

Financial Statements and Supplementary  
Information as Required by the California  
State University and Report of  
Independent Certified Public Accountants

**The Campanile Foundation**

June 30, 2019 and 2018

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## **Report of Independent Certified Public Accountants**

Board of Trustees  
The Campanile Foundation

### **Report on the financial statements**

We have audited the accompanying financial statements of The Campanile Foundation (a California State University Auxiliary Organization and Component Unit of San Diego State University) (the "Organization"), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activity and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's responsibility for the financial statements**

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

### **Auditor's responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Organization'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 Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Campanile Foundation as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other matters - supplementary information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information as required by the California State University on pages 27 - 40 are presented for purposes of additional analysis and are not a required part of the financial statements. Such 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 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 September 11, 2019, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



San Diego, California  
September 11, 2019

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## **REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Board of Trustees  
The Campanile Foundation

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of The Campanile Foundation (a California State University Auxiliary Organization and Component Unit of San Diego State University) (the "Organization"), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 11, 2019.

### **Internal control over financial reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting ("internal control") to design audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 the Organization's 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 Organization'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 determination of financial statement amounts. 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*.

**Intended purpose**

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 Organization'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 Organization's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



San Diego, California  
September 11, 2019

**The Campanile Foundation**  
**STATEMENTS OF FINANCIAL POSITION**

**June 30,**

	2019	2018
<b>Assets</b>		
<b>Assets</b>		
Cash equivalents (Note 1)	\$ -	\$ -
Short-term investments (Note 4)	2,821,319	2,197,253
Long-term investments (Note 4)	350,512,534	335,710,373
Pledges receivable, net (Note 6)	15,179,757	12,812,993
Note receivable (Note 7)	5,067,556	5,316,184
Due from affiliate (Note 2)	8,472,306	5,610,981
Beneficial interest in trusts (Note 5)	4,096,448	4,095,811
Other receivables, net	847,773	898,508
Total assets	\$ 386,997,693	\$ 366,642,103
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 303,698	\$ 337,465
Liabilities under deferred gift agreements	6,830,428	5,072,094
Accrued liabilities	3,299,417	3,690,516
Amounts held on behalf of others (Note 8)	152,613	150,978
Due to SDSURF (Note 5)	23,613,206	21,317,210
Total liabilities	34,199,362	30,568,263
<b>Net assets</b>		
With Donor Restriction (Note 3)	349,176,367	332,885,757
Without Donor Restriction	3,621,964	3,188,083
Total net assets	352,798,331	336,073,840
Total Liabilities and Net Assets	\$ 386,997,693	\$ 366,642,103

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

The Campanile Foundation  
STATEMENTS OF ACTIVITIES

Years ended June 30, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains (losses) and other support:						
Contributions - community and campus programs	\$ -	\$ 29,564,505	\$ 29,564,505	\$ -	\$ 44,432,910	\$ 44,432,910
Other revenues	-	7,115,700	7,115,700	-	7,800,497	7,800,497
Investment return, net	157,463	11,678,933	11,836,396	(9,429)	9,640,245	9,630,816
Net assets released from restrictions (Note 3)	<u>32,068,528</u>	<u>(32,068,528)</u>	<u>-</u>	<u>31,758,526</u>	<u>(31,758,526)</u>	<u>-</u>
Total revenues, gains and other support	<u>32,225,991</u>	<u>16,290,610</u>	<u>48,516,601</u>	<u>31,749,097</u>	<u>30,115,126</u>	<u>61,864,223</u>
Expenses:						
Campus programs	10,015,454	-	10,015,454	9,669,983	-	9,669,983
Campus programs administered by the University	9,710,311	-	9,710,311	11,648,432	-	11,648,432
Student scholarships (Note 2)	7,654,257	-	7,654,257	6,287,660	-	6,287,660
Fundraising	3,098,298	-	3,098,298	2,766,940	-	2,766,940
General administration	<u>1,313,790</u>	<u>-</u>	<u>1,313,790</u>	<u>1,263,181</u>	<u>-</u>	<u>1,263,181</u>
Total expenses	<u>31,792,110</u>	<u>-</u>	<u>31,792,110</u>	<u>31,636,196</u>	<u>-</u>	<u>31,636,196</u>
Change in net assets	433,881	16,290,610	16,724,491	112,901	30,115,126	30,228,027
Net assets, beginning of year	<u>3,188,083</u>	<u>332,885,757</u>	<u>336,073,840</u>	<u>3,075,182</u>	<u>302,770,631</u>	<u>305,845,813</u>
Net assets, end of year	<u>\$ 3,621,964</u>	<u>\$ 349,176,367</u>	<u>\$ 352,798,331</u>	<u>\$ 3,188,083</u>	<u>\$ 332,885,757</u>	<u>\$ 336,073,840</u>

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



The Campanile Foundation  
STATEMENTS OF CASH FLOWS

Years ended June 30,

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 16,724,491	\$ 30,228,027
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Contributions restricted for long-term investments	(29,564,505)	(31,733,774)
Net realized and change in unrealized (gains) on investments	(10,870,236)	(5,197,606)
Change in value of deferred gift liabilities	1,758,333	193,644
Investment income restricted for long-term investments	966,160	22,335
(Increase) decrease in assets:		
Short-term investments	(624,066)	(1,181,700)
Payments received on notes receivable	248,628	242,801
Other receivables, net	50,739	32,722
Pledges receivable, net	602,395	(531,872)
Increase (decrease) in liabilities:		
Accounts payable	(33,767)	(360,711)
Accrued liabilities	(391,099)	2,713,158
Amounts held on behalf of others	1,635	(34,637)
	(21,131,292)	(5,607,613)
Net cash used in operating activities		
Cash flows from investing activities:		
Purchase of investments	(352,540,733)	(303,910,906)
Sale of investments	350,904,804	273,410,806
Beneficial interest in trusts	(638)	8,688
Due from affiliate	(2,861,325)	2,766,906
	(4,497,892)	(27,724,506)
Net cash used in investing activities		
Cash flows from financing activities:		
Proceeds from contributions with donor restrictions	26,595,344	33,354,454
Investment income restricted for long-term investments	(966,160)	(22,335)
	25,629,184	33,332,119
Net cash provided by financing activities		
Net change in cash	-	-
Cash equivalents, beginning of year	-	-
Cash equivalents, end of year	\$ -	\$ -
Supplemental disclosure of investing activities		
Change in investments held for SDSURF	\$ 2,295,996	\$ 1,740,042

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

The Campanile Foundation  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019 and 2018

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Campanile Foundation (“TCF”) is an auxiliary organization of San Diego State University (the “University”), organized and operated in accordance with the Education Code of the State of California and the California Code of Regulations. TCF is a nonprofit corporation chartered to provide and augment programs that are an integral part of the educational mission of the University. TCF was organized in August 1999 to assist the University in the acquisition of gifts, the management of philanthropic gifts and the investment of certain endowment gifts. TCF began its operations on January 1, 2000.

Affiliated Organizations

TCF is related to other auxiliaries of the University, including Associated Students of San Diego State University (“Associated Students”), San Diego University Research Foundation (“SDSURF”) and Aztec Shops, Ltd. These auxiliaries and the University periodically provide various services for one another.

A Summary of TCF’s significant accounting policies is as follows:

Basis of Accounting and Reporting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

TCF’s financial statements present net assets and contributions classified as with donor restrictions and without donor restrictions. These classifications are based on the existence or absence of donor-imposed restrictions related to contributions and are summarized as follows:

**Without Donor Restrictions**

Without donor restrictions consist of net assets that are not subject to donor-imposed stipulations.

**With Donor Restrictions**

With donor restrictions consist of net assets unspent that are subject to specific donor-imposed stipulations. This category includes amounts restricted by the donor in perpetuity, restricted for specified purposes, restricted by the passage of time and for amounts of underwater endowments. Also included are charitable remainder trusts (“CRT”).

The Campanile Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019 and 2018

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –  
Continued

Basis of Accounting and Reporting (continued)

As stated above, the classification of net assets is based upon the existence or absence of donor-imposed restrictions on contributions. Net assets also include funds other than contributions that have been designated for specific purposes, which are classified as without donor restrictions in the financial statements.

Contributions, including unconditional promises to give (pledges), are recognized in the year the promise is made as opposed to when assets are received. Contributions with donor-imposed restrictions are reported as contributions with donor restrictions. Net assets with donor restrictions are reclassified to without donor restrictions at such time as TCF has fulfilled the donor-imposed restriction.

Net assets with donor restrictions can also be reclassified to without donor restrictions at such time that the donors' consent to the release of the previous donor-imposed restriction.

Pledges that are expected to be collected within one year from the date of gift are recorded at their net realizable value. Pledges that are expected to be collected in future years are discounted to their estimated net present value (see Note 6).

Cash Equivalents

TCF considers all highly liquid investments with original maturity dates of three months or less to be cash equivalents. Cash and cash equivalents have a zero balance as of June 30, 2019, and 2018. SDSURF handles cash management on behalf of TCF.

Investments

Investments are reported at fair value, with gains and losses included in the statements of activities. Short-term investments consist primarily of investment interest receivable.

The beneficial interest in trust investments is reported at the fair value of the underlying portfolio of investments within each trust, which primarily consist of mutual funds invested in equities, fixed income and real estate instruments.

Other Receivables, Net

Other receivables, net consist largely of funds made available to the University to be used for student loans. The University periodically assesses the loans for collectability. TCF has not experienced any significant losses on these loans and therefore has not recorded an allowance against these balances. The remaining balance is primarily the accrual of contributions that were dated prior to but received after year-end.

The Campanile Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019 and 2018

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –  
Continued

Liabilities under Deferred Gift Agreements

TCF serves as trustee and administrator for various types of trust arrangements, including split-interest agreements, whereby the beneficial interest is shared with one or more parties. The arrangements generally require payment of annual trust income to the income beneficiary or beneficiaries over the term of the trust, with the remainderman portion of the assets reverting to TCF. The liability under deferred gift agreements on the statements of financial position represents the present value of the estimated future payments to be distributed to these beneficiaries over the life expectancies of the beneficiaries, as derived using actuarial tables. TCF uses the approved Internal Revenue Service (“IRS”) rate specific to each trust to discount the estimated future payments to be distributed to the beneficiaries.

During the year ended June 30, 2015, TCF was granted its Certificate of Authority by the California Department of Insurance to hold Charitable Gift Annuity (CGA) assets. The CGA asset value totaled \$1,474,919 and \$1,146,285 for the years ended June 30, 2019 and 2018, respectively.

Changes in the liability under deferred gift agreements are included in contributions in the accompanying statements of activities and totaled \$1,758,334 and \$193,644 for the years ended June 30, 2019, and 2018, respectively.

Functional Allocation of Expenses

The costs of providing various programs, fundraising, and other activities have been summarized in the statements of activities. Fundraising costs incurred that benefit the different programs across the University are gathered and combined with the central fundraising costs to determine the total fundraising expense.

The Campanile Foundation's primary program service is fundraising and student and San Diego State University campus support. These expenses include salaries and benefits, operating expenses, scholarship awards and transfers to University and other Auxiliaries on campus.

	2019					
	Campus Programs	Campus Programs Administered by the University	Student Scholarships	Fundraising	General Administration	Total
Salaries and Wages	\$ 3,767,559	\$ -	\$ -	\$ 9,993	\$ 631,986	\$ 4,409,538
Employee Benefits	894,117	-	-	-	312,361	1,206,478
Services, Supplies, and Other Expenses	5,353,778	-	-	3,088,305	369,443	8,811,526
Scholarship Payments	-	-	7,654,257	-	-	7,654,257
Transfer to University and Other Auxiliaries	-	9,710,311	-	-	-	9,710,311
Total Expenses	<u>\$ 10,015,454</u>	<u>\$ 9,710,311</u>	<u>\$ 7,654,257</u>	<u>\$ 3,098,298</u>	<u>\$ 1,313,790</u>	<u>\$ 31,792,110</u>

  

	2018					
	Campus Programs	Campus Programs Administered by the University	Student Scholarships	Fundraising	General Administration	Total
Salaries and Wages	\$ 3,715,320	\$ -	\$ -	\$ 10,411	\$ 563,480	\$ 4,289,211
Employee Benefits	822,200	-	-	-	315,154	1,137,354
Services, Supplies, and Other Expenses	5,132,463	-	-	2,756,529	384,547	8,273,539
Scholarship Payments	-	-	6,287,660	-	-	6,287,660
Transfer to University and Other Auxiliaries	-	11,648,432	-	-	-	11,648,432
Total Expenses	<u>\$ 9,669,983</u>	<u>\$ 11,648,432</u>	<u>\$ 6,287,660</u>	<u>\$ 2,766,940</u>	<u>\$ 1,263,181</u>	<u>\$ 31,636,196</u>

The Campanile Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019 and 2018

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –  
Continued

Income Taxes

TCF follows the guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is “more-likely-than-not” to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

TCF is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, though it is subject to tax on income unrelated to its exempt purpose unless that income is otherwise excluded by the Code. TCF has also been recognized by the California Franchise Tax Board as an organization that is exempt from California franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. TCF has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; to identify and evaluate other matters that may be considered tax positions. TCF has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (“US GAAP”) requires management to make estimates and assumptions that affect the amount reported in the financial statements and accompanying notes. Significant estimates include the discount rates on pledges receivable, the note receivable and unitrust liabilities, the life expectancy of annuitants of unitrusts, the collectability of pledges receivables and the fair values of alternative investments in hedge funds. Actual results could differ from those estimates.

Recent Accounting Pronouncement

In May 2015, the FASB issued Accounting Standards Update (“ASU”) 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*. The guidance specifically clarifies how investments valued using the net asset value (NAV) practical expedient within the fair value hierarchy should be classified. The ASU was issued in order to address diversity in practice. The amended standard’s key position exempts investments measured using the NAV practical expedient from categorization within the fair value hierarchy and related disclosures. This new guidance was adopted in the current fiscal year. There was no impact on the leveling tables in Note 5.

During 2019, TCF adopted ASU No. 2016-14 - *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity’s liquidity, financial performance, and cash flows. Main provisions of this guidance include a presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restriction when the associated long-lived asset is placed in service; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions.

The Campanile Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019 and 2018

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –  
Continued

The guidance also enhances disclosures for board designated amounts, the composition of net assets without donor restrictions, liquidity and expenses by both their natural and functional classification.

A recap of the net asset reclassifications driven by the adoption of ASU 2016-14 as of June 30, 2019, follows. ASU 2016-14 requires an underwater donor-restricted endowment fund to include any accumulated losses with that fund in net assets with donor restrictions. During the year ended June 30, 2019, \$90,111 of underwater endowments was transferred from net assets without donor restrictions to net assets with donor restrictions.

Net Assets Classifications	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
As previously presented:			
Unrestricted	\$ 3,097,972	\$ -	\$ 3,097,972
Temporarily restricted	-	137,337,151	137,337,151
Permanently restricted	-	195,638,717	195,638,717
Net assets as previously presented	3,097,972	332,975,868	336,073,840
Reclassifications to implement ASU 2016-14:			
Underwater endowments	90,111	(90,111)	-
Net assets, as reclassified	\$ 3,188,083	\$ 332,885,757	\$ 336,073,840

NOTE 2 – OPERATING AGREEMENT

TCF has an operating agreement with SDSURF to receive certain administrative services, including cash management processes, gift account administration, and accounting and financial reporting assistance. SDSURF receives an administrative fee when TCF funds are expended and at year-end, an additional administrative fee is assessed to TCF Operations to meet the agreed-upon annual fee. The due from affiliate asset represents the status of that relationship as of June 30, 2019, and 2018 in terms of balances held by SDSURF that are being managed on behalf of TCF. In April 2018, the agreement was slightly revised and renewed for five years through June 30, 2023. A clause was added that either party can terminate the agreement with six months' written notice.

The balance of due from/(to) affiliate as of June 30, 2019 represents \$(2,574,150) held for campus programs, \$10,323,661 for student aid and \$722,795 for endowments.

The balance of due from/(to) affiliate as of June 30, 2018 represents \$(5,408,128) held for campus programs, \$11,233,409 for student aid and \$(214,300) for endowments.

During the years ended June 30, 2019, and 2018 TCF transferred \$7,654,257 and \$6,287,660, respectively, from its net assets to the University for scholarships.

As of June 30, 2019, and 2018, scholarship funds held by TCF are committed to students for the following school year. However, qualifying events have not occurred to release the funds to the University for disbursement to the recipients.

The Campanile Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019 and 2018

NOTE 3 – RESTRICTIONS ON NET ASSETS

With Donor Restrictions

Net assets with donor restrictions as of June 30 are available for the following purposes and periods:

	<u>2019</u>	<u>2018</u>
Student aid	\$ 108,011,711	\$ 106,680,707
Campus programs	224,857,860	214,838,788
Annuity life income trusts for campus programs and student aid	16,306,796	11,366,262
	<u>\$ 349,176,367</u>	<u>\$ 332,885,757</u>

Included in the Campus Programs balances are nonexpendable endowment funds. As of June 30, 2019 the balance of funds to be held in perpetuity was \$197,335,493 and as of June 30, 2018, \$195,638,717.

Net assets released from restrictions were released by the incurrence of expenses satisfying the restricted purpose or by the occurrence of events specified by the donors.

	<u>2019</u>	<u>2018</u>
Released from restrictions:		
Use or time restricted	\$ (28,790,814)	\$ (28,634,682)
Student aid	<u>(3,277,714)</u>	<u>(3,123,844)</u>
	<u>\$ (32,068,528)</u>	<u>\$ (31,758,526)</u>

TCF's pooled endowment portfolio consists of over 845 individual donor-restricted funds established for a variety of purposes. As required by US GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees (the "Board") to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

TCF's Board has interpreted the California Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the Board's goal, using prudent investment techniques, to be the preservation of the fair value of the original endowed gifts, absent explicit donor stipulations to the contrary.

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

- The duration and preservation of the fund
- The purpose of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

The Campanile Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019 and 2018

NOTE 3 – RESTRICTIONS ON NET ASSETS – Continued

TCF's Board classified CRTs as net assets with donor restrictions. A CRT is an arrangement in which a donor establishes and funds a trust with specified distributions to be made to a designed beneficiary or beneficiaries over the trust's term. Upon termination of the trust, TCF receives the assets remaining in the trust. TCF recognizes the contributions in the period in which the trust is established. In subsequent periods, adjustments to net assets with donor restrictions are made to reflect changes in the fair value, payments to beneficiaries and changes in actuarial assumptions during the term of the trust.

TCF's Board also classified as net assets with donor restrictions the original value of gifts donated to a permanent endowment fund and the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund is also classified as net assets with donor restrictions until such time as appropriated for expenditure.

Endowment investments are made according to the Investment Policy Statement adopted by TCF's Board of Trustees. These guidelines provide for investments in various asset classes, with performance measured against appropriate indices. TCF has contracted with an investment firm to act as its Outsourced Chief Investment Officer (OCIO).

This investment policy and strategy is to emphasize total return – that is, the aggregate return from capital appreciation and dividend and interest income – in an attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Within this framework, specific investment objectives for endowment investments include liquidity, preservation of capital, preservation of purchasing power, and long-term growth of capital.

The investment policy establishes an achievable return objective through diversification of asset classes. The current long-term return objective is to produce, after investment expenses, a minimum annual compound total rate of return of 4 percent in excess of the rate of inflation. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, TCF relies on a total return strategy in which investment returns are archived through both capital appreciation (realized and unrealized) and current yield (interest and dividends). TCF targets a diversified asset allocation that places a greater emphasis on equity-based investment to achieve its long-term return objectives with prudent risk parameters.



The Campanile Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019 and 2018

NOTE 3 – RESTRICTIONS ON NET ASSETS – Continued

Target asset allocation:

The asset allocation of TCF shall be reviewed at least quarterly by the Finance and Investment Committee to ensure that the target allocation is in compliance with the following guidelines:

<b><u>Asset Class</u></b>	<b><u>Target Allocation</u></b>	<b><u>Minimum</u></b>	<b><u>Maximum</u></b>
<b><u>Growth Assets</u></b>			
Global Equity	40%	30%	50%
Private Equity	10%	0%	15%
<b><u>Credit</u></b>			
High Yield Bonds	3%	0%	6%
Bank Loans	3%	0%	6%
Emerging Markets Debt	2%	0%	4%
<b><u>Inflation Hedges</u></b>			
Natural Resources	3%	0%	6%
Real Estate	7%	0%	10%
TIPS	4%	0%	8%
<b><u>Risk Mitigation</u></b>			
Core Fixed Income	23%	15%	35%
Hedge Funds	5%	0%	10%
Cash	0%	0%	10%

The assets mix policy and acceptable minimum and maximum ranges established by the Finance and Investment Committee, and approved by the Board, represent a long-term view. Rapid and significant market movements may cause the fund's actual asset mix to fall outside the policy range. Any such divergence should be of a short-term structure.

Endowment distributions are performed in accordance with TCF's Board Policy on Investments. For the fiscal years ended June 30, 2019, and 2018, the Board's adopted distribution rate was 4 percent of the endowment principal market value using a three-year moving average. However, in both fiscal years, in the event that the market value of a true endowment's share of the pooled endowment portfolio falls below the original value of the gift, distributions are limited to certain reserves created from "reinvesting" dividend and interest income.

Amounts distributed from endowments per the Board's policy are classified as with donor restrictions for a specific purpose on the statements of financial position. Purpose restrictions generally include student aid, faculty and program excellence.

The Campanile Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019 and 2018

NOTE 3 – RESTRICTIONS ON NET ASSETS - Continued

The composition of donor-restricted endowment funds is as follows:

<u>As of</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>
June 30, 2019	\$ -	\$ 308,308,377
June 30, 2018	\$ -	\$ 292,947,653

Changes in endowment net assets for the fiscal year ended June 30, 2019, are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Assets</u>
Endowment net assets, beginning of year	\$ -	\$ 292,947,653	\$ 292,947,653
Investment return:			
Investment income	-	1,538,300	1,538,300
Net appreciation (depreciation)	-	11,638,922	11,638,922
Total investment return	-	13,177,222	13,177,222
Contributions	-	15,897,899	15,897,899
Appropriations for expenditure	-	(13,714,397)	(13,714,397)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 308,308,377</u>	<u>\$ 308,308,377</u>

The Campanile Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019 and 2018

NOTE 3 – RESTRICTIONS ON NET ASSETS - Continued

Changes in endowment net assets for the fiscal year ended June 30, 2018, are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Assets</u>
Endowment net assets, beginning of year	\$ -	\$ 261,544,321	\$ 261,544,321
Investment return:			
Investment income	-	3,618,862	3,618,862
Net appreciation (depreciation)	-	5,628,279	5,628,279
Total investment return	-	9,247,141	9,247,141
Contributions	-	35,808,868	35,808,868
Appropriations for expenditure	-	(13,652,677)	(13,652,677)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 292,947,653</u>	<u>\$ 292,947,653</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires TCF to retain as a fund of perpetual duration. In accordance with US GAAP, one deficiency of this nature exist in donor-restricted endowment, with an original gift value of \$23,308, a current fair value of \$15,503, and a deficiency of \$7,805, as of June 30, 2019. As of June 30, 2018, there were 43 deficiencies totalling \$90,111, from an original gift value of \$24,001,919 and a current fair value of \$23,911,808. The deficiencies resulted from unfavorable market returns.

NOTE 4 - INVESTMENTS

TCF has investments that include mutual funds and external investment funds and is therefore subject to concentrations of credit risk. Investments are selected by the investment firm that TCF has contracted to act as its Outsourced Chief Investment Officer (OCIO). Selections must abide by TCFs Investment Policy Statement (IPS) and are reviewed at least quarterly by TCFs Finance and Investment Committee.

The investments of TCF are exposed to interest rate and market risk. Economic conditions can impact these risks and resulting market value can be either positively or adversely affected. If the level of risk increases in the near term, it is possible that the investment balances and the amounts reported in the financial statements could be materially affected by market fluctuations. Although the market value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of TCF and its beneficiaries.

The Campanile Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019 and 2018

NOTE 4 – INVESTMENTS – Continued

As of June 30, total investments consisted of the following:

	<u>2019</u>	<u>2018</u>
<b><u>Growth Assets</u></b>		
Global Equity	\$ 118,695,425	\$ 134,007,212
<b><u>Credit</u></b>		
High Yield Bonds	26,385	6,435,838
Bank Loans	212,923	7,555,370
Emerging Markets Debt	5,459,870	4,882,296
<b><u>Inflation Hedges</u></b>		
Natural Resources	7,171,483	8,588,329
Real Estate	15,637,213	15,772,307
TIPS	18,291,801	17,640,266
<b><u>Risk Mitigation</u></b>		
Core Fixed Income	124,246,868	109,943,751
Hedge Funds	39,720,042	14,709,155
Cash	2,374,875	1,880,610
<b><u>Other</u></b>		
Deferred Gifts	21,039,225	16,034,749
Other Investments	<u>457,743</u>	<u>457,743</u>
	<u>\$ 353,333,853</u>	<u>\$ 337,907,626</u>

Deferred gifts are invested primarily in fixed income and low-risk equities with the long-term investment portfolio designed to minimize risk and maintain the ability to meet the payment obligations to the beneficiaries as determined in the gift agreements.

Effective July 1, 2007, TCF agreed to be the endowment pool manager for SDSURF. As of June 30, 2019 and 2018, SDSURF had (at fair value) \$23,613,206 and \$21,317,210, respectively, in the endowment pool. That amount is included in the long-term investments of TCF and the related liability is shown as due to SDSURF in the liabilities of TCF as stated on the statements of financial position.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019 and 2018

NOTE 5 – FAIR VALUE MEASUREMENTS

Short-term investment amounts due from an affiliate, accrued liabilities and accounts payable approximate fair value due to the immediate short-term maturity of these financial instruments. Other receivables benefits at their net realizable value. The carrying amount of long-term pledges receivable and the note receivable are discounted to their estimated net present value, which approximates fair value. Investments are presented in the financial statements at fair value in accordance with US GAAP. Investments in securities traded on a national securities exchange, or reported on the NASDAQ national market, are stated at the last reported sales price on the day of valuation; other securities traded in the over-the-counter market and listed securities for which no sales were reported on that date are stated at the last quoted bid price. Investments that consist of funds that utilize a variety of absolute return strategies are reported at the fair value of the shares owned in each fund.

Investments in commingled funds are valued at fair value based on the applicable percentage ownership of the underlying partnerships' net assets as of the measurement date, as determined by the general partner. In determining fair value, the general partner utilizes valuations provided by the underlying investment partnerships. The underlying investment partnership values securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of the underlying investments partnerships, which may include private placements and other securities for which prices are not readily available, are determined by the general partner or sponsor of the respective investment partnership and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments. The fair value of the partnership's investments in investment partnerships generally represents the amounts the partnership would expect to receive if it were to liquidate its investment in the investment partnerships, excluding any redemption charges that may apply.

Due to SDSURF is carried at the fair value of the related investments included in the pooled endowment funds.

The FASB's authoritative guidance on fair value measurements establishes a framework for measuring fair value and expands disclosure about fair value measurements. This guidance enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determinate fair values. Under this guidance, assets and liabilities carried at fair value must be classified and disclosed in one of the following three categories:

- Level 1 - Observable inputs such as quoted market prices in active markets. Classifications currently include cash and investments in funds that are priced daily and trade over an active exchange such as the New York Stock Exchange.
- Level 2 - Inputs other than the quoted prices in active markets, which are observable either directly or indirectly.

The Campanile Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019 and 2018

NOTE 5 – FAIR VALUE MEASUREMENTS - Continued

Level 3 - Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions. Classifications currently include commingled funds that do not have daily pricing on an active exchange but where a substantial portion of a fund's fair value could be determined based on quoted market prices of underlying investments held by the fund and the estimated fair value of certain investments of the underlying investment partnership, which may include private placements and other securities for which prices are not readily available, and are determined by the general partner or sponsor of the respective other investment partnership and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized.

Investments measured using a Net Asset Value (NAV) per share, or its equivalent, are not classified in the fair value hierarchy above because they may or may not be redeemed at the NAV or because redemption at NAV is uncertain due to lock-up periods or other investments restrictions.

The Campanile Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019 and 2018

NOTE 5 – FAIR VALUE MEASUREMENTS - Continued

As of June 30, assets (liabilities) measured at fair value on a recurring basis are as follows:

	2019				Net Asset Value
	Total	Level 1	Level 2	Level 3	
<b><u>Growth Assets</u></b>					
Global Equity	\$ 118,695,425	\$ 61,494,548	\$ -	\$ 37,177,091	\$ 20,023,786
<b><u>Credit</u></b>					
High Yield Bonds	26,385	26,385	-	-	-
Bank Loans	212,923	-	-	-	212,923
Emerging Markets Debt	5,459,870	5,459,870	-	-	-
<b><u>Inflation Hedges</u></b>					
Natural Resources	7,171,483	-	-	-	7,171,483
Real Estate	15,637,213	-	-	-	15,637,213
TIPS	18,291,801	12,095,882	-	-	6,195,919
<b><u>Risk Mitigation</u></b>					
Core Fixed Income	124,246,868	124,246,868	-	-	-
Hedge Funds	39,720,042	11,937,187	-	-	27,782,855
Cash	2,374,875	2,374,875	-	-	-
<b><u>Other</u></b>					
Deferred Gifts	21,039,225	21,039,225	-	-	-
Other Investments	457,743	457,743	-	-	-
<b>Total investments</b>	<b>\$ 353,333,853</b>	<b>\$ 239,132,583</b>	<b>\$ -</b>	<b>\$ 37,177,091</b>	<b>\$ 77,024,179</b>
Beneficial interest in trusts	\$ 4,096,449	\$ -	\$ -	\$ 4,096,449	\$ -
Due to SDSURF	\$ (23,613,206)	\$ -	\$ -	\$ (23,613,206)	\$ -
	2018				Net Asset Value
	Total	Level 1	Level 2	Level 3	
<b><u>Growth Assets</u></b>					
Global Equity	\$ 134,007,212	\$ 82,158,099	\$ -	\$ 33,584,368	\$ 18,264,745
<b><u>Credit</u></b>					
High Yield Bonds	6,435,838	6,435,838	-	-	-
Bank Loans	7,555,370	-	-	-	7,555,370
Emerging Markets Debt	4,882,296	4,882,296	-	-	-
<b><u>Inflation Hedges</u></b>					
Natural Resources	8,588,329	-	-	-	8,588,329
Real Estate	15,772,307	-	-	-	15,772,307
TIPS	17,640,266	17,640,266	-	-	-
<b><u>Risk Mitigation</u></b>					
Core Fixed Income	109,943,751	63,544,070	31,400,540	-	14,999,141
Hedge Funds	14,709,155	-	-	-	14,709,155
Cash	1,880,610	1,880,610	-	-	-
<b><u>Other</u></b>					
Deferred Gifts	16,034,749	16,034,749	-	-	-
Other Investments	457,743	457,743	-	-	-
<b>Total investments</b>	<b>\$ 337,907,626</b>	<b>\$ 193,033,671</b>	<b>\$ 31,400,540</b>	<b>\$ 33,584,368</b>	<b>\$ 79,889,047</b>
Beneficial interest in trusts	\$ 4,095,811	\$ -	\$ -	\$ 4,095,811	\$ -
Due to SDSURF	\$ (21,317,210)	\$ -	\$ -	\$ (21,317,210)	\$ -

The Campanile Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019 and 2018

NOTE 5 – FAIR VALUE MEASUREMENTS – Continued

The fair value of the beneficial interest in trusts has been determined based on the fair value of the assets discounted using the single and joint and survivor life expectancies from the 2012 Individual Annuity Reserve Table (2012 IAR Table) for the 2019 valuation year.

The fair value of the liabilities due to SDSURF has been determined based on SDSURF's share of the market value of the investments in the endowment pool.

The following table reflects a reconciliation of TCF's beginning and ending Level 3 investments:

	<u>2019</u>	<u>2018</u>
Beginning balance	\$ 33,584,368	\$ -
Investment Income	383,061	1,271,215
Realized and unrealized gains	3,209,662	3,486,529
Realized and unrealized losses	-	(873,376)
Additions	-	29,700,000
Withdrawals	-	-
	<u>                    </u>	<u>                    </u>
Ending balance	<u>\$ 37,177,091</u>	<u>\$ 33,584,368</u>

The following table reflects a reconciliation of TCF's beginning and ending Level 3 liability to SDSURF:

	<u>2019</u>	<u>2018</u>
Beginning balance	\$ 21,317,210	\$ 19,577,168
Realized and unrealized gains	2,110,335	904,226
Realized and unrealized losses	(1,215,016)	(390,547)
Additions	1,400,677	1,953,666
Withdrawals	-	(727,303)
	<u>                    </u>	<u>                    </u>
Ending balance	<u>\$ 23,613,206</u>	<u>\$ 21,317,210</u>

The following table reflects a reconciliation of the beginning and ending investment balances for TCF's total investments:

	<u>2019</u>	<u>2018</u>
Beginning balance	\$ 337,907,626	\$ 299,288,179
Total realized and unrealized gains, net, included in change in net assets	10,870,236	5,197,606
Net additions, purchases, sales and maturities	4,555,991	33,421,841
	<u>                    </u>	<u>                    </u>
Ending balance	<u>\$ 353,333,853</u>	<u>\$ 337,907,626</u>



The Campanile Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019 and 2018

NOTE 5 – FAIR VALUE MEASUREMENTS - Continued

The following tables set forth additional disclosures of TCF's investments whose fair value is estimated using net asset value per share (or its equivalent) as of June 30, 2019:

	Fair Value	Number of Funds	Unfunded Commitment	Redemption Frequency	Redemption Notice Period <sup>(h)</sup>
Global Equity <sup>(a)</sup>	\$ 20,023,786	2	\$ -	Daily / Monthly	NA / T-30
Bank Loans <sup>(b)</sup>	\$ 212,923	1	\$ -	Monthly	T-90
Natural Resources <sup>(c)</sup>	\$ 7,171,483	1	\$ -	Daily	NA
Real Estate <sup>(d)</sup>	\$ 15,637,213	1	\$ -	Quarterly	T-60
Core Fixed Income <sup>(e)</sup>	\$ -	0	\$ -	Daily	NA
Hedge Funds <sup>(f)</sup>	\$ 27,782,855	5	\$ -	Daily / Quarterly	NA / T-90
Treasury Inflation-Protected Securities <sup>(g)</sup>	\$ 6,195,919	1	\$ -	Daily	NA

(a) Investment in a commingled fund that invests in publically sold companies.

(b) Investment in a CIT that invests in bank loans.

(c) Investment in a CIT that invests in natural resources and commodities.

(d) Investment in a commingled fund that invests in real estate, which represents long-term investments.

(e) Investment in a CIT that invests in core fixed income.

(f) Investment in a limited partnership that can invest in but is not limited to equities, fixed income, options, interest rates, commodities, currencies, etc.

(g) Investment in a Treasury Protected Security is a Treasury bond that is indexed to inflation.

(h) Redemption Notice Period is a minimum notice time-frame investors may be required to give advance notice before any redemption. Redemption notice periods range from 30 days to one year, although the most common periods notice periods are 30, 60 and 90 days, T-30, T-60, and T-90, respectively. Some funds do not impose a minimum redemption notice period.

NOTE 6 – PLEDGES RECEIVABLE

Contributions are recorded as revenue and as a pledge receivable when a donor makes an unconditional promise to give. Unconditional contributions expected to be received at the time of gift in more than a year's time are recorded at their expected net present values using discount rates commensurate within the risks involved. The rates used to discount pledges outstanding at June 30, 2019, and 2018 ranged from 2.01 percent to 3.98 percent. Pledges receivable are assessed periodically for collectability. The allowance for uncollectable pledges receivables was \$366,858 and \$586,666 as of June 30, 2019, and 2018, respectively.

Contributions pledged are expected to be collected as follows as of June 30:

	2019	2018
Amounts due in:		
Less than one year	\$ 5,943,232	\$ 6,767,100
One to five years	10,540,453	7,274,760
More than five years	10,000	80,000
Less discount to present value	(947,070)	(722,201)
Less Allowance for Uncollectable Pledges	(366,858)	(586,666)
	<u>\$ 15,179,757</u>	<u>\$ 12,812,993</u>

The Campanile Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019 and 2018

NOTE 7 – NOTE RECEIVABLE

The note receivable originated during 2008 from a single donor in the amount of approximately \$8.6 million, which consisted of the assignment of six promissory notes held by the donor and which were assigned to TCF in fulfillment of the donor's pledge. The original terms of the note were that it accrued interest at 4.35 percent per annum and matured in 2034. During 2014 a new note agreement was reached with the donor to alter terms to accrue interest at 2.40 percent per annum and to mature in 2036. The current note agreement requires annual payments of principal and interest of approximately \$376,000, with a final payment of remaining principal and interest in 2036.

Principal payments due in the years ending June 30, :

2020	\$	254,595
2021		260,705
2022		266,962
2023		273,369
2024		279,930
Thereafter		<u>3,731,995</u>
Total principal due	\$	<u>5,067,556</u>

NOTE 8 – AMOUNTS HELD ON BEHALF OF OTHERS

TCF administers service scholarship funds for the University where the recipient of the scholarship is pre-determined by the donor when the funds are donated to TCF. In accordance with US GAAP, these funds are held as a liability on the statements of financial position, as TCF has no variance power.

The Campanile Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019 and 2018

NOTE 9 – LIQUIDITY

The following chart represents The Campanile Foundation's financial assets available to meet cash needs for general expenditure within one year as of June 30, 2019. Amounts not available include amounts set aside for long-term investing in the endowment that is unavailable for expenditure, beneficial interest in trusts, and noncurrent portions of notes receivable and pledge receivables. Financial assets are considered unavailable if not liquid or convertible within one year.

The Campanile Foundation commitments to campus programs and student scholarships are dependent on available resources. For example, as mentioned in Note 3, The Foundation has established an annual spending rate of 4.0% of endowment principal based upon a rolling 3-year average market value. In the event that the market value of a true endowment's share of the pooled endowment portfolio falls below the original value of the gift, distributions are limited to certain reserves created from "reinvesting" dividends and interest income.

	2019	2018
Cash equivalents	\$ -	\$ -
Short-term investments	2,821,319	2,197,253
Long-term investments	350,512,534	335,710,373
Pledges receivable, net	15,179,757	12,812,993
Note receivable	5,067,556	5,316,184
Due from affiliate	8,472,306	5,610,981
Beneficial interest in trusts	4,096,448	4,095,811
Other receivables, net	847,773	898,508
Total financial assets	<u>\$ 386,997,693</u>	<u>\$ 366,642,103</u>
Less financial assets unavailable for general expenditure within one year		
Long-term investments	\$ (350,512,534)	\$ (335,710,373)
Noncurrent portion of note receivable	(4,812,961)	(5,067,556)
Noncurrent portion of pledge receivable	(9,375,081)	(6,210,302)
Beneficial interest in trusts	<u>(4,096,448)</u>	<u>(4,095,811)</u>
Liquid financial assets available within one year	<u>\$ 18,200,669</u>	<u>\$ 15,558,061</u>

NOTE 10 – SUBSEQUENT EVENTS

TCF has evaluated subsequent events through September 11, 2019, the date the financial statements were available to be issued and has determined that there were no subsequent events to recognize in these financial statements.

**SUPPLEMENTARY INFORMATION**

The Campanile Foundation  
SCHEDULE OF NET POSITION

June 30, 2019

(for inclusion in the California State University)

Assets:

Current assets:

Cash and cash equivalents	\$	-
Short-term investments		2,821,319
Accounts receivable, net		9,320,079
Capital lease receivable, current portion		-
Notes receivable, current portion		254,595
Pledges receivable, net		5,804,676
Prepaid expenses and other current assets		-
Total current assets		<u>18,200,669</u>

Noncurrent assets:

Restricted cash and cash equivalents		-
Accounts receivable, net		-
Capital lease receivable, net of current portion		-
Notes receivable, net of current portion		4,812,961
Student loans receivable, net		-
Pledges receivable, net		9,375,081
Endowment investments		308,308,377
Other long-term investments		42,204,157
Capital assets, net		-
Other assets		4,096,448
Total noncurrent assets		<u>368,797,024</u>
Total assets	\$	<u>386,997,693</u>

The Campanile Foundation  
SCHEDULE OF NET POSITION - CONTINUED  
June 30, 2019  
(for inclusion in the California State University)

Deferred outflows of resources:	
Unamortized loss on debt refunding	\$ -
Net pension liability	-
Net OPEB liability	-
Others	-
Total deferred outflows of resources	-
Liabilities:	
Current liabilities:	
Accounts payable	1,626,278
Accrued salaries and benefits	-
Accrued compensated absences, current portion	-
Unearned revenues	-
Capital lease obligations, current portion	-
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	25,049,539
Total current liabilities	26,675,817
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	-
Unearned revenues	-
Grants refundable	-
Capital lease obligations, net of current portion	-
Long-term debt obligations, net of current portion	-
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Net other postemployment benefits liability	-
Net pension liability	-
Other liabilities	7,523,545
Total noncurrent liabilities	7,523,545
Total liabilities	34,199,362
Deferred inflows of resources:	
Service concession arrangements	-
Net pension liability	-
Net OPEB liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Others	-
Total deferred inflows of resources	\$ -

The Campanile Foundation

SCHEDULE OF NET POSITION - CONTINUED

June 30, 2019

(for inclusion in the California State University)

Net Position:		
Net investment in capital assets	\$	-
Restricted for:		-
Nonexpendable – endowments		197,335,493
Expendable:		-
Scholarships and fellowships		19,180,402
Research		-
Loans		-
Capital projects		-
Debt service		-
Others		132,660,472
Unrestricted		<u>3,621,964</u>
Total net position	\$	<u><u>352,798,331</u></u>

The Campanile Foundation

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

June 30, 2019

(for inclusion in the California State University)

Revenues:

Operating revenues:

Student tuition and fees, gross	\$	-
Scholarship allowances (enter as negative)		-
Grants and contracts, noncapital:		
Federal		-
State		-
Local		-
Nongovernmental		-
Sales and services of educational activities		-
Sales and services of auxiliary enterprises, gross		-
Scholarship allowances (enter as negative)		-
Other operating revenues		<u>7,115,700</u>
Total operating revenues		<u>7,115,700</u>

Expenses:

Operating expenses:

Instruction		-
Research		-
Public service		-
Academic support		10,015,454
Student services		-
Institutional support		4,412,088
Operation and maintenance of plant		-
Student grants and scholarships		7,654,257
Auxiliary enterprise expenses		-
Depreciation and amortization		-
Total operating expenses		<u>22,081,799</u>
Operating income (loss)	\$	<u>(14,966,099)</u>



The Campanile Foundation

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - CONTINUED

June 30, 2019

(for inclusion in the California State University)

Nonoperating revenues (expenses):		
State appropriations, noncapital	\$	-
Federal financial aid grants, noncapital		-
State financial aid grants, noncapital		-
Local financial aid grants, noncapital		-
Nongovernmental and other financial aid grants, noncapital		-
Other federal nonoperating grants, noncapital		-
Gifts, noncapital		-
Investment income (loss), net		966,160
Endowment income (loss), net		10,870,236
Interest expense		-
Other nonoperating revenues (expenses) - excl. interagency transfers		-
Other nonoperating revenues (expenses) - interagency transfers		<u>(9,710,311)</u>
Net nonoperating revenues (expenses)		<u>2,126,085</u>
Income (loss) before other revenues (expenses)		(12,840,014)
State appropriations, capital		-
Grants and gifts, capital		-
Additions (reductions) to permanent endowments		29,564,505
Increase (decrease) in net position		16,724,491
Net position:		
Net position at beginning of year, as previously reported		336,073,840
Restatements		
Net position at beginning of year, as restated		<u>336,073,840</u>
Net position at end of year	\$	<u><u>352,798,331</u></u>

THE CAMPANILE FOUNDATION

Other Information

June 30, 2019

(for inclusion in the California State University)

<b>1 Cash and cash equivalents:</b>	
Portion of restricted cash and cash equivalents related to endowments	
All other restricted cash and cash equivalents	\$ _____
<b>Noncurrent restricted cash and cash equivalents</b>	_____ -
Current cash and cash equivalents	_____
<b>Total</b>	\$ _____ -

THE CAMPANILE FOUNDATION

Other Information - Continued

June 30, 2019

(for inclusion in the California State University)

2.1 Composition of investments:

	Current	Noncurrent	Total
Money market funds	\$ 2,375,170	\$ -	\$ 2,375,170
Repurchase agreements	-	-	-
Certificates of deposit	-	-	-
U.S. agency securities	-	-	-
U.S. treasury securities	319,472	123,927,396	124,246,868
Municipal bonds	-	-	-
Corporate bonds	-	5,699,178	5,699,178
Asset backed securities	-	-	-
Mortgage backed securities	-	-	-
Commercial paper	-	-	-
Mutual funds	-	118,695,425	118,695,425
Exchange traded funds	-	-	-
Equity securities	-	-	-
Alternative investments:	-	-	-
Private equity (including limited partnerships)	-	-	-
Hedge funds	-	39,720,042	39,720,042
Managed futures	-	-	-
Real estate investments (including REITs)	-	15,637,213	15,637,213
Commodities	-	7,171,483	7,171,483
Derivatives	-	-	-
Other alternative investment types	-	18,291,801	18,291,801
Other external investment pools (excluding SWIFT)	-	-	-
Other investments	126,677	21,369,996	21,496,673
State of California Local Agency Investment Fund (LAIF)	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-
<b>Total investments</b>	<b>2,821,319</b>	<b>350,512,534</b>	<b>353,333,853</b>
Less endowment investments (enter as negative number)	-	(308,308,377)	(308,308,377)
<b>Total investments, net of endowments</b>	<b>\$ 2,821,319</b>	<b>\$ 42,204,157</b>	<b>\$ 45,025,476</b>

THE CAMPANILE FOUNDATION

Other Information - Continued

June 30, 2019

(for inclusion in the California State University)

2.2 Fair value hierarchy in investments:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
Money market funds	\$ 2,374,875	\$ 2,374,875	\$ -	\$ -	\$ -
Repurchase agreements	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
U.S. agency securities	-	-	-	-	-
U.S. treasury securities	124,246,868	124,246,868	-	-	-
Municipal bonds	-	-	-	-	-
Corporate bonds	5,699,178	5,486,255	-	-	212,923
Asset backed securities	-	-	-	-	-
Mortgage backed securities	-	-	-	-	-
Commercial paper	-	-	-	-	-
Mutual funds	118,695,425	61,494,548	-	37,177,091	20,023,786
Exchange traded funds	-	-	-	-	-
Equity securities	-	-	-	-	-
Alternative investments:					
Private equity (including limited partnerships)	-	-	-	-	-
Hedge funds	39,720,042	11,937,187	-	-	27,782,855
Managed futures	-	-	-	-	-
Real estate investments (including REITs)	15,637,213	-	-	-	15,637,213
Commodities	7,171,483	-	-	-	7,171,483
Derivatives	-	-	-	-	-
Other alternative investment types	18,291,801	12,095,882	-	-	6,195,919
Other external investment pools (excluding SWIFT)	-	-	-	-	-
Other investments	21,496,968	21,496,968	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-
<b>Total investments</b>	<b>\$ 353,333,853</b>	<b>\$ 239,132,583</b>	<b>\$ -</b>	<b>\$ 37,177,091</b>	<b>\$ 77,024,179</b>

THE CAMPANILE FOUNDATION

Other Information - Continued

June 30, 2019

(for inclusion in the California State University)

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

	<u>Current</u>		<u>Noncurrent</u>		<u>Total</u>
Investments held by the University under contractual agreements (e.g CSU Consolidated SWIFT Inv pool):	\$	-	\$	-	\$ -



THE CAMPANILE FOUNDATION

Other Information - Continued

June 30, 2019

(for inclusion in the California State University)

3.2 **Detail of depreciation and amortization expense:**  
 Depreciation and amortization expense related to capital assets  
 Amortization expense related to other assets  
**Total depreciation and amortization**

\$ -  
**\$ -**

4 **Long-term liabilities:**

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

THE CAMPANILE FOUNDATION

Other Information - Continued

June 30, 2019

(for inclusion in the California State University)

5 Capital lease obligations schedule:

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

6 Long-term debt obligations schedule:

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



THE CAMPANILE FOUNDATION

Other Information - Continued

June 30, 2019

(for inclusion in the California State University)

**7 Transactions with related entities:**

Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$	475,015
Payments to University for other than salaries of University personnel	\$	851,109
Payments received from University for services, space, and programs	\$	48,448
Gifts-in-kind to the University from discretely presented component units	\$	2,017,594
Gifts (cash or assets) to the University from discretely presented component units	\$	24,833,625
Accounts (payable to) University (enter as negative number)	\$	2,987,511
Other amounts (payable to) University (enter as negative number)	\$	-
Accounts receivable from University (enter as positive number)	\$	-
Other amounts receivable from University (enter as positive number)	\$	(741,165)

**8 Restatements/Prior period adjustments:**

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

Transaction #1 Enter transaction description

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

Transaction #2 Enter transaction description

THE CAMPANILE FOUNDATION

Other Information - Continued

June 30, 2019

(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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Research	-	-	-	-	-	-	-	-
Public service	-	-	-	-	-	-	-	-
Academic support	3,563,199	894,117	-	-	-	5,558,138	-	10,015,454
Student services	-	-	-	-	-	-	-	-
Institutional support	-	-	-	-	-	4,412,088	-	4,412,088
Operation and maintenance of plant	-	-	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	7,654,257	-	-	7,654,257
Auxiliary enterprise expenses	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	-	-
<b>Total operating expenses</b>	<b>\$ 3,563,199</b>	<b>\$ 894,117</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,654,257</b>	<b>\$ 9,970,226</b>	<b>\$ -</b>	<b>\$ 22,081,799</b>

10 Deferred outflows/inflows of resources:

1. Deferred Outflows of Resources

Deferred outflows - unamortized loss on refunding(s)	\$ -
Deferred outflows - net pension liability	-
Deferred outflows - net OPEB liability	-
Deferred outflows - others:	-

Total deferred outflows - others

**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:	-

Total deferred inflows - others

**Total deferred inflows of resources**

-  
\$ -