when available. Realized and unrealized gains and losses are included in the accompanying statement of revenues, expenses, and changes in net position as investment income (loss) and endowment investment income (loss).

##### **(g) Endowment Pooled Investments**

Endowment investments consist of approximately 225 individual funds established for a variety of purposes. Endowment investments are reflected at fair value using quoted market prices when available. The endowments funds include true endowment funds, restricted and unrestricted quasi-endowments, and term endowments.

A true endowment is a fund created by a donor (or other external party) with the stipulation, as a condition of the gift instrument that the principal is to be maintained and invested in perpetuity to produce income, investment growth, or both. This type of endowment is also referred to as a permanent endowment.

A quasi-endowment fund is created when the Foundation's governing board elects to invest currently available resources as if they were subject to endowment restrictions. A determination is made that a portion of currently available resources should be invested for the long term rather than spent for current purposes. The source of quasi-endowments may be unrestricted or restricted expendable. If it is the former, the quasi-endowment will be classified as unrestricted. If it is the latter, the quasi-endowment will be classified as restricted expendable. Quasi-endowments are also referred to as funds functioning as endowments.

## HUMBOLDT STATE UNIVERSITY FOUNDATION

### Notes to Financial Statements

June 30, 2021 and 2020

#### (1) Organization (Continued)

##### ***Summary of Significant Accounting Policies (Continued)***

Term-endowments are created when a donor (or other external party) specifies that the funds must be held and invested until the passage of a specified time or the occurrence of a specified event. The donor (or other external party) also specifies what is to be done with the income and investment growth during the specified period. Term-endowments are classified as restricted expendable if the funds will ultimately be made available for spending or if contributions are below a set dollar threshold. If the funds ultimately will be added to a true endowment, the term-endowment ultimately is classified as restricted nonexpendable.

##### ***(h) Capital Assets***

Capital assets are recorded at cost less depreciation calculated by the straight-line method over the assets' estimated useful lives. The Foundation capitalizes purchases over \$5,000. However, sensitive property, defined as any highly desirable and portable item, will be capitalized if the cost is \$1,000 or greater.

In addition, the Foundation uses office facilities and equipment that are the property of the California State University. No lease payments are required for the use of these facilities.

##### ***(i) Net Position***

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

**Net investment in capital assets – restricted** – net position in this category represents gifts of property including the Schatz Tree Farm in Maple Creek and the Bello Forest in Mendocino County, and property purchased by the Foundation on St. Louis Road and on 8<sup>th</sup> Street in Arcata.

**Net investment in capital assets – unrestricted** – net position in this category consists of residential rental property held by Real Estate Holdings.

**Restricted for: nonexpendable – endowments** – Net position subject to externally imposed conditions such that the Foundation retains the endowments in perpetuity. Net position in this category consists of endowments held by the Foundation.

**Restricted for: expendable - other** – Net position subject to externally imposed conditions, including quasi-endowments created by board action using contributions with donor restrictions that can be fulfilled by the actions of the Foundation or by the passage of time.

**Unrestricted** – All other categories of net position. In addition, unrestricted net position may be designated for use by management or the Board of Directors of the Foundation. These designations limit the area of operations for which expenditures of resources may be made and require that unrestricted resources be designated to support future operations in these areas.

When an expense is incurred for purposes for which both restricted and unrestricted resources are available, restricted resources are applied first. In the event that restricted resources are fully expended, unrestricted resources are expended to support the activities of restricted, expendable resources.

## HUMBOLDT STATE UNIVERSITY FOUNDATION

Notes to Financial Statements

June 30, 2021 and 2020

### (1) Organization (Continued)

#### *Summary of Significant Accounting Policies (Continued)*

##### *(j) Classification of Revenues and Expenses*

The Foundation considers operating revenues and expenses in the statement of revenues, expenses, and changes in net position to be those revenues and expenses that result from exchange transactions or from other activities that are connected directly to the Foundation's primary functions. Exchange transactions include charges for services rendered and the acquisition of goods and services.

Certain other transactions are reported as nonoperating revenues and expenses in accordance with GASB Statement No. 35. These nonoperating activities include gifts, investment income or loss, endowment income or loss, interest expense, and other nonoperating revenues.

##### *(k) Income Taxes*

The Foundation qualifies as a tax exempt organization under the applicable sections of the Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d. The Foundation has analyzed the tax positions taken for filings with the Internal Revenue Service and the State of California. The Foundation believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the financial statements. Accordingly, the Foundation has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2021 and 2020.

##### *(l) Use of Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the accompanying financial statements. Actual results could differ from those estimates.

**HUMBOLDT STATE UNIVERSITY FOUNDATION**

Notes to Financial Statements

June 30, 2021 and 2020

**(2) Cash and Cash Equivalents and Investments**

The Foundation's cash and cash equivalents and investments as of June 30, 2021 and 2020 are classified in the accompanying statements of net position and fiduciary net position as follows:

	<b>2021</b>	
	<b>Business-type Activities</b>	<b>Fiduciary Activities</b>
Cash and cash equivalents	\$ 1,693,728	\$ -
Short-term investments	7,229,000	-
Noncurrent investments	1,332,885	-
Endowment pooled investments	35,340,439	7,063,102
Total investments by activity	43,902,324	7,063,102
Total cash, cash equivalents, and investments by activity	45,596,052	7,063,102
Total cash, cash equivalents, and investments	\$ 52,659,154	
	<b>2020</b>	
	<b>Business-type Activities</b>	<b>Fiduciary Activities</b>
Cash and cash equivalents	\$ 335,099	\$ -
Short-term investments	7,189,566	-
Noncurrent investments	1,277,661	-
Endowment pooled investments	31,592,921	-
Total investment by activity	40,060,149	-
Total cash, cash equivalents, and investments by activity	40,395,248	-
Total cash, cash equivalents, and investments	\$ 40,395,248	

**(a) Cash and Cash Equivalents**

At June 30, 2021 and 2020, cash and cash equivalents consisted of petty cash and demand deposits held at a commercial bank totaling \$1,693,728 and \$335,099 respectively. These deposits had carrying balances with the commercial bank of \$1,701,409 and \$341,042. The differences between the book balances and the corresponding bank balances are related to outstanding checks and deposits.

**Custodial Credit Risk for Deposits**

The Foundation maintains its cash in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor. At June 30, 2021 and 2020, the Foundation's uninsured cash balances were \$1,201,409 and \$63,543. The Foundation has incurred no losses related to these accounts.

# HUMBOLDT STATE UNIVERSITY FOUNDATION

## Notes to Financial Statements

June 30, 2021 and 2020

### (2) Cash and Cash Equivalents and Investments *(continued)*

#### *(b) Short-term Investments*

At June 30, 2021 and 2020, the Foundation's short-term investment portfolio consisted of investments in the Local Agency Investment Fund (LAIF), a voluntary program created by statute as an alternative for California's local governments and special districts that allow affiliates to participate in a major investment portfolio. LAIF is under the administration of The California State Treasurer's Office. There are no significant interest rate risks or credit risks to be disclosed in accordance with GASB Statement No. 40, Deposit and Investment Risk Disclosures - an amendment of GASB Statement No. 3.

The investment is not insured. However, these funds are invested in accordance with California Government Code Sections 16430 and 16480, the stated investment authority for the Pooled Money Investment Account. At June 30, 2021 and 2020, cash invested in LAIF was \$4,694,767 and \$4,655,333.

In addition, the Samoa property, is classified as a short term investment. Even though the property was not actively listed for sale at June 30, 2021, GASB requires the asset to remain in the same class of asset as when acquired. The property was valued at June 30, 2021 and 2020, at \$2,533,016 and \$2,533,016. The 18 shares of Baywood Golf and Country Club stock is also classified as a short term investment. The stock was valued at June 30, 2021 and 2020 at \$1,217.

#### *(c) Noncurrent Investments*

Noncurrent investments consist of the Hydrogen Demonstration Trust asset portfolio held by Wells Fargo and are considered non-endowed investments. The non-endowed income/(loss) is included in endowment income.

<u>Investment Type</u>	<u>2021</u>	<u>2020</u>
Hydrogen Demonstration Trust	\$ 1,332,885	\$ 1,277,661
Total noncurrent Investments	<u>\$ 1,332,885</u>	<u>\$ 1,277,661</u>

Income/(loss) on non-endowed noncurrent investments consists of the following:

	<u>2021</u>	<u>2020</u>
Interest, dividends, and other income	\$ 25,526	\$ 25,736
Realized gain/(loss)	55,750	21,314
Unrealized gain/(loss)	277,185	2,147
Fees	<u>(22,032)</u>	<u>(22,001)</u>
Total non-endowed noncurrent investment income/(loss), net	<u>\$ 336,428</u>	<u>\$ 27,196</u>

The calculation of realized gains or losses is independent of a calculation of the net change in the fair value of investments.

Investment income as shown on the Statement of Revenues, Expenses, and Changes in Net Position includes income earned on the LAIF investment and the change in the net present value of the charitable gift annuities contracts issued by the CSU Foundation. At June 30, 2021 and 2020, investment income was \$89,820 and \$109,709.

**HUMBOLDT STATE UNIVERSITY FOUNDATION**

Notes to Financial Statements

June 30, 2021 and 2020

**(2) Cash and Cash Equivalents and Investments (continued)**

**(d) Endowment Investments**

Endowment investments consist of a pooled investment account held by Wells Fargo and properties received as gifts and properties purchased by the Foundation. Properties include the Schatz Demonstration Tree Farm land in Maple Creek, received as a gift by the Foundation in June 2005, the Bello Forest property in Mendocino County, near Willits, California, received as a gift by the Foundation in May 2021, properties on St. Louis Road in Arcata, referred to as the Craftsman Mall, purchased by the Foundation in November 2020, and the former Tri Counties Bank building on 8<sup>th</sup> Street in Arcata purchased by the Foundation in May 2021. The land and buildings are classified with Land and Capital Assets to clarify the separation from the pooled investment account.

	<b>2021</b>	
<u>Investment Type</u>	<u>Business-type Activities</u>	<u>Fiduciary Activities</u>
Endowment pooled investments	\$ 35,340,439	\$ 7,063,102
Land and Capital Assets, net	8,329,909	-
Total endowment investments by activity	<u>43,670,348</u>	<u>7,063,102</u>
Total endowment investments	<u>\$ 50,733,450</u>	
	<b>2020</b>	
<u>Investment Type</u>	<u>Business-type Activities</u>	<u>Fiduciary Activities</u>
Endowment pooled investments	\$ 31,592,921	-
Land and Capital Assets, net	474,135	-
Total endowment investments by activity	<u>32,067,056</u>	<u>-</u>
Total endowment investments	<u>\$ 32,067,056</u>	



**HUMBOLDT STATE UNIVERSITY FOUNDATION**

Notes to Financial Statements

June 30, 2021 and 2020

**(2) Cash and Cash Equivalents and Investments (continued)**

**(d) Endowment Investments (continued)**

Income/(loss) on endowment investments consisted of the following:

	<b>2021</b>	
	<b>Business-type Activities</b>	<b>Fiduciary Activities</b>
Interest, dividends, and other income	\$ 556,884	\$ 11,636
Realized gain	1,514,280	117,795
Unrealized gain/(loss)	7,412,445	(66,329)
Fees	(69,730)	-
Total endowment investment income/(loss), net by activity	<u>9,413,878</u>	<u>63,102</u>
Total endowment investment income/(loss), net	<u>\$ 9,476,980</u>	
	<b>2020</b>	
	<b>Business-type Activities</b>	<b>Fiduciary Activities</b>
Interest, dividends, and other income	\$ 675,176	\$ -
Realized gain	2,565,415	-
Unrealized gain/(loss)	(2,454,967)	-
Fees	(63,339)	-
Total endowment investment income/(loss), net by activity	<u>722,285</u>	<u>-</u>
Total endowment investment income/(loss), net	<u>\$ 722,285</u>	

The endowment investment accounts are included in one pooled account held at Wells Fargo Bank. The bank records all changes in the market value of the underlying investments including realized and unrealized gains and losses, interest and dividend income, as well as lease income from a real estate investment. The investment returns are allocated monthly to the individual endowments based on the relationship of the market value of each endowment to the total market value of the pooled account.

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) authorizes the spending of earnings and net appreciation. California adopted this act on September 30, 2008, with the passage of Senate Bill 1329. The Board of Directors understands that UPMIFA requires it to balance the goal of providing a consistent level of support for charitable purposes with the goal of protecting the value of the endowment against inflation absent explicit donor stipulations to the contrary. As a result of this interpretation the Foundation classifies the original value of the gift donated along with original value of subsequent gifts donated to the permanent endowment as corpus. These are included in the restricted for: nonexpendable – endowment net position category on the statement of net position. The Foundation’s objective is to make available for the charitable purposes of the endowment an amount equal to 4.5% of the average total market value during the 12 quarters ending with the last quarter of the previous fiscal year.

## HUMBOLDT STATE UNIVERSITY FOUNDATION

### Notes to Financial Statements

June 30, 2021 and 2020

#### (2) Cash and Cash Equivalents and Investments *(continued)*

##### *(d) Endowment Investments (continued)*

The Foundation annually reviews its endowment funds taking into account the required prudence evaluation as guided by UPMIFA which requires considering the donor's intent, contractual agreements with donors, as well as several economic factors. For the fiscal years ended June 30, 2021 and 2020, the Board of Directors authorized distribution rates of 4.5%.

If the endowments' market value is above corpus then the net investment appreciation, realized and unrealized, is reported in the restricted non-expendable endowment row on the statement of net position until appropriated for spending pursuant to donor agreements. If the endowments' market value is below corpus then the net investment depreciation, realized and unrealized, is reported in the restricted for: nonexpendable - endowment net position category on the statement of net position. As of June 30, 2021 five true endowment accounts have fair market value below the corpus in the amounts of \$471, \$168, \$902, \$6,855, and \$6,801. As of June 30, 2020 there were five true endowment accounts with the fair market value below the corpus in the amounts of \$34, \$101, \$518, \$230 and \$5,451.

Endowment earnings distributions of \$1,343,613 and \$1,135,485 were made in the years ended June 30, 2021 and 2020. The Board of Directors of the Foundation has approved the planned distribution for the upcoming fiscal year ending June 30, 2022 at a rate of 4.4%.

##### *(e) Investments Reported at Fair Market Value*

Governmental Accounting Standards Board Statement Number 72 provides the framework for measuring the fair value of investments. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable units (Level 3). The three levels of the fair value hierarchy are described as follows:

*Level 1* – Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Foundation has the ability to access.

*Level 2* – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly, such as:

- quoted prices for similar assets in active markets;
- quoted prices for identical or similar assets in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs derived principally from or corroborated by observable market data by correlation or other means.

*Level 3* – Inputs to the valuation methodology are unobservable and significant to the fair market value measurement.

## HUMBOLDT STATE UNIVERSITY FOUNDATION

### Notes to Financial Statements

June 30, 2021 and 2020

#### (2) Cash and Cash Equivalents and Investments (Continued)

##### (e) Investments Reported at Fair Market Value (Continued)

As of June 30, 2021 and 2020 the Investments included within the Foundation's financial statements are classified as follows.

##### **Level 1 - \$41,641,247 (80%) at June 30, 2021 and \$29,731,689 (84%) at June 30, 2020**

Investments included in this level include balances in money market accounts as well as shares in actively traded mutual funds for which market prices were readily available on the date of valuation. The fair market value is the price for these shares on the active markets.

##### **Level 2 - \$2,096,396 (4%) at June 30, 2021 and \$3,140,110 (9%) at June 30, 2020**

Investments included in this level include eighteen shares in Baywood Golf and Country Club and shares in a real estate investment trust. These shares are not traded on any active public exchange. The values reported for these shares is provided to the Foundation by the managers of the funds and is based on observable inputs other than prices available in actively traded markets.

##### **Level 3 - \$2,533,016 (6%) at June 30, 2021 and \$2,533,016 (7%) at June 30, 2020**

Investments included in this level consist of real estate owned by the Foundation for which management has assigned fair values based on a combination of historical cost, appraisals and their judgement of other factors including a memorandum of understanding with the University setting the price for future sales. Contractual limits on the uses and the ability of the Foundation to dispose of these assets further influence management's valuation of these assets. It is management's opinion that there were no changes to the fair value of the level three assets in the Foundation's investment portfolio between the valuation dates of June 30, 2021 and 2020.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement level of an asset within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. During the years ended June 30, 2021 and 2020, there were no changes in the valuation methodologies used.

The valuation methodologies used may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions could result in a different fair value measurement at the reporting date.

##### **Net Asset Value**

The net asset value of the LAIF investment asset is added to this table to present the total of all investments at Fair Market Value.

**HUMBOLDT STATE UNIVERSITY FOUNDATION**

Notes to Financial Statements

June 30, 2021 and 2020

**(2) Cash and Cash Equivalents and Investments (continued)**

**(e) Investments Reported at Fair Market Value (continued)**

**For the Fiscal Year Ended June 30, 2021**

	Fair Value Measurements Using				Net Asset Value
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
	6/30/2021				
Money Market Funds	\$ 1,973,419	\$ 1,973,419	\$ -	\$ -	\$ -
Mutual Funds - Equity	30,765,943	30,765,943	-	-	-
Mutual Funds - Fixed Income	7,160,995	7,160,995	-	-	-
Mutual Funds - Balanced	1,740,890	1,740,890	-	-	-
Real Estate Investment Trust: Equities - Stock	2,095,179	-	2,095,179	-	-
Real Estate	1,217	-	1,217	-	-
LAIF	2,533,016	-	-	2,533,016	-
	4,694,767				4,694,767
<b>Total</b>	<b>\$ 50,965,426</b>	<b>\$ 41,641,247</b>	<b>\$ 2,096,396</b>	<b>\$ 2,533,016</b>	<b>\$ 4,694,767</b>

**For the Fiscal Year Ended June 30, 2020**

	Fair Value Measurements Using				Net Asset Value
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
	06/30/2020				
Money Market Funds	\$ 1,901,689	\$ 1,901,689	\$ -	\$ -	\$ -
Mutual Funds - Equity	18,786,573	18,786,573	-	-	-
Mutual Funds - Fixed Income	6,325,208	6,325,208	-	-	-
Mutual Funds - Balanced	2,718,219	2,718,219	-	-	-
Real Estate Investment Trust: Equities - Stock	3,138,893	-	3,138,893	-	-
Real Estate	1,217	-	1,217	-	-
LAIF	2,533,016	-	-	2,533,016	-
	4,655,333				4,655,333
<b>Total</b>	<b>\$ 40,060,148</b>	<b>\$ 29,731,689</b>	<b>\$ 3,140,110</b>	<b>\$ 2,533,016</b>	<b>\$ 4,655,333</b>

**HUMBOLDT STATE UNIVERSITY FOUNDATION**

Notes to Financial Statements

June 30, 2021 and 2020

**(2) Cash and Cash Equivalents and Investments (continued)**

**(f) Investment Risk**

The Foundation's investment portfolio contains certain assets for which the fair market value comprises greater than 5% of the total investment portfolio. At June 30, 2021 and 2020 these were:

**June 30, 2021**

<b>Asset</b>	<b>Fair Value</b>	<b>% of Total</b>
Brown Adv Sust Gro;Inst (BAFWX)	\$ 5,423,642	10.96%
Parnassus:Endeavor;Inst (PFPWX)	5,118,067	10.35%
T Rowe Price LC Val;I (TILCX)	5,068,998	10.25%
Vanguard Tot I S;Adm (VTIAX)	4,137,036	8.36%
American Funds EuPc;F3 (FEUPX)	4,083,703	8.25%
Dodge & Cox Intl Stock (DODFX)	4,006,919	8.10%
PIMCO:Tot Rtn;Inst (PTTRX)	3,590,448	7.26%
Vanguard Tot Bd;Adm (VBTLX)	3,570,548	7.22%
DFA US Small Cap;I (DFSTX)	2,927,578	5.92%
Samoa Property	2,533,016	6.60%

**June 30, 2020**

<b>Asset</b>	<b>Fair Value</b>	<b>% of Total</b>
PIMCO:Tot Rtn;Inst (PTTRX)	\$ 3,165,206	9.90%
Vanguard Tot Bd;Adm (VBTLX)	3,160,002	9.37%
RREEF America REIT II (CF)	3,138,893	9.37%
Brown Adv Sust Gro;Inst (BAFWX)	2,962,056	8.08%
Parnassus:Endeavor;Inst (PFPWX)	2,944,557	7.65%
T Rowe Price I LgCp Val (TILCX)	2,774,123	7.61%
Vanguard Infl-Prot;Adm (VAIPX)	2,718,220	7.60%
American Funds EuPc;F3 (FEUPX)	2,577,944	6.83%
Dodge & Cox Intl Stock (DODFX)	2,516,680	6.72%
Vanguard Tot I S;Adm (VTIAX)	2,506,928	6.64%
WF Deposit Account	1,901,689	6.61%
Samoa Property	2,533,016	7.15%

The Foundation invests in various types of investment securities. Investment securities are exposed to risks such as interest rate, market, and credit risks. 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 will occur in the near term and that such changes could materially affect the amounts reported in the statement of net position.

## HUMBOLDT STATE UNIVERSITY FOUNDATION

### Notes to Financial Statements

June 30, 2021 and 2020

#### (2) Cash and Cash Equivalents and Investments (Continued)

##### (f) Investment Risk (Continued)

###### Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of a counterparty, the Foundation would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Financial instruments that potentially subject the Foundation to custodial risk are investments in excess of amounts insured by the FDIC or the Securities Investor Protector Corporation (SIPC). No policy exists related to custodial risk specifically. The Foundation's investment policy does not prohibit deposits in single institutions that expose the Foundation to custodial credit risk.

At June 30, 2021 and 2020, the Foundation had 97% and 93%, respectively, of its noncurrent investments with Wells Fargo, the Foundation's investment bank. The investments are managed by the Foundation's consultant, RVK, Inc. Wells Fargo carries \$100 million coverage for loss due to fraudulent acts, errors and omissions.

The credit risk profile for fixed income securities at June 30, 2020 and 2019 are as follows.

Fixed Income Securities:

		<u>2021</u>	<u>2020</u>
Vanguard Total Bond	Rated Aa2	\$ 3,570,548	\$ 3,160,002
PIMCO Total Return	Rated Aa3	3,590,448	3,165,206
Total		<u>\$ 7,160,996</u>	<u>\$ 6,325,208</u>

###### Interest Rate Risk

Interest Rate Risk is the risk that the value of fixed income securities will decline due to decreasing interest rates. The terms of a debt investment may cause its fair value to be highly sensitive to interest rate changes. At June 30, 2021, the Foundation does not have any debt investments that are highly sensitive.

Duration is a measure of the sensitivity of the price – the value of principal – of a fixed income investment to a change in interest rates. Duration is expressed as a number of years. The duration of fixed income securities held within the Foundation's portfolio at June 30, 2021 are:

Vanguard Total Bond	Effective Duration	6.79 Years
PIMCO Total Return	Effective Duration	5.54 Years

**HUMBOLDT STATE UNIVERSITY FOUNDATION**

Notes to Financial Statements

June 30, 2021 and 2020

**(3) Pledges Receivable**

Pledges Receivable are considered to be fully collectible and accordingly, an allowance for uncollectible pledges receivable has not been recorded.

	2021	
	Current	Noncurrent
To be collected by:		
Fiscal year ending June 30, 2022	\$ 834,037	\$ -
Fiscal years ending after June 30, 2022	-	321,879
Total	834,037	321,879
Less allowance for doubtful accounts	-	-
Total pledges receivable, net	\$ 834,037	\$ 321,879
	2020	
	Current	Noncurrent
To be collected by:		
Fiscal year ending June 30, 2021	\$ 131,458	\$ -
Fiscal years ending after June 30, 2021	-	30,589
Total	131,458	30,589
Less allowance for doubtful accounts	-	-
Total pledges receivable, net	\$ 131,458	\$ 30,589

**HUMBOLDT STATE UNIVERSITY FOUNDATION**

Notes to Financial Statements

June 30, 2021 and 2020

**(4) Interest and Other Receivable**

Interest and other receivable at June 30 consists of the following:

	<b>2021</b>		
	<b>Current</b>	<b>Noncurrent</b>	<b>Total</b>
Online contributions - deposits in transit	\$ 6,323	\$ -	\$ 6,323
Expenses reimbursable by outside agencies	55,670	-	55,670
Endowment quarterly service charge	153,697	-	153,697
Total other receivables	215,690	-	215,690
Operations interest receivable on LAIF account	3,833	-	3,833
Total	<u>\$ 219,523</u>	<u>\$ -</u>	<u>\$ 219,523</u>
	<b>2020</b>		
	<b>Current</b>	<b>Noncurrent</b>	<b>Total</b>
Online contributions - deposits in transit	\$ 5,969	\$ -	\$ 5,969
Expenses reimbursable by outside agencies	281,025	-	281,025
Endowment quarterly service charge	113,700	-	113,700
Total other receivables	400,694	-	400,694
Operations interest receivable on LAIF account	15,708	-	15,708
Total	<u>\$ 416,402</u>	<u>\$ -</u>	<u>\$ 416,402</u>

The operations endowment fee receivable is thirty-seven and one half basis points (0.00375) of the market value of invested funds at June 30, 2021. This is an administrative fee charged each quarter to recover costs incurred by the Foundation for operations.

The cost recovery fee of 5% (0.05000) is an administrative fee charged on all new donations received during the year and is used to recover costs incurred by the Foundation for operations.

There is no allowance for uncollectible accounts deemed necessary for the years ended June 30, 2021 or 2020.

**(5) Other Assets**

The Foundation records an interest in 19 charitable gift annuities contracts issued by the CSU Foundation. The Foundation considers these to be related parties, not third parties as all entities are component units of The California State University System. The Foundation records its interest for these annuities at their estimated net present value. The net present value of these charitable gift annuities are determined by the CSU Foundation, a component unit of The California State University system.



**HUMBOLDT STATE UNIVERSITY FOUNDATION**

Notes to Financial Statements

June 30, 2021 and 2020

**(6) Capital Assets**

The change in capital assets for the years ended June 30, 2021 and 2020 is as follows:

	Balance 6/30/2020	Additions	Disposals	Transfers	Balance 6/30/2021
Land and Land Improvements	\$ 1,268,434	\$ 7,508,772	\$ -	\$ -	\$ 8,777,206
Buildings	536,751	352,884	-	-	889,635
Accumulated Depreciation	(53,584)	(30,958)	-	-	(84,542)
<b>Total</b>	<b>\$ 1,751,601</b>	<b>\$ 7,830,698</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,582,299</b>

	Balance 6/30/2019	Additions	Disposals	Transfers	Balance 6/30/2020
Land and Land Improvements	\$ 1,268,434	\$ -	\$ -	\$ -	\$ 1,268,434
Buildings	536,751	-	-	-	536,751
Accumulated Depreciation	(28,507)	(25,077)	-	-	(53,584)
<b>Total</b>	<b>\$ 1,776,678</b>	<b>\$ (25,077)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,751,601</b>

**(7) Current Liabilities**

As of June 30, 2021 and 2020, current liabilities totaled \$2,174,061 and \$2,225,654, respectively. The total includes \$2,350 for deposits from 570 Granite Avenue and \$2,000,000 for a pledge payable to the University of the net proceeds from real estate held for sale. In addition, \$27,838 is recorded as the current portion of the lease obligation discussed in Note 11. Additional amounts are payable to various vendors for services provided prior to the end of the fiscal year.

**(8) Noncurrent Liabilities**

Noncurrent liabilities of \$387,963 and \$415,800 as of June 30, 2021 and 2020, consist of a capital lease related to the Natural History Museum building. For the years ended June 30, 2021 and 2020, the Foundation paid \$12,915 and \$13,712 in interest expense.

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Current Portion	Long-term Portion
Capital Lease Payable	\$ 442,816	\$ -	\$ (27,016)	\$ 415,801	\$ 27,838	\$ 387,963
<b>Total</b>	<b>\$ 442,816</b>	<b>\$ -</b>	<b>\$ (27,016)</b>	<b>\$ 415,801</b>	<b>\$ 27,838</b>	<b>\$ 387,963</b>

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Current Portion	Long-term Portion
Capital Lease Payable	\$ 469,035	\$ -	\$ (26,219)	\$ 442,816	\$ 27,016	\$ 415,801
<b>Total</b>	<b>\$ 469,035</b>	<b>\$ -</b>	<b>\$ (26,219)</b>	<b>\$ 442,816</b>	<b>\$ 27,016</b>	<b>\$ 415,801</b>

**HUMBOLDT STATE UNIVERSITY FOUNDATION**

Notes to Financial Statements

June 30, 2021 and 2020

**(8) Noncurrent Liabilities (continued)**

Noncurrent debt principal obligations and estimated interest mature in the following fiscal years:

Year Ending June:	Principal	Interest	Total
2022	\$ 27,838	\$ 12,093	\$ 39,931
2023	28,684	11,247	39,931
2024	29,557	10,374	39,931
2025	30,456	9,475	39,931
2025 and After	299,265	40,148	339,413
	<u>\$ 415,801</u>	<u>\$ 83,337</u>	<u>\$ 499,139</u>

**(9) Calculation of Net Position**

The change in net position is as follows:

**Calculation of net position restricted for nonexpendable endowments**

	2021	2020
Endowment pooled investments	\$ 35,340,439	\$ 31,592,921
Quasi- and term- endowments that are restricted expendable or unrestricted	(4,683,830)	(4,312,820)
Payables due from permanent endowments to operations for administrative fees	(123,372)	(84,861)
Other Assets included in restricted non expendable endowment funds	7,971,931	562,794
Net position - restricted for: non expendable - endowments per SNP	<u>\$ 38,505,168</u>	<u>\$ 27,758,034</u>

**Calculation of total net position**

	Restricted for: Expendable - Other	Restricted for: Nonexpendable - Endowments	Unrestricted	Total
Beginning net position as of July 1, 2019	\$ 7,950,587	\$ 26,506,160	\$ 5,075,051	\$ 39,531,798
2019-20 increase (decrease) in capital assets	-	-	(25,077)	(25,077)
2019-20 increase (decrease) in net position	534,633	1,251,874	(484,119)	1,302,388
Ending net position as of June 30, 2020	8,485,220	27,758,034	4,565,855	40,809,109
2020-21 increase (decrease) in capital assets		7,782,043	48,655	7,830,698
2020-21 increase (decrease) in net position	3,488,335	2,965,091	(340,955)	6,112,471
Ending net position as of June 30, 2021	<u>\$ 11,973,555</u>	<u>\$ 38,505,168</u>	<u>\$ 4,273,554</u>	<u>\$ 54,752,277</u>

## HUMBOLDT STATE UNIVERSITY FOUNDATION

### Notes to Financial Statements

June 30, 2021 and 2020

#### (10) Transactions with Related Entities

The Foundation incorporated the previous year's Business Services Agreement and Support to Philanthropy budget items into a newly designated budget item, Support to Advancement Division. This budget allows for more resources and flexibility to support HSUF's mission including fundraising efforts.

The Foundation paid the University for support to Advancement Division in the amount of \$441,000 for the year ended June 30, 2021. The Foundation paid the University \$282,000 for business management services and \$175,000 for Support to Philanthropy for the year ended June 30, 2020.

The Foundation is the beneficiary of gift annuities that are held by the CSU Foundation. These gift annuities are reported as a receivable for the Foundation and are included in other assets in the statement of net position, as they have met eligibility requirements per GASB Statement No. 33.

The Foundation receives donations on behalf of the University and all related auxiliary organizations. In the current year, the Foundation recognized and immediately transferred \$1,884,259 in donations to the University or auxiliaries. In the prior year \$820,901 was transferred. These amounts are included in contributions, fundraising, and transfers from/to other campus entities on the statement of revenues, expenses and changes in net position. Of the \$1,884,259 in donations transferred during the year ended June 30, 2021, \$9,120 was for Associated Students, \$639,086 was for Sponsored Programs and \$1,236,053 was for the University. Of the \$820,901 in donations transferred during the year ended June 30, 2020, \$11,268 was for Associated Students, \$32,211 was for the University Center, \$168,674 was for Sponsored Programs and \$608,748 was for the University.

The accompanying financial statements also include the following transactions with the University and related auxiliary organizations as of and for the year ended June 30, 2021 and 2020:

	2021	2020
Payments to University for salaries of University Personnel working on contracts, grants, and other programs	\$ 44,862	\$ 283,967
Payments to University for other than salaries of University Personnel	808,046	1,609,981
Payments received from University for services, space, and programs	253,634	34,453
Gifts-in-kind to the University from Auxiliary Organizations	-	-
Gifts (cash or assets) to the University from recognized Auxiliary Organizations	1,236,053	608,748
Accounts payable to University	(6,972)	(10,432)
Other amounts payable to the University	(2,000,000)	(2,000,000)
Accounts receivable from University	-	241,541
Other transfers to University Center	-	32,211
Other transfers to Sponsored Programs Foundation	639,086	168,674
Other transfers to Associated Students	9,120	11,268
Other receipts from Sponsored Programs	1,000,166	2,500
Other receipts from University Center	7,000,000	-

## HUMBOLDT STATE UNIVERSITY FOUNDATION

### Notes to Financial Statements

June 30, 2021 and 2020

#### (11) Capital Lease Receivable and related Redwood Capital Bank lease obligation

During the year ended June 30, 2014, the Foundation entered into a three-party transaction with a private bank and Humboldt State University, a related party, which resulted in the Foundation acquiring the title to a building (“the museum building”) which was simultaneously leased to the University using a noncurrent capital lease. The transaction created a liability in the amount of the fair market value of the building, \$600,000. In lieu of cash payments, the bank agreed to accept payment in the form of monthly rent credits on a lease of a second building (“the new bank building”) that is owned by the University. To reimburse the University for making the payment to the bank on its behalf, the Foundation agreed to credit the University’s rent owed on the museum building lease in the same amount as the rent credit the University gives to the bank.

The current portion of the capital lease receivable is reflected as Capital Lease Receivable, current and the noncurrent portion is shown as Capital lease receivable on the face of the Statement of Net Position. The current portion of the obligation is reported with other payables and the noncurrent portion is reflected as Redwood Capital Bank lease obligation.

The following is a schedule of future minimum lease payments pursuant to the capital lease together with the present value of the new minimum lease payments:

Year Ending June 30,	
2022	\$ 39,931
2023	39,931
2024	39,931
2025	39,931
2026	39,931
Thereafter	299,483
Total Lease Payments	499,139
Less: Amount Representing Interest	(83,337)
Present Value of Minimum Lease Payments	415,801
Less: Current Maturity	(27,838)
Net noncurrent Portion	\$ 387,963

**HUMBOLDT STATE UNIVERSITY FOUNDATION**

Notes to Financial Statements

June 30, 2021 and 2020

**(12) Classification of Operating Expenses**

The Foundation has elected to report operating expenses by functional classification in the statement of revenues, expenses, and changes in net position, and to provide the natural classification of those expenses as an additional disclosure.

For the years ended June 30, 2021 and 2020, operating expenses by natural classification consists of the following:

Functional Classification	2021				
	Salaries	Benefits	Scholarships and fellowships	Supplies and other services	Total
Instruction	\$ 31,229	\$ 117	\$ -	\$ 173,205	\$ 204,551
Research	-	-	-	223,721	223,721
Public Service	3,045	44	-	68,326	71,415
Academic Support	1,141	-	-	253,562	254,703
Student Services	4,755	-	-	51,917	56,672
Institutional Support	2,548	-	-	70,087	72,635
Scholarships & Fellowships	-	-	27,794	315,396	343,190
Auxiliary Enterprises	-	-	-	923,406	923,406
Depreciation	-	-	-	30,958	30,958
	<u>\$ 42,718</u>	<u>\$ 161</u>	<u>\$ 27,794</u>	<u>\$ 2,110,578</u>	<u>\$ 2,181,251</u>

  

Functional Classification	2020				
	Salaries	Benefits	Scholarships and fellowships	Supplies and other services	Total
Instruction	\$ 48,867	\$ 239	\$ -	\$ 393,587	\$ 442,693
Research	107,426	55,161	-	199,403	361,990
Public Service	3,141	24	-	322,645	325,811
Academic Support	27,283	6,800	-	399,885	433,968
Student Services	8,168	44	-	148,315	156,526
Institutional Support	8,466	239	-	149,320	158,025
Scholarships & Fellowships	-	-	22,221	311,664	333,885
Auxiliary Enterprises	20,315	1,554	-	666,494	688,363
Depreciation	-	-	-	25,076	25,076
	<u>\$ 223,666</u>	<u>\$ 64,061</u>	<u>\$ 22,221</u>	<u>\$ 2,616,390</u>	<u>\$ 2,926,337</u>

**HUMBOLDT STATE UNIVERSITY FOUNDATION**  
Schedule of Net Position  
June 30, 2021  
(for inclusion in the California State University)

<b>Assets:</b>	
<b>Current assets:</b>	
Cash and cash equivalents	1,693,728
Short-term investments	7,229,000
Accounts receivable, net	-
Capital lease receivable, current portion	27,838
Notes receivable, current portion	-
Pledges receivable, net	834,037
Prepaid expenses and other current assets	219,523
<b>Total current assets</b>	<b>10,004,126</b>
<b>Noncurrent assets:</b>	
Restricted cash and cash equivalents	-
Accounts receivable, net	-
Capital lease receivable, net of current portion	387,963
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	321,879
Endowment investments	35,340,439
Other long-term investments	1,332,885
Capital assets, net	9,582,299
Other assets	344,710
<b>Total noncurrent assets</b>	<b>47,310,175</b>
<b>Total assets</b>	<b>57,314,301</b>
<b>Deferred outflows of resources:</b>	
Unamortized loss on debt refunding	-
Net pension liability	-
Net OPEB liability	-
Others	-
<b>Total deferred outflows of resources</b>	<b>-</b>
<b>Liabilities:</b>	
<b>Current liabilities:</b>	
Accounts payable	12,341
Accrued salaries and benefits	-
Accrued compensated absences, current portion	-
Unearned revenues	-
Capital lease obligations, current portion	27,838
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	2,350
Other liabilities	2,131,532
<b>Total current liabilities</b>	<b>2,174,061</b>
<b>Noncurrent liabilities:</b>	
Accrued compensated absences, net of current portion	-
Unearned revenues	-
Grants refundable	-
Capital lease obligations, net of current portion	387,963
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	-
<b>Total noncurrent liabilities</b>	<b>387,963</b>
<b>Total liabilities</b>	<b>2,562,024</b>
<b>Deferred inflows of resources:</b>	
Service concession arrangements	-
Net pension liability	-
Net OPEB liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Others	-
<b>Total deferred inflows of resources</b>	<b>-</b>
<b>Net position:</b>	
Net investment in capital assets	9,582,299
Restricted for:	
Nonexpendable – endowments	30,248,990
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	11,973,555
Unrestricted	2,947,433
<b>Total net position</b>	<b>54,752,277</b>

See accompanying note on supplementary information

**HUMBOLDT STATE UNIVERSITY FOUNDATION**  
Schedule of Revenues, Expenses, and Changes in Net Position  
Year Ended June 30, 2021  
(for inclusion in the California State University)

**Revenues:**

**Operating revenues:**

Student tuition and fees, gross	-
Scholarship allowances (enter as negative)	-
<b>Grants and contracts, noncapital:</b>	
Federal	-
State	-
Local	-
Nongovernmental	-
Sales and services of educational activities	-
Sales and services of auxiliary enterprises, gross	-
Scholarship allowances (enter as negative)	-
Other operating revenues	992,394
<b>Total operating revenues</b>	<b>992,394</b>

**Expenses:**

**Operating expenses:**

Instruction	204,551
Research	223,721
Public service	71,415
Academic support	254,703
Student services	56,672
Institutional support	72,635
Operation and maintenance of plant	-
Student grants and scholarships	343,190
Auxiliary enterprise expenses	923,406
Depreciation and amortization	30,958
<b>Total operating expenses</b>	<b>2,181,251</b>
<b>Operating income (loss)</b>	<b>(1,188,857)</b>

**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	3,645,811
Investment income (loss), net	89,820
Endowment income (loss), net	9,413,878
Interest expense	(12,914)
Other nonoperating revenues (expenses) - excl. interagency transfers	(573,700)
<b>Net nonoperating revenues (expenses)</b>	<b>12,562,895</b>
<b>Income (loss) before other revenues (expenses)</b>	<b>11,374,038</b>

State appropriations, capital	-
Grants and gifts, capital	2,015,000
Additions (reductions) to permanent endowments	554,130
<b>Increase (decrease) in net position</b>	<b>13,943,168</b>
<b>Net position:</b>	
Net position at beginning of year, as previously reported	40,809,109
Restatements	-
<b>Net position at beginning of year, as restated</b>	<b>40,809,109</b>
<b>Net position at end of year</b>	<b>54,752,277</b>

See accompanying note on supplementary information

## HUMBOLDT STATE UNIVERSITY FOUNDATION

### Other Information

Year Ended June 30, 2021

(for inclusion in the California State University)

#### 1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments

All other restricted cash and cash equivalents

**Noncurrent restricted cash and cash equivalents**

Current cash and cash equivalents

**Total**

	-
	1,693,728
	<b>\$ 1,693,728</b>

#### 2.1 Composition of investments:

Investment Type	Current	Noncurrent	Fair Value
Money market funds		1,973,419.00	<b>1,973,419.00</b>
Repurchase agreements			-
Certificates of deposit			-
U.S. agency securities			-
U.S. treasury securities			-
Municipal bonds			-
Corporate bonds			-
Asset backed securities			-
Mortgage backed securities			-
Commercial paper			-
Mutual funds		39,667,828	<b>39,667,828</b>
Exchange traded funds			-
Equity securities	1,217		<b>1,217</b>
Alternative investments:			
Private equity (including limited partnerships)			-
Hedge funds			-
Managed futures			-
Real estate investments (including REITs)	2,533,016	2,095,179	<b>4,628,195</b>
Commodities			-
Derivatives			-
Other alternative investment			-
Other external investment pools			-
CSU Consolidated Investment Pool (formerly SWIFT)			-
State of California Local Agency Investment Fund (LAIF)	4694767		<b>4,694,767</b>
State of California Surplus Money Investment Fund (SMIF)			-
Other investments:			
Fiduciary portion (University Center)		-7063102	<b>(7,063,102)</b>
			-
			-
			-
			-
Total Other investments	-	<b>(7,063,102)</b>	<b>(7,063,102)</b>
<b>Total investments</b>	<b>7,229,000</b>	<b>36,673,324</b>	<b>43,902,324</b>
Less endowment investments (enter as negative number)		<b>(35,340,439)</b>	<b>(35,340,439)</b>
<b>Total investments, net of endowments</b>	<b>\$ 7,229,000</b>	<b>1,332,885</b>	<b>8,561,885</b>

See accompanying note on supplementary information



## HUMBOLDT STATE UNIVERSITY FOUNDATION

### Other Information

Year Ended June 30, 2021

(for inclusion in the California State University)

#### 2.2 Fair value hierarchy in investments:

Investment Type	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
Money market funds	\$ 1,973,419	1,973,419			
Repurchase agreements	-				
Certificates of deposit	-				
U.S. agency securities	-				
U.S. treasury securities	-				
Municipal bonds	-				
Corporate bonds	-				
Asset backed securities	-				
Mortgage backed securities	-				
Commercial paper	-				
Mutual funds	39,667,828	39,667,828			
Exchange traded funds	-				
Equity securities	1,217			1,217	
Alternative investments:					
Private equity (including limited partnerships)	-				
Hedge funds	-				
Managed futures	-				
Real estate investments (including REITs)	4,628,195	4,628,195			
Commodities	-				
Derivatives	-				
Other alternative investment	-				
Other external investment pools	-				
CSU Consolidated Investment Pool (formerly SWIFT)	-				
State of California Local Agency Investment Fund (LAIF)	4,694,767				4,694,767
State of California Surplus Money Investment Fund (SMIF)	-				
Other investments:					
Fiduciary portion (University Center)	(7,063,102)				(7,063,102)
	-				
	-				
	-				
	-				
Total Other investments	\$ (7,063,102)	-	-	-	(7,063,102)
<b>Total investments</b>	<b>43,902,324</b>	<b>46,269,442</b>	<b>1,217</b>	<b>-</b>	<b>(2,368,335)</b>

#### 2.3 Investments held by the University under contractual agreements:

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

See accompanying note on supplementary information



**HUMBOLDT STATE UNIVERSITY FOUNDATION**  
**Other Information**  
**Year Ended June 30, 2021**  
**(for inclusion in the California State University)**

**3.2 Detail of depreciation and amortization expense:**  
 Depreciation and amortization expense related to capital assets \$ 30,958  
 Amortization expense related to other assets  
**Total depreciation and amortization** \$ 30,958

**4 Long-term liabilities:**

	Balance June 30, 2020	Prior Period Adjustments/Reclassifications	Balance June 30, 2020 (Restated)	Additions	Reductions	Balance June 30, 2021	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	442,816		442,816		(27,015)	415,801	27,838	387,963
Unamortized net premium/(discount)	-		-			-	-	-
<b>Total capital lease obligations</b>	<u>\$ 442,816</u>	<u>-</u>	<u>442,816</u>	<u>-</u>	<u>(27,015)</u>	<u>415,801</u>	<u>27,838</u>	<u>387,963</u>
<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>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>
<b>4.5 Unamortized net bond premium/(discount)</b>	-		-			-	-	-
<b>Total long-term debt obligations</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total long-term liabilities</b>	<u>\$ 442,816</u>	<u>-</u>	<u>442,816</u>	<u>-</u>	<u>(27,015)</u>	<u>\$ 415,801</u>	<u>27,838</u>	<u>\$ 387,963</u>

**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>									
2022	27838	12093	39,931	-	-	-	27,838	12,093	39,931
2023	28684	11247	39,931	-	-	-	28,684	11,247	39,931
2024	29557	10374	39,931	-	-	-	29,557	10,374	39,931
2025	30456	9475	39,931	-	-	-	30,456	9,475	39,931
2026	31382	8549	39,931	-	-	-	31,382	8,549	39,931
2027 - 2031	171823	27832	199,655	-	-	-	171,823	27,832	199,655
2032 - 2036	96061	3768	99,829	-	-	-	96,061	3,768	99,829
2037 - 2041	-	-	-	-	-	-	-	-	-
2042 - 2046	-	-	-	-	-	-	-	-	-
2047 - 2051	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
<b>Total minimum lease payments</b>	<u>\$ 415,801</u>	<u>83,338</u>	<u>499,139</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>415,801</u>	<u>83,338</u>	<u>499,139</u>
Less: amounts representing interest									(83,338)
<b>Present value of future minimum lease payments</b>									<u>415,801</u>
Unamortized net premium/(discount)									415,801
<b>Total capital lease obligations</b>									<u>(27,838)</u>
Less: current portion									<u>387,963</u>
<b>Capital lease obligations, net of current portion</b>									<u>\$ 387,963</u>

See accompanying note on supplementary information

**HUMBOLDT STATE UNIVERSITY FOUNDATION**  
 Other Information  
 Year Ended June 30, 2021  
 (for inclusion in the California State University)

6 Long-term debt obligations schedule:

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
Year ending June 30:									
2022			-			-			-
2023			-			-			-
2024			-			-			-
2025			-			-			-
2026			-			-			-
2027 - 2031			-			-			-
2032 - 2036			-			-			-
2037 - 2041			-			-			-
2042 - 2046			-			-			-
2047 - 2051			-			-			-
Thereafter			-			-			-
<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>									-

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	44,862.00
Payments to University for other than salaries of University personnel	808,046.00
Payments received from University for services, space, and programs	253,634.00
Gifts-in-kind to the University from discretely presented component units	-
Gifts (cash or assets) to the University from discretely presented component units	1,884,259.00
Accounts (payable to) University (enter as negative number)	(6,972.00)
Other amounts (payable to) University (enter as negative number)	(2,000,000.00)
Accounts receivable from University (enter as positive number)	-
Other amounts receivable from University (enter as positive number)	8,000,166.00

8 Restatements

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

		Debit/Credit
Restatement #1	Enter transaction description	
		-
Restatement #2	Enter transaction description	

See accompanying note on supplementary information

**HUMBOLDT STATE UNIVERSITY FOUNDATION**  
Other Information  
Year Ended June 30, 2021  
(for inclusion in the California State University)

**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	31,229	117	-	-	-	173,205	-	204,551
Research	-	-	-	-	-	223,721	-	223,721
Public service	3,045	44	-	-	-	68,326	-	71,415
Academic support	1,141	-	-	-	-	253,562	-	254,703
Student services	4,754	-	-	-	-	51,918	-	56,672
Institutional support	2,548	-	-	-	-	70,087	-	72,635
Operation and maintenance of plant	-	-	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	343,190	-	-	343,190
Auxiliary enterprise expenses	-	-	-	-	-	923,406	-	923,406
Depreciation and amortization	-	-	-	-	-	-	30,958	30,958
<b>Total operating expenses</b>	<b>\$ 42,717</b>	<b>161</b>	<b>-</b>	<b>-</b>	<b>343,190</b>	<b>1,764,225</b>	<b>30,958</b>	<b>2,181,251</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:  
Sales/intra-entity transfers of future revenues  
Gain/loss on sale leaseback  
Loan origination fees and costs  
Change in fair value of hedging derivative instrument  
Irrevocable split-interest agreements

Total deferred outflows - others

-

**Total deferred outflows of resources**

**\$ -**

**2. Deferred Inflows of Resources**

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

Total deferred inflows - others

-

**Total deferred inflows of resources**

**\$ -**

**11 Other nonoperating revenues (expenses)**

Other nonoperating revenues  
Other nonoperating (expenses)

(573,700)

**Total other nonoperating revenues (expenses)**

**\$ (573,700)**

See accompanying note on supplementary information

## **HUMBOLDT STATE UNIVERSITY FOUNDATION**

### Notes to Financial Statements

June 30, 2021 and 2020

#### **NOTE 1 – SUPPLEMENTARY SCHEDULES**

As an auxiliary organization of The California State University (CSU), Humboldt State University Foundation (Foundation) is required to include audited supplementary information in its financial statements in the form and content specified by CSU. As a result, there are differences in reporting format between the Foundation's financial statements and the supplementary schedules for CSU.

## **Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

To the Board of Directors  
Humboldt State University Foundation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and fiduciary activities of Humboldt State University Foundation (the "Foundation"), a component unity of Humboldt State University as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated October 1, 2021.

### **Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*Mass Adams LLP*

Medford, Oregon  
October 1, 2021