SDSU | Research Foundation

(a Component Unit of San Diego State University)

Financial Statements and Supplementary Information

June 30, 2022 and 2021
(With Independent Auditors' Report Thereon)

Contents

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
San Diego State University Research Foundation

Report on the financial statements

Opinions
We have audited the financial statements of the business-type activities and the aggregate remaining fund information of San Diego State University Research Foundation (a California State University Auxiliary Organization and Component Unit of San Diego State University) ("SDSU Research Foundation"), as of June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise SDSU Research Foundation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the business-type activities and the aggregate remaining fund information of SDSU Research Foundation as of June 30, 2022 and 2021, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinions
We conducted our audit of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the SDSU Research Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the SDSU Research Foundation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 SDSU Research Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the SDSU Research Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required supplementary information
Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis on pages 5-15, the Schedule of Changes in SDSU Research Foundation's Net OPEB Liability and Related Ratios Last Five Fiscal Years on page 38, and the Schedule of SDSU Research Foundation Contributions Last Five Fiscal Years on page 39 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a required 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 US GAAS. These limited procedures 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.

Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2022 on our consideration of the SDSU Research 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 SDSU Research 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 SDSU Research Foundation's internal control over financial reporting and compliance.

Grant Thornton LLP

San Diego, California
September 30, 2022

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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 Directors
San Diego State University Research 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 business-type activities and the aggregate remaining fund information of San Diego State University Research Foundation (a California State University Auxiliary Organization and Component Unit of San Diego State University) ("SDSU Research Foundation"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise SDSU Research Foundation's basic financial statements and have issued our report thereon dated September 30, 2022.

Report on internal control over financial reporting

In planning and performing our audit of the financial statements, we considered the SDSU Research Foundation's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of the SDSU Research 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 SDSU Research Foundation's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and other matters

As part of obtaining reasonable assurance about whether the SDSU Research 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 SDSU Research Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the SDSU Research Foundation's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

San Diego, California
September 30, 2022

Management's Discussion and Analysis (unaudited)

This section of the San Diego State University Foundation (dba San Diego State University (SDSU) Research Foundation) annual financial report includes management's discussion and analysis of the financial performance of SDSU Research Foundation for fiscal years (FY) ended June 30, 2022 and 2021. This discussion should be read in conjunction with the financial statements and notes.

Introduction to the Financial Statements

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, 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.

SDSU Research Foundation's financial statements include the Statements of Net Position; the Statements of Revenues; Expenses and Changes in Net Position; the Statements of Cash Flows; and the Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. These statements are supported by notes to the financial statements and Management's Discussion and Analysis. All sections must be considered together to obtain a complete understanding of the financial picture of SDSU Research Foundation.

Statements of Net Position

The Statements of Net Position include all assets, deferred outflows and inflows of resources, liabilities, and net position of SDSU Research Foundation. The statements also identify major categories of restrictions on the net position of SDSU Research Foundation.

Statements of Revenues, Expenses and Changes in Net Position

The Statements of Revenues, Expenses and Changes in Net Position present revenues earned and expenses incurred during the years on an accrual basis.

Statements of Cash Flows

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

Statements of Fiduciary Net Position and Changes in Fiduciary Net Position

The fiduciary funds are divided into two separate fund types: Other Post Employment Benefit Trust Funds and the Custodial Funds. These funds use the accrual basis of accounting.

Financial Overview

Summary

The following discussion highlights management's understanding of the key financial aspects of SDSU Research Foundation's financial activities as of and for the years ended June 30, 2022 and 2021 (FY 2022 and FY 2021, respectively). Included are comparative analyses of current year and prior year activities and balances; a discussion of restrictions of SDSU Research Foundation net position; and a discussion of capital assets and long-term debt.

Significant Events – Year Ended June 30, 2022

FY 2022 was defined by the partial emergence from the COVID-19 pandemic, the start of a new work model, and the prolific work of SDSU researchers. SDSU Research Foundation successfully implemented a hybrid work schedule for its central administrative staff and continued to follow California, San Diego County, and SDSU guidance related to COVID protocols. With few exceptions, SDSU researchers resumed their in-person work by fall 2021.

Despite the challenges of COVID-19 virus surges, changing mandates, and transitioning back to a classroom environment, 350 SDSU faculty and staff received a record $164.5 million in awards to support their research and education programs. Support came from 324 different federal, state, private, and other sponsors in 761 awards, with 24 awards recorded at $1 million or above, including seven at $3 million or more.

SDSU received one of its largest-ever awards last year: a five-year, $15 million NIH grant to establish SDSU FUERTE (Faculty Unified towards Excellence in Research and Transformational Engagement) and strengthen the pipeline of health disparities research.

Support increased last year from federal, local, foundation, and international sponsors. For example, there was an increase in support from the National Science Foundation (NSF), a major U.S. funding agency. Researchers received $13 million from NSF, a 43% increase over the previous year. The National Institutes of Health (NIH) awarded $32.8 million to SDSU. Of special note are the following prestigious awards made to SDSU faculty: eight NSF CAREER awards, five National Endowment for the Humanities awards, and a new National Endowment for the Arts award for the Prison Arts Collaborative. Many SDSU faculty continued to focus their research efforts on COVID-19-related projects, receiving $9.7 million in awards, a 26% increase over the previous year. A $3 million grant from NIH supports a program focusing on safely returning children to schools.

Other new research projects are addressing safe aviation autonomy, childhood irritability, water quality, teaching physics in 3D, drug resistance in tuberculosis, kelp aquaculture, population genomics, human-primate co-existence, and RNA modification.

KPBS continued its capital campaign during the fiscal year with the increased goal of $85 million. New gifts and pledge receivables recorded were $1.1 million and $8.0 million for FY 2022 and FY 2021, respectively. Cash receipts related to the KPBS capital campaign pledges were $4.7 million for FY 2022 and FY 2021. Due to the COVID-19 pandemic, the Paycheck Protection Program (PPP) under the Consolidated Appropriations Act 2021 (the Act) signed on December 27, 2020, section 317, expanded PPP forgivable loan eligibility, specifically for public radio and television stations licensed to universities and other institutions. SDSU Research Foundation applied for and received funding under the PPP program totaling $2.1 million on behalf of KPBS in FY 2021. The funds were used entirely for payroll, increasing KPBS SDSU Research Foundation employee hours to 40 per week for those individuals previously cut from full-time to 20 hours per week due to the pandemic. SDSURF applied for the loan forgiveness under this program in March 2022 with final approval for forgiveness provided by the Small Business Administration in July 2022. Due to accounting requirements, this forgiveness will be reflected in the FY 2023 financial statements as the official forgiveness notification did not occur during FY 2022.

SDSU Research Foundation implemented GASB 87 – Lease Accounting (Statement) in FY 2022 as required by the Governmental Accounting Standards Board (GASB). This Statement increases the usefulness of government and government-related entity financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement created a substantial impact to the financial statements, adding $39.9 million net in additional assets, $17.6 million in additional liabilities, and $22.0 million in additional Deferred inflow of resources.

Significant Events – Year Ended June 30, 2021

Fiscal year 2021 was defined by the second, and full-year of the COVID-19 pandemic. The March 2020 move to telework continued through June 30, 2021. SDSU Research Foundation continued to follow California, San Diego County and SDSU guidance during this time. Management created additional policies to address the needs of the pandemic including a Temperature Check Policy, Emergency Pay Policy for essential workers, Hiring Slowdown Exception Form, COVID-19 High Risk Employee Policy and a COVID-19 Paid Administration Leave Policy.

During this time, management efficiently and effectively managed the SDSU Research Foundation budget. After originally assuming the potential use of $3 million or more in reserves in the general fund budget (operating budget) due to the unknown impacts of the pandemic, management was able to minimize the potential use of reserves at the mid-year budget update to $212,000 with the final actual minimal use of reserves of $47,000.

Despite the ongoing pandemic, 320 SDSU faculty and staff received $140.6 million in 723 awards to support their research and education programs – an impressive achievement given pandemic challenges, an election year, and other economic challenges. Support came from 289 different federal, state, private and other sponsors. Most researchers were able to repopulate and resume their work in laboratories by the spring of 2021.

Prestigious National Science Foundation CAREER awards were made to three professors and National Institutes of Health K awards were made to five professors. Twenty grants of $1 million or more were received including ten at $2 million or higher. The largest grant of $7 million was made by the California Department of Health Services for the Women, Infants and Children program. Total funding from NIH increased slightly, demonstrating the continued strength of SDSU's health research portfolio. The fifth and final installment, $2.0 million, of a five-year $10 million expendable endowment from NIH was received in FY 2021.

Many SDSU faculty pivoted and focused their research on COVID-19 related projects. They received $7.6 million for 20 projects, including a $3.9 million award from the National Cancer Institute for the Communities Fighting COVID! Program.

Other new research projects address integrating second-life batteries with solar PV systems for commercial buildings ($2.8 million), the impact of climate change on the arctic carbon balance ($1 million), early childhood irritability ($1.1 million), a collaboration with the NSF Center for Synthetic Organic Electrochemistry ($955,000) and the competitive renewal of the Hispanic Community Health Study ($1.2 million).

SDSU Research Foundation entered into a ground lease of three properties to a developer on Montezuma Road (Viva 5750) at the front door of the SDSU campus in FY 2020. Construction of Viva 5750 with 183 beds of student housing and 63 parking spots, continued through FY 2021 with a planned opening in August 2021. SDSU Research Foundation will earn ground rent over the term of the 50-year ground lease, which will be a combination of fixed and variable rent.

During FY 2021, SDSU Research Foundation modified its existing ground lease with a developer for a property known as the "M @ College" on College Avenue. The developer sold the project to an unaffiliated non-profit and issued bonds to finance the project. As part of the modification, the terms were changed to reduce the length of the ground lease from 50 years to a maximum of 43 years, created a project advisory committee to review operating and budget recommendations to the new non-profit owner, and increased overall financial remuneration to SDSU Research Foundation over time.

Due to the COVID-19 pandemic, the Paycheck Protection Program (PPP) under the Consolidated Appropriations Act 2021 (the Act) signed on December 27, 2020, section 317, expanded PPP forgivable loan eligibility, specifically for public radio and television stations licensed to universities and other institutions. SDSU Research Foundation applied and received funding under the PPP program totaling $2.1 million on behalf of KPBS. The funds will be used entirely for payroll increasing KPBS SDSU Research Foundation employee hours to 40 per week for those individuals previously cut from full-time to 20 hours per week due to the pandemic. In addition, KPBS also planned to use such funds to move forward on position recruitments that were deferred due to the budget impact of COVID-19. SDSU Research Foundation will apply for and anticipates receiving loan forgiveness in fall 2021.

SDSU Research Foundation agreed, for another year, to defer principal payments on loans to fellow university auxiliary, Aztec Shops, due to the impact of the pandemic on their overall operations.

The federal government approved another one-year extension for the Facilities & Administrative (F&A) rate proposal, which moved the base year from which the F&A rate proposal is derived, from FY 2022 to FY 2023.

KPBS continued its capital campaign during FY 2021 with an increased goal of $85 million. The present value of new pledge receivables recorded with SDSU Research Foundation were $8.0 million and $2.1 million for FY 2021 and FY 2020, respectively. Cash receipts related to the KPBS capital campaign pledges were $4.7 million and $5.6 million for FY 2021 and FY 2020, respectively. To date KPBS has raised $37.6 million in realized cash gifts and pledges and $31.4 million in contingent (unrealized) pledges to the SDSU Research Foundation.

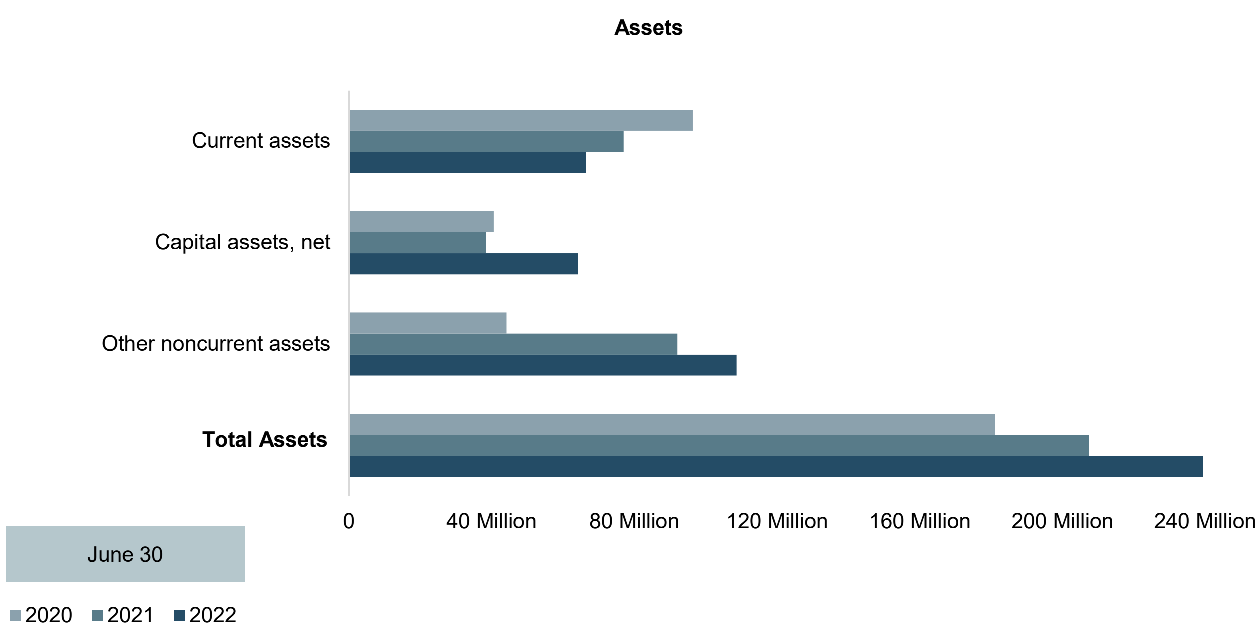
SDSU Research Foundation's condensed summary of net position as of June 30, 2022, 2021, and 2020 follows:

Condensed Summary of Net Position

	June 30		
	2022	**2021**	**2020**
Assets:			
Current assets	$ 66,510,683	$ 76,967,269	$ 96,335,132
Capital assets, net	64,225,183	38,429,647	40,623,772
Other noncurrent assets	108,633,022	92,046,952	44,137,443
Total Assets	239,368,888	207,443,868	181,096,347
Deferred outflows of resources	892,796	1,178,977	570,992
Liabilities			
Current liabilities	48,969,797	36,191,759	34,575,985
Noncurrent liabilities	51,703,689	37,210,215	31,339,650
Total liabilities	100,673,486	73,401,974	65,915,635
Deferred inflows of resources	29,883,366	6,747,011	3,692,975
Net Position:			
Net investment in capital assets	20,818,483	11,431,980	14,734,527
Restricted – nonexpendable	6,686,913	5,966,305	3,862,006
Restricted – expendable	22,233,153	40,861,443	31,851,834
Unrestricted	59,966,283	70,214,132	61,610,292
Total net position	$ 109,704,832	$ 128,473,860	$ 112,058,659

Assets
Total assets increased by $31.9 million from FY 2021 to FY 2022 mainly due to the implementation of GASB 87 – Lease Accounting, which added $3.6 million to Current assets, $22.0 million to Capital assets, net, and $14.3 million to Other noncurrent assets.

Total assets increased by $26.3 million from FY 2020 to FY 2021 due to an increase in Other noncurrent assets of $47.9 million, offset by a decrease of $2.2 million in Capital assets, net and $19.4 million in Current assets.



Current assets decreased by $10.5 million from FY 2021 to FY 2022 due to decreases in Short-term investments of $6.3 million, Restricted assets – short-term investments of $12.6 million, and Prepaid expenses of $182,000. This was offset by increases to Cash and cash equivalents of $3.7 million, Accounts and pledges receivable of $633,000, Notes receivable – current portion of $419,000, and the addition of Leases receivable of $3.9 million.

Current assets decreased by $19.4 million from FY 2020 to FY 2021 due to decreases in Cash and cash equivalents of $6.5 million and Short-term investments of $19.7 million, offset by increases in Restricted assets – short term investments of $1.0 million, Accounts and pledges receivable, net of $5.2 million, and Prepaid expenses of $600,000 The decrease in overall Current assets is mostly due to a shift in cash and investments into longer term investments from short term investments.

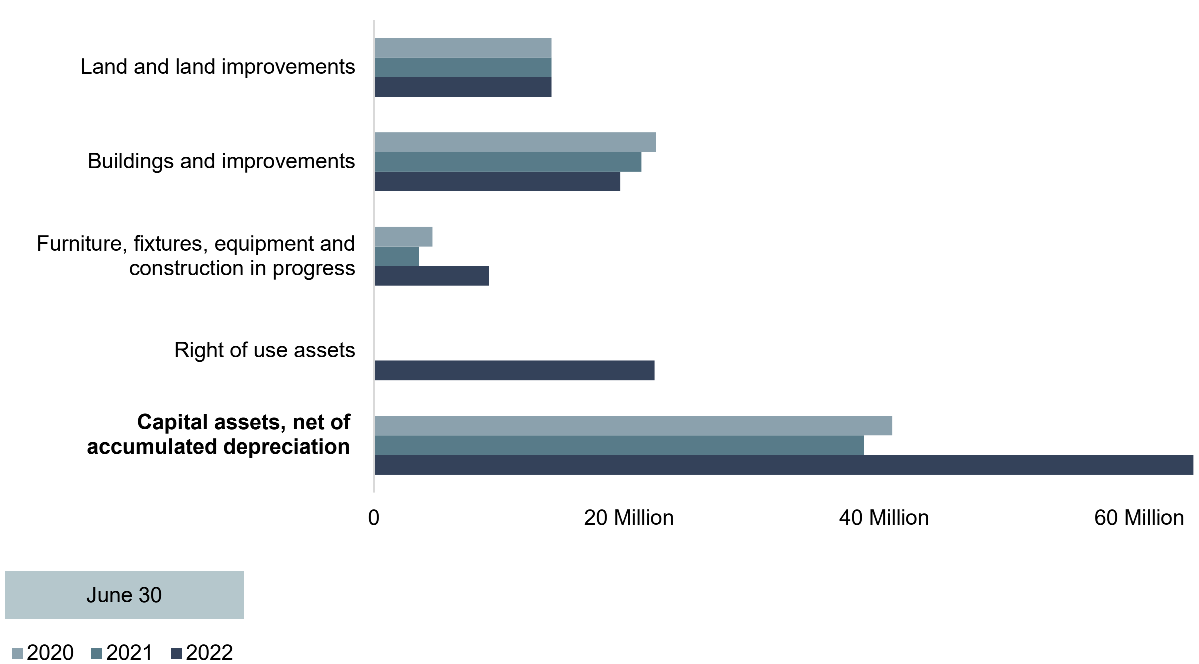
Capital assets, net of accumulated depreciation, are shown below:

	June 30		
	2022	**2021**	**2020**
Land and land improvements	$ 13,914,536	$ 13,914,536	$ 13,914,536
Buildings and improvements	19,296,283	20,972,871	22,125,111
Furniture, fixtures, equipment, and construction in progress	9,021,880	3,542,240	4,584,125
Right of use assets	21,992,484	-	-
Capital assets, net of accumulated depreciation	$ 64,225,183	$ 38,429,647	$ 40,623,772

Capital assets increased by $25.8 million from FY 2021 to FY 2022 mainly due to the implementation of GASB 87 – Lease Accounting, which added $22.0 million to Right of use assets, as well as an increase of $5.7 million in Construction of progress due to the KPBS building expansion project.

Capital assets decreased by $2.2 million from FY 2020 to FY 2021 from additions of building improvements, additions and dispositions of equipment, and increased Accumulated depreciation from depreciation expense of $4.5 million.

Capital Assets



Other noncurrent assets increased by $16.6 million from FY 2021 to FY 2022 mainly due to the implementation of GASB 87 – Lease Accounting, which added $18.7 million to Leases receivable, as well as an increase to Long-term investments, offset by decreases in Pledges receivable, Restricted assets – investments, Notes receivable, and Other assets.

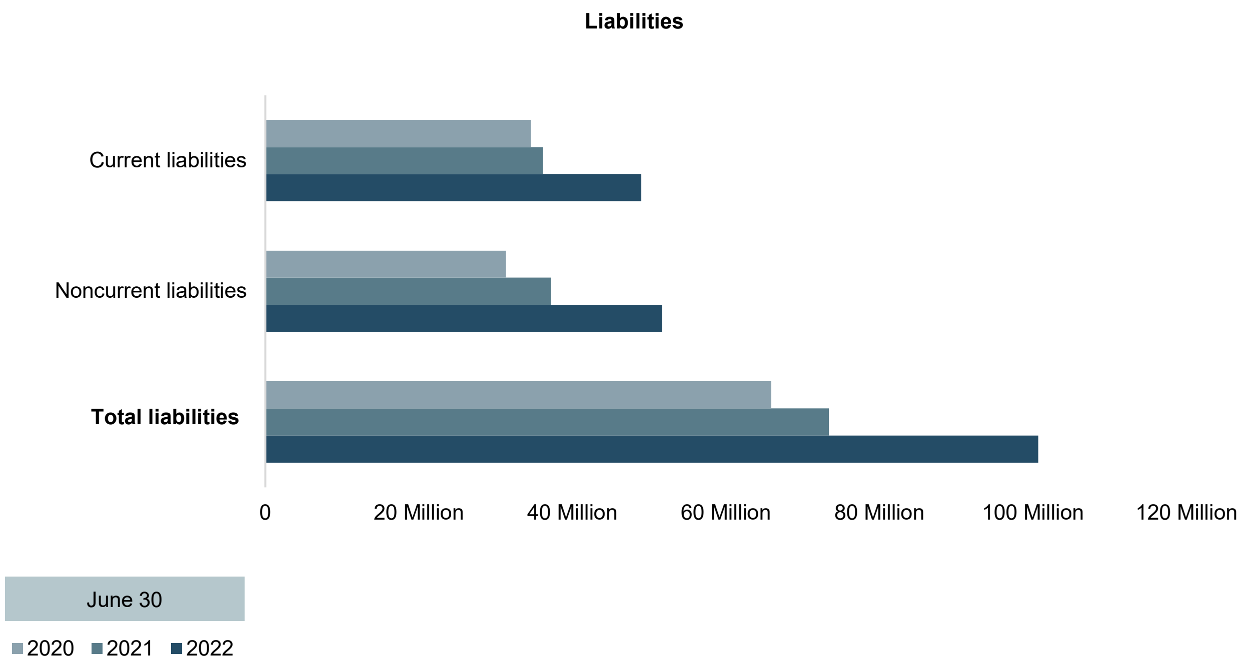
Other noncurrent assets increased by $47.9 million from FY 2020 to FY 2021 primarily from an increase in Pledges receivable from the KPBS capital campaign as well as increase in Long-term investments and Other assets.

Deferred Outflows of Resources
Deferred outflows of resources decreased by $286,000 from FY 2021 to FY 2022 primarily due to a slight decrease in Unamortized loss on bond refunding and a decrease in other postemployment benefits (OPEB) related outflows of resources due to changes in assumptions related to the actuarial valuation.

Deferred outflows of resources increased by $608,000 from FY 2020 to FY 2021 primarily due to a slight decrease in Deferred loss on bond refunding and an increase in OPEB related outflows of resources due to changes in assumptions related to the actuarial valuation.

Liabilities
Total liabilities increased by $27.3 million from FY 2021 to FY 2022 due to an increase in Current liabilities of $12.8 million and an increase of Noncurrent liabilities of $14.5 million.

Total liabilities increased by $7.5 million from FY 2020 to FY 2021 due to an increase in Current liabilities of $1.6 million and Noncurrent liabilities of $5.9 million. Total Current liabilities increased mostly due to an increase of $2.5 million in Sponsored programs receipts over expenditures, offset by a decrease in Accounts payable and accrued expenses and Long-term debt obligations.



Long-Term Obligations
Obligations outstanding as of June 30, 2022, 2021, and 2020 is summarized below by the type of debt instrument:

	June 30		
	2022	**2021**	**2020**
Revenue bonds	$ 24,055,000	$ 25,115,000	$ 25,090,000
Paycheck Protection Program Loan	2,122,277	2,101,321	-
Unamortized bond premium	48,420	85,969	1,014,467
Lessee Leases	17,559,766	-	-
Total long-term obligations	43,785,463	27,302,290	26,104,467
Less current portion	(3,124,646)	(1,060,000)	(1,121,807)
Long-term obligations, net of current portion	$ 40,660,817	$ 26,242,290	$ 24,982,660

Long-term obligations, net of current portion, increased by $14.4 million from FY 2021 to FY 2022 mainly due to the implementation of GASB 87 – Lease Accounting, which added $17.6 million in obligations. Revenue bonds and Unamortized bond premium decreased as payments and amortization were recognized. Paycheck Protection Program Loan increased slightly due to ongoing interest.

Long-term obligations, net of current portion, increased by $1.3 million from FY 2020 to FY 2021. This was due to scheduled bond payments and amortization of bond premium of $1.1 million and an increase of $175,000 due to the net effect of refunding a system-wide revenue bond in September 2020, as well as issuance of a new loan under the Paycheck Protection Program (PPP) on behalf of KPBS for $2.1 million.

Deferred Inflows of Resources

Deferred inflows of resources increased by $23.1 million from FY 2021 to 2022 due primarily to in the implementation of GASB 87 – Lease Accounting, which added $22.0 of deferred inflows of resources, as well as an increase of $1.9 million in OPEB related inflow of resources. These increases were offset by decreases in both Unamortized deferred gain on bond refunding and Contributions for KPBS.

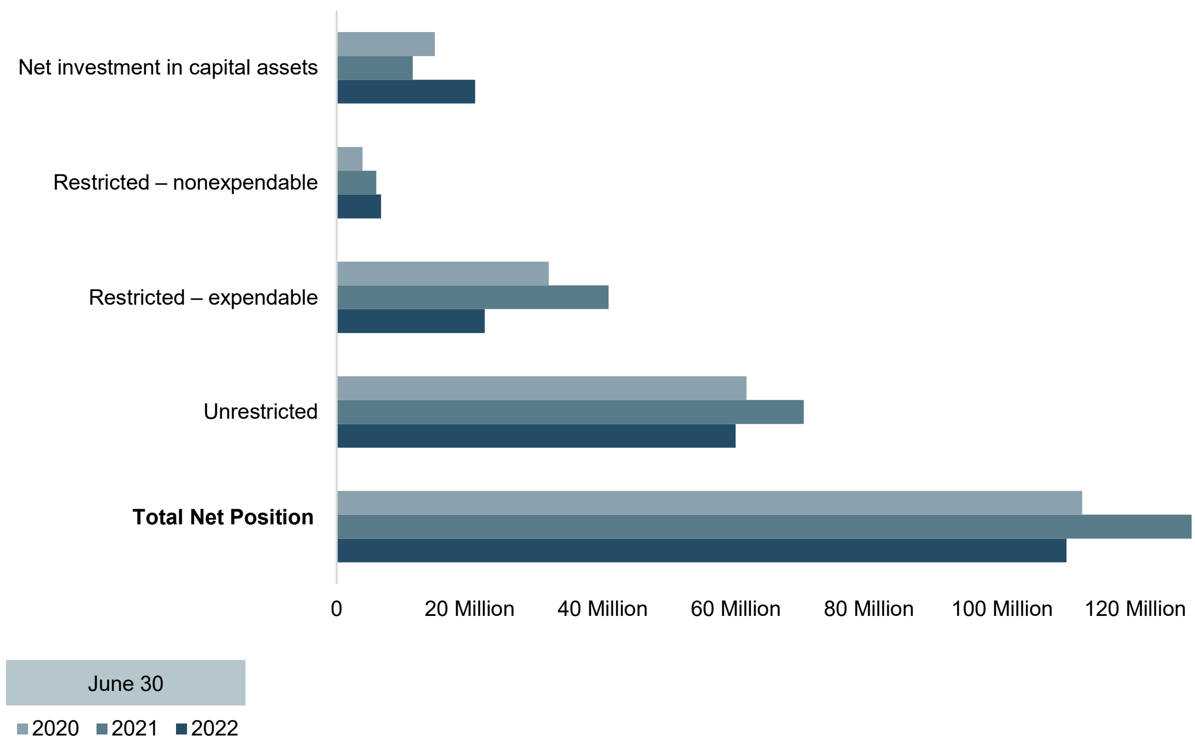
Deferred inflows of resources increased by $3.1 million from FY 2020 to 2021 due primarily to an increase of $3 million in Deferred contributions for KPBS offset by a decrease of $200,000 in OPEB related net inflow of resources.

Net Position

Total net position decreased by $18.8 million from FY 2021 to FY 2022 due to increased transfers to the university on behalf of KPBS for construction of their building related to the capital campaign, resulting in $14.3 million increase in Net nonoperating expenses. Net nonoperating expenses also increased by $8.6 million due to the Net decrease in fair value of investments.

Total net position increased by $16.4 million from FY 2020 to FY 2021 due to the increased Operating income of approximately $8.1 million offset by a decrease in Net nonoperating loss of $12.1 million and the Increase to permanent endowments of $2.1 million.

Net Position (millions)



Restricted Resources

The net position of SDSU Research Foundation includes funds that are restricted by donor or law. Nonexpendable net position increased by $721,000 million from FY 2021 to FY 2022 due to additional monies received from the KPBS capital campaign that were permanently restricted for an endowment.

Nonexpendable net position increased by $2.1 million from FY 2020 to FY 2021 due to a new KPBS nonexpendable (permanent) endowment of $2 million and earnings on existing endowments.

Expendable restricted net position decreased by $18.6 million from FY 2021 to FY 2022 primarily due to the KPBS capital campaign which was raising monies primarily for the expansion of the KPBS Gateway building including construction and new equipment.

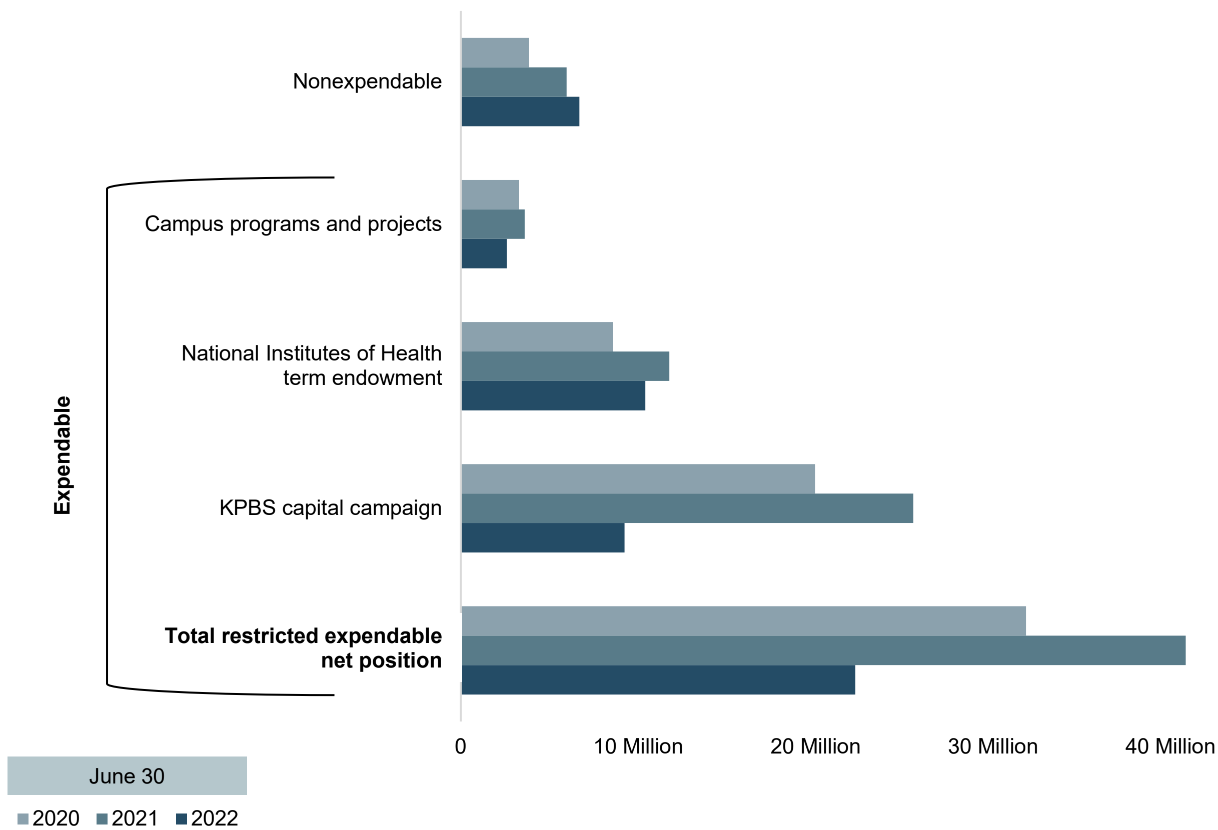
Expendable restricted net position increased by $9.0 million from FY 2020 to FY 2021 primarily due to the KPBS capital campaign, additional funding and earnings on the National Institutes of Health term endowment, and additions to other miscellaneous Campus programs and projects.

The following table summarizes restricted funds, the type of restriction and the amount:

Restricted Net Position

	June 30		
	2022	**2021**	**2020**
Nonexpendable	$ 6,686,913	$ 5,966,305	$ 3,862,006
Expendable:			
Campus programs and projects	2,590,941	3,599,252	3,288,481
National Institutes of Health term endowment	10,407,278	11,755,279	8,589,689
KPBS capital campaign	9,234,934	25,506,912	19,973,664
Total restricted expendable net position	$ 22,233,153	$ 40,861,443	$ 31,851,834

Restricted Net Position



SDSU Research Foundation's condensed summary of revenues, expenses and changes in net position for the years ended June 30, 2022, 2021, and 2020 follows:

Condensed Summary of Revenues, Expenses and Changes in Net Position

	Years Ended June 30		
	2022	**2021**	**2020**
Operating revenues			
Sponsored programs support	$ 129,704,840	$ 124,118,132	$ 118,812,647
Community and campus programs	20,685,128	16,131,730	22,132,286
Contributions	23,506,961	28,932,946	25,268,807
Other operating revenues	8,840,111	10,870,407	8,651,033
Total operating revenues	182,737,040	180,053,215	174,864,773
Operating expenses			
Sponsored programs	109,388,982	104,214,936	102,258,520
Community and campus programs, including fundraising	39,705,888	35,098,715	40,510,356
Other operating expenses	28,976,642	25,765,515	25,238,760
Total operating expenses	178,071,512	165,079,166	168,007,636
Operating income	4,655,528	14,974,049	6,857,137
Net nonoperating (expenses) revenues	(24,155,165)	(663,147)	11,446,207
(Loss) Income before changes to permanent endowments	(19,489,637)	14,310,902	18,303,344
Increase in permanent endowments	720,609	2,104,299	13,613
Net (loss) income	(18,769,028)	16,415,201	18,316,957
Net position at beginning of year	128,473,860	112,058,659	93,741,702
Net position at end of year	$ 109,704,832	$ 128,473,860	$ 112,058,659

Operating Revenues and Expenses
Operating revenues and expenses come from sources that are connected directly to SDSU Research Foundation's primary business functions.

Operating Revenues
Operating revenues increased by $2.7 million from FY 2021 to FY 2022 primarily due to increases in Sponsored programs support of $5.6 million and Community and campus programs of $4.6 million, offset by decreases in Contributions of $5.4 million and Other operating revenues of $2.0 million.

Operating revenues increased by $5.2 million from FY 2020 to FY 2021 primarily due to increases in Sponsored programs support of $5.3 million, Contributions of $3.7 million, and Rental income of $1.4 million, offset by a decrease in Community and campus programs of $6.0 million.

Sponsored programs support revenue increased from FY 2021 to FY 2022 by $5.6 million and $4.3 million from FY 2020 to FY 21 due to overall increase in awards resulting in increased research activity as awards are expended.

Community and campus programs include revenues generated mostly by SDSU Global Campus and KPBS as well as other campus programs. The revenues increased by $4.6 million from FY 2021 to FY 2022 due to increased activity of SDSU Global Campus and decreased by $6.0 million from FY 2020 to FY 2021 due to decreased activity of SDSU Global Campus noncredit courses as well as the reduction in revenue from the SDSU-Georgia fixed price contract.

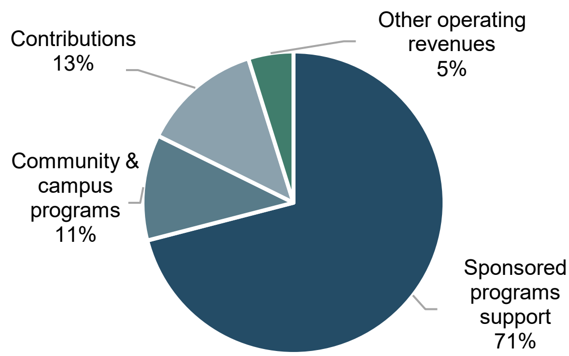
Contributions decreased by $5.4 million from FY 2021 to FY 2022 and increased by $3.7 million from FY 2020 to FY 2021 primarily due to the KPBS capital campaign and fluctuations related to the timing of contribution receipts.

Other operating revenues decreased by $2.0 million from FY 2021 to FY 2022 mostly due to a decrease in transfers from related entities to cover the faculty housing program and the research endowment distribution from The Campanile Foundation.

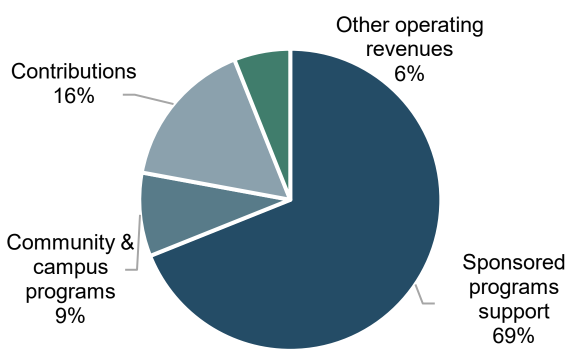
Other operating revenues increased by $2.2 million from FY 2020 to FY 2021 mostly due to an increase in transfers from related entities to cover the faculty housing program and the research endowment distribution from The Campanile Foundation.

The following charts present the percentages that each category of operating revenue contributed to total revenues for the years ended June 30, 2022, 2021, and 2020:

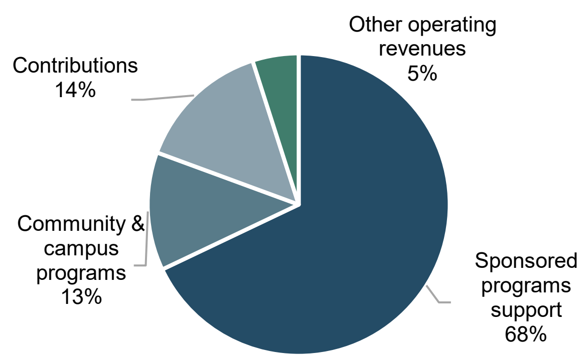
2022 Operating Revenue



2021 Operating Revenue



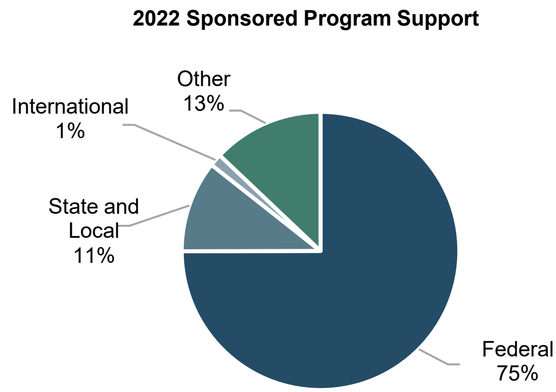
2020 Operating Revenue

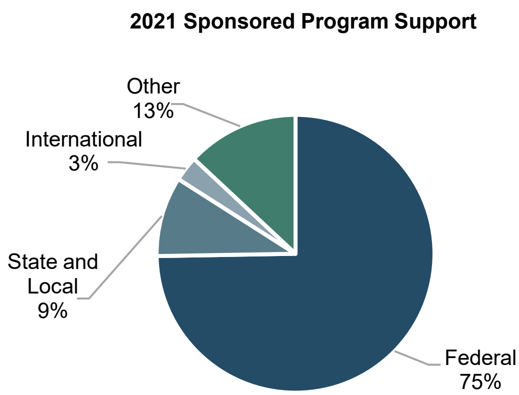


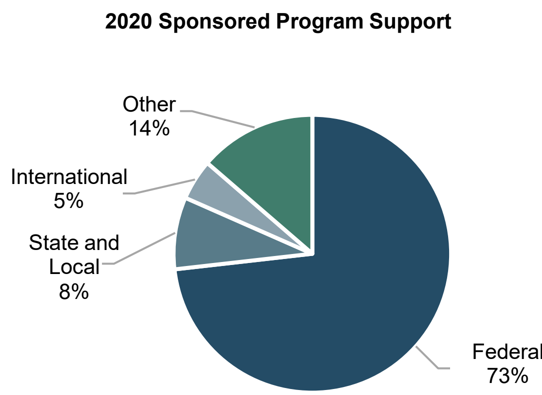
The sources of Sponsored program support revenues for the years ended June 30, 2022, 2021, and 2020 are as follows:

	Years Ended June 30					
	2022		2021		2020	
	$	%	$	%	$	%
Federal						
Department of Health & Human Services	49,154,624	37.9	47,623,564	38.4	44,915,976	37.8
Department of Education	13,195,952	10.2	11,594,904	9.5	11,893,097	10.0
Department of Defense	8,666,216	6.7	8,160,918	6.7	7,443,570	6.3
National Science Foundation	10,369,567	8.0	8,815,563	7.2	8,393,510	7.1
Department of Agriculture	7,065,896	5.4	6,887,443	5.6	7,045,171	5.9
Other	8,774,475	6.8	9,673,270	7.9	7,284,869	6.1
Total Federal	97,226,730	75.0	92,755,662	74.7	86,976,193	73.2
State and Local	13,828,808	10.7	11,543,467	9.3	9,972,382	8.4
International	1,870,961	1.4	3,638,998	2.9	5,629,828	4.7
Other	16,778,341	12.9	16,180,005	13.0	16,234,244	13.7
Total	129,704,840	100.0	124,118,132	100.0	118,812,647	100.0

The following charts present the percentages that each sponsor type contributed to Sponsored program support revenues for the years ended June 30, 2022, 2021, and 2020:







Operating Expenses

Operating expenses increased by $13.0 million from FY 2021 to FY 2022 due to increases in all categories.

Operating expenses decreased by $2.9 million from FY 2020 to FY 2021 due primarily to a decrease in Community and campus programs of $5.4 million, offset by an increase in Sponsored programs expense of $2.0 million and Other operating property management and general administration expenses of $527,000.

Sponsored programs expenses increased by $5.2 million from FY 2021 to FY 2022 and by $2.0 million from FY 2020 to FY 2021 due to increase in awards which are accounted for in the Statement of Activities when spent.

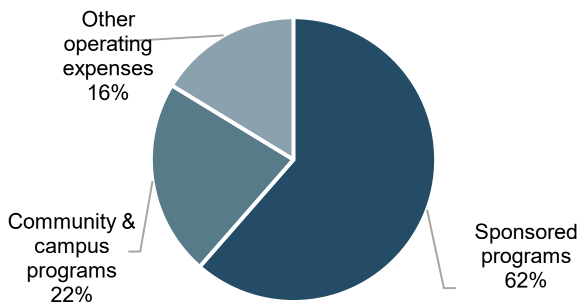
Community and campus programs expenses increased by $4.6 million from FY 2021 to FY 2022 mostly due to increase in SDSU Global Campus noncredit courses. Community and campus program expenses decreased by $5.4 million from FY 2020 to FY 2021 due to the fact that SDSU Global Campus was repositioning its noncredit courses during the pandemic along with seeing a reduction in international student enrollment in its programs.

Other operating expenses increased by $3.2 million from FY 2021 to FY 2022 due mostly to an increase in Property management related and General administration expenses as a result of an increase in minimum wage, as well as increases in service contracts and insurance and overall inflation.

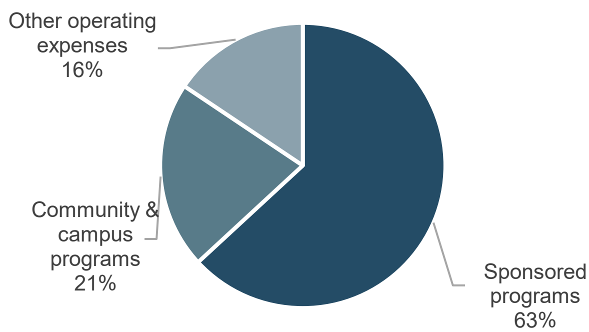
Other operating expenses increased by $527,000 from FY 2020 to FY 2021 due mostly to an increase in Property management related expenses.

The following charts present the distribution of resources by percentage of operating expense category in support of SDSU Research Foundation's mission for the years ended June 30, 2022, 2021, and 2020:

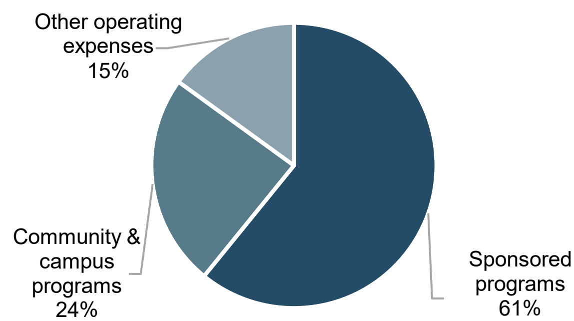
2022 Operating Expenses



2021 Operating Expenses



2020 Operating Expenses



Nonoperating (Expenses) Revenues

Nonoperating (expenses) revenues come from sources that are not part of SDSU Research Foundation's primary business functions. Included in this classification are interest expense, investment income, changes in the fair value of investments, net gains and losses from the disposition of property and equipment, and transfers (to) from SDSU and The Campanile Foundation.

Net nonoperating (expenses) revenues decreased by $23.5 million from FY 2021 to FY 2022 primarily due to transfers to the university on behalf of KPBS for construction of their building related to the capital campaign.

Net nonoperating (expenses) revenues decreased by $12.1 million from FY 2020 to FY 2021 due to the sale of a property in FY 2020 which did not reoccur in FY 2021 for a gain of $9.6 million, a reduction of interest expense of $186,000, reduction of interest income of $483,000 due to historically low interest rates on short-term investments, net increase in fair value of investments of $2.8 million, and net increase in transfers to related parties of $5.0 million.

SAN DIEGO STATE UNIVERSITY RESEARCH FOUNDATION

Statements of Net Position

June 30, 2022 and 2021

	2022	2021
Assets		
Current assets:		
Cash and cash equivalents (note 2)	$ 12,851,762	$ 9,176,810
Short-term investments (note 3)	14,515,641	20,788,976
Restricted assets - short-term investments (note 3)	2,656,483	15,292,840
Accounts and pledges receivable, net (notes 4 and 7)	30,835,851	30,202,674
Leases receivable - current portion (note 4)	3,908,135	-
Notes receivable - current portion (note 5)	837,199	418,600
Prepaid expenses	905,612	1,087,369
Total current assets	66,510,683	76,967,269
Noncurrent assets:		
Pledges receivable, net (note 4)	4,500,202	8,749,708
Long-term investments (note 3)	52,265,839	46,948,140
Restricted assets – investments (note 3)	17,143,920	18,346,142
Restricted assets – land	2,308,532	2,308,532
Leases receivable - net of current portion (note 4)	18,664,904	-
Notes receivable - net of current portion (note 5)	6,316,793	7,153,992
Capital assets, net (notes 2 and 6)	64,225,183	38,429,647
Other assets (notes 2 and 11)	7,432,832	8,540,438
Total noncurrent assets	172,858,205	130,476,599
Total assets	239,368,888	207,443,868
Deferred Outflows of Resources		
Total deferred outflows of resources (note 12)	892,796	1,178,977
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses (notes 2 and 7)	17,245,278	12,656,456
Sponsored programs receipts over expenditures (note 2)	28,599,873	22,475,303
Long-term obligations – current portion (note 8)	3,124,646	1,060,000
Total current liabilities	48,969,797	36,191,759
Noncurrent liabilities:		
Long-term obligations, net of current portion (note 8)	40,660,817	26,242,290
Other liabilities (notes 9 and 11)	11,042,872	10,967,925
Total noncurrent liabilities	51,703,689	37,210,215
Total liabilities	100,673,486	73,401,974
Deferred Inflows of Resources		
Total deferred inflows of resources (note 12)	29,883,366	6,747,011
Commitments and contingencies (notes 9, 10, 11, and 13)		
Net Position		
Net investment in capital assets	20,818,483	11,431,980
Restricted for:		
Nonexpendable – endowments and property	6,686,913	5,966,305
Expendable:		
Campus programs and projects	2,590,941	3,599,252
National Institutes of Health term endowment	10,407,278	11,755,279
KPBS capital campaign	9,234,934	25,506,912
Unrestricted	59,966,283	70,214,132
Total net position	$ 109,704,832	$ 128,473,860

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

SAN DIEGO STATE UNIVERSITY RESEARCH FOUNDATION

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended June 30, 2022 and 2021

	2022	2021
Operating revenues:		
Sponsored programs support (note 2)	$ 129,704,840	$ 124,118,132
Community and campus programs (note 2)	20,685,128	16,131,730
Contributions (note 2)	23,506,961	28,932,946
Rental income (note 10)	6,847,707	8,035,164
Other operating revenues (note 7)	1,992,404	2,835,243
Total operating revenues	182,737,040	180,053,215
Operating expenses (notes 9, 10 and 11):		
Sponsored programs	109,388,982	104,214,936
Community and campus programs	33,836,719	29,586,041
Fundraising – broadcasting	5,869,169	5,512,674
Property management	11,140,528	9,259,069
General administration	17,836,114	16,506,446
Total operating expenses	178,071,512	165,079,166
Operating income	4,665,528	14,974,049
Nonoperating (expenses) revenues:		
Interest expense (note 8)	(1,407,987)	(880,244)
Investment income, net	963,748	870,174
Net (decrease) increase in fair value of investments (note 3)	(4,547,571)	4,047,460
Net loss on dispositions of property and equipment (notes 2 and 6)	(328,361)	(97,803)
Net transfers to SDSU (note 2)	(18,824,994)	(4,537,734)
Net transfers to The Campanile Foundation (note 2)	(10,000)	(65,000)
Net nonoperating expenses	(24,155,165)	(663,147)
(Loss) income before changes to permanent endowments	(19,489,637)	14,310,902
Increase in permanent endowments	720,609	2,104,299
Net income (loss)	(18,769,028)	16,415,201
Net position:		
Net position at beginning of year	128,473,860	112,058,659
Net position at end of year	$ 109,704,832	$ 128,473,860

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

SAN DIEGO STATE UNIVERSITY RESEARCH FOUNDATION

Statements of Cash Flows

Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Sponsored programs receipts	$ 135,525,350	$ 124,724,061
Community and campus programs receipts	21,415,465	16,093,054
Contributions	23,689,710	21,922,252
Rents received	6,344,388	6,300,175
Payments to suppliers	(61,491,009)	(59,539,597)
Payments to employees	(107,530,305)	(100,908,245)
Transfers to SDSU	(1,824,994)	(2,037,734)
Transfers to The Campanile Foundation	(10,000)	(65,000)
Other receipts	2,555,172	1,381,540
Net cash provided by operating activities	18,673,777	7,870,506
Cash flows from capital and related financing activities:		
Principal payments on long-term debt	(1,060,000)	(1,030,000)
Payments for right of use leased assets	(2,032,835)	-
Interest paid	(1,451,393)	(801,868)
Purchase of property and equipment	(8,792,390)	(2,450,169)
Proceeds from sale of property and equipment	100,977	2,500
Proceeds from KPBS Payroll Protection Plan loan	-	2,095,580
Proceeds from KPBS capital campaign	4,653,718	4,689,903
KPBS capital campaign purchases	(290,386)	(905,566)
KPBS capital campaign transfers to SDSU	(17,000,000)	(2,500,000)
Net cash used in capital and related financing activities	(25,872,309)	(899,620)
Cash flows from investing activities:		
Investment income	718,044	835,698
Purchases of investments	(55,442,669)	(71,709,561)
Proceeds from sales and maturities of investments	65,179,509	57,436,428
Collection of notes receivable	418,600	-
Net cash provided by (used in) investing activities	10,873,484	(13,437,435)
Net increase (decrease) in cash and cash equivalents	3,674,952	(6,466,549)
Cash and cash equivalents, beginning of year	9,176,810	15,643,359
Cash and cash equivalents, end of year	$ 12,851,762	$ 9,176,810

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

SAN DIEGO STATE UNIVERSITY RESEARCH FOUNDATION

Statements of Cash Flows - Continued

Years Ended June 30, 2022 and 2021

	2022	2021
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 4,665,528	$ 14,974,049
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	7,207,948	4,543,990
Change in assets, liabilities, deferred outflows and inflows of resources:		
Accounts receivable	(869,955)	(1,567,882)
Pledges receivable - KPBS operating contributions	368,655	(12,464,235)
Prepaid expenses and other assets	(3,758,464)	(5,599,809)
Deferred outflows of resources related to OPEB	258,654	(650,121)
Accounts payable	2,618,350	(2,192,934)
Accrued expenses	1,977,494	1,454,005
Sponsored programs receipts over expenses	6,124,570	2,465,126
Other liabilities	584,747	3,805,399
Deferred contributions KPBS	(785,899)	3,304,195
Deferred inflows of resources related to OPEB	1,396,534	(202,841)
Net transfers to SDSU	(1,824,994)	(2,037,734)
Net transfers to The Campanile Foundation	(10,000)	(65,000)
Increase in permanent endowments	720,609	2,104,298
Net cash provided by operating activities	$ 18,673,777	$ 7,870,506

Supplemental disclosure of noncash investing and financing activity:

	2022	2021
Increase in principal on long-term debt from refunding	$ -	$ 485,000
(Decrease) increase in fair value of investments	$ (4,547,571)	$ 4,047,460
(Decrease) increase in permanent endowments	$ (132,163)	$ 195,618
Obtaining a right-of-use asset in exchange for a lease liability	$ (615,109)	$ -

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

SAN DIEGO STATE UNIVERSITY RESEARCH FOUNDATION

Statements of Fiduciary Net Position

June 30, 2022 and 2021

Assets	Other Postemployment Benefit Trust Funds December 31, 2021	Custodial Funds (TCF) June 30, 2022
Cash and cash equivalents (note 2)	$ -	$ 4,064,875
Investments (note 3)	15,238,617	10,263,582
Total assets	15,238,617	14,328,457
Liabilities		
Payable to employer	154,194	-
Accounts payable and accrued liabilites	4,308	-
Total liabilities	158,502	-
Total net position (note 11)	$ 15,080,115	$ 14,328,457

Assets	Other Postemployment Benefit Trust Funds December 31, 2020	Custodial Funds (TCF) June 30, 2021
Cash and cash equivalents (note 2)	$ -	$ 5,162,942
Investments (note 3)	14,127,097	14,171,189
Total assets	14,127,097	19,334,131
Liabilities		
Payable to employer	165,610	-
Accounts payable and accrued liabilites	4,141	-
Total liabilities	169,751	-
Total net position (note 11)	$ 13,957,346	$ 19,334,131

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

SAN DIEGO STATE UNIVERSITY RESEARCH FOUNDATION

Statements of Changes in Fiduciary Net Position

Years Ended June 30, 2022 and 2021

Additions	Other Postemployment Benefit Trust Funds December 31, 2021	Custodial Funds (TCF) June 30, 2022
Contributions	$ 43,483	$ -
Net investment income	1,463,398	-
Fund Additions - Campus and community programs	-	13,193,914
Fund Additions - Student financial aid	-	1,302,474
Fund Additions - Endowment	-	40,852,775
Total additions	1,506,881	55,349,163
Deductions		
Insurance payments	299,133	-
Professional fees	84,979	-
Fund Deductions - Campus and community programs	-	18,323,059
Fund Deductions - Student financial aid	-	128,374
Fund Deductions - Endowment	-	41,903,404
Total deductions	384,112	60,354,837
Net Increase in fiduciary net position	1,122,769	(5,005,674)
Net position - beginning	13,957,346	19,334,131
Net position - ending	$ 15,080,115	$ 14,328,457

Additions	Other Postemployment Benefit Trust Funds December 31, 2020	Custodial Funds (TCF) June 30, 2021
Contributions	$ 91,451	$ -
Net investment income	1,617,349	-
Fund Additions - Campus and community programs	-	53,051,837
Fund Additions - Student financial aid	-	673,711
Fund Additions - Endowment	-	171,883,200
Total additions	1,708,800	225,608,748
Deductions		
Insurance payments	369,167	-
Professional fees	72,774	-
Fund Deductions - Campus and community programs	-	53,497,186
Fund Deductions - Student financial aid	-	236,117
Fund Deductions - Endowment	-	169,406,518
Total deductions	441,941	223,139,821
Net Increase in fiduciary net position	1,266,859	2,468,927
Net position - beginning	12,690,487	16,865,204
Net position - ending	$ 13,957,346	$ 19,334,131

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

NOTE 1 – DESCRIPTION OF ORGANIZATION

San Diego State University Foundation (dba San Diego State University (SDSU) Research Foundation) was formed on February 11, 1943. It is an auxiliary organization of San Diego State University (the University) and is organized and operated in accordance with the Education Code of the State of California and the California Code of Regulations. It is a nonprofit corporation chartered to provide and augment programs that are an integral part of the educational and community service mission of the University. While SDSU Research Foundation is organized to function as a separate corporation, it is integrated into the goals and programs of the University. SDSU Research Foundation reports as a special-purpose government entity engaged only in business-type activities.

SDSU Research Foundation is responsible for the accomplishment of certain University objectives that require financial support not provided by the state. These activities occur in all aspects of university life, including the development and administration of sponsored grants and contracts for faculty and staff research and educational projects; the administration of community and campus-related programs; the financial administration of certain gifts and donations; and the investment of certain endowments and other funds. SDSU Research Foundation's financial statements are included as a component unit of the University's annual financial statements as required by the Government Accounting Standards Board (GASB).

Affiliated Organizations
SDSU Research Foundation is related to the three other auxiliaries of the University: Associated Students of San Diego State University, Aztec Shops, Ltd. and The Campanile Foundation (TCF). The auxiliaries and the University periodically provide various services for one another and collaborate on projects.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies utilized by SDSU Research Foundation follows.

Basis of Accounting
The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental 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.

Classification of Current and Noncurrent Assets and Liabilities
SDSU Research Foundation considers assets to be current that can be reasonably expected, as a 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 can be reasonably expected, as part of normal 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.

Cash and Cash Equivalents
SDSU Research Foundation considers cash and short-term highly liquid investments with original maturities of three months or less to be cash and cash equivalents. These short-term investments are stated at cost, which approximates fair value.

Investments
All investments are reported at fair value, which is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

Accounts and Pledges Receivable
Accounts receivable are recorded at the actual amounts expected to be collected and include both billed and unbilled amounts.

Pledges receivable are due from donors of KPBS and are recorded at net present value.

Capital Assets
Capital assets in excess of $5,000 are recorded at cost, if purchased, or at estimated fair value, if donated. Certain equipment acquired through grants is subject to restrictions on use and disposition subsequent to the conclusion of the related grants.

Depreciation is computed using the straight-line method over the useful life of the asset or length of the associated lease. For buildings, the useful life is generally 40 years. For building improvements, furniture, fixtures and equipment, the useful life is generally 5, 10 or 15 years. Improvements to leased property are amortized over the lesser of the term of the lease or the life of the improvement.

Asset Impairment
SDSU Research Foundation annually evaluates capital assets held for investment. The carrying values of such assets that are considered to be impaired are adjusted accordingly. There were no such impairments for the years ended June 30, 2022 and June 30, 2021.

Deferred Outflows and Inflows of Resources
Contributions received that are applicable to a future reporting period are presented as Contributions – KPBS and classified as a deferred inflow of resources.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Losses and gains on bond refundings are deferred and reported as deferred outflows of resources or deferred inflows of resources, respectively. They are amortized on the straight-line method over the life of the refunded bonds.

OPEB related inflows of resources include OPEB plan experience, OPEB assumption changes, and OPEB trust investment experience. These are actuarial calculated amounts that represent differences between the most recent actuarial report and the previous actuarial report. Deferred inflows due to plan experience and assumption changes are recognized over the plan's expected average remaining service life, which is 4.81 and 4.56 years for the years ended June 30, 2022 and 2021, respectively. OPEB related outflows of resources include the OPEB subsequent contribution, which will be recognized in the next fiscal year, and OPEB trust investment experience. The OPEB trust investment experience is an actuarial calculated amount representing the difference between projected and actual earnings on OPEB plan investments. Changes due to investment performance different from assumed earnings rate, whether a deferred inflow or deferred outflow, are amortized over five years.

Deferred inflows of resources have been recorded for leases where SDSU Research Foundation is the lessor on leases that qualify under GASB 87. They are amortized over the life of the lease as payments are received from the lessees.

Other Assets

Other assets consist primarily of the net OPEB asset and deposits held by others.

Compensated Absences

SDSU Research Foundation accrues vacation benefits for eligible employees at various rates depending upon length of service and employee classification. Eligible employees accrue sick leave based upon their employment status as either full time, part time, student, temporary or seasonal; however, except in limited cases upon retirement, employees are not paid for unused sick leave at the end of employment. Liabilities for compensated absences of approximately $3,343,000 and $3,492,000 as of June 30, 2022 and 2021, respectively, are included in accrued expenses.

Revenue Recognition

Revenue from sponsored programs is recognized as Sponsored programs support in the fiscal year in which all eligibility requirements have been satisfied. Sponsored programs revenue received prior to satisfaction of eligibility requirements and incurrence of the related expenses have been deferred and are reflected as Sponsored programs receipts over expenditures in the accompanying Statements of net position.

SDSU Research Foundation received 53.2% and 51.5% of its total operating revenue from federal sources during the years ended June 30, 2022 and 2021, respectively. The Department of Health and Human Services provided 26.9% and 26.5% of the total operating revenue for the years ended June 30, 2022 and 2021, respectively.

Revenue from community and campus programs is recognized as earned, which includes the revenue related to KPBS and SDSU Global Campus as well as other Campus Programs.

Revenue from contributions is recognized in the fiscal year in which all eligibility requirements have been satisfied. Contributions received prior to satisfaction of eligibility requirements are deferred.

Transfers

Transfers are non-exchange cash transactions to or from related parties in support of the mission of the University.

Net Position

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

Net investment in capital assets

Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted – nonexpendable

Assets, net of related liabilities, that are subject to externally imposed conditions that SDSU Research Foundation retains in perpetuity. Assets in this category consist of endowments and property held by SDSU Research Foundation.

Restricted – expendable

Assets, net of related liabilities, that are subject to externally imposed conditions that can be fulfilled by the actions of SDSU Research Foundation's Board of Directors.

Unrestricted

All other categories of assets, net of related liabilities. In addition, unrestricted assets may be designated for specific purposes by SDSU Research Foundation's Board of Directors.

Restricted resources are used in accordance with SDSU Research Foundation policies. When both restricted and unrestricted resources are available for use, the determination to use restricted or unrestricted resources is made on a case-by-case basis.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Classification of Revenues and Expenses
SDSU Research Foundation considers operating revenues and expenses to be those revenues and expenses that result from exchange transactions or from activities that are connected directly to SDSU Research Foundation's primary functions. Certain other transactions are reported as nonoperating revenues and expenses, including Interest expense, Investment income, net of investment-related fees, changes in the fair value of investments, and Net gain (loss) on dispositions of property and equipment.

Sponsored program receipts for the year ended June 30, 2021 included $2 million received from The National Institutes of Health. This amount was transferred to a term endowment.

Functional Expense Allocations
Expenses that can be identified with a specific program or supporting service are charged directly to the related program or support services. Expenses applicable to more than one activity, such as facilities-related depreciation, are allocated amongst sponsored programs, community and campus programs, and plant fund based on an evaluation from management.

Interfund Eliminations
According to SDSU Research Foundation policy, all interfund transactions have been eliminated in the accompanying financial statements.

Income Taxes
SDSU Research Foundation 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.

SDSU Research Foundation is exempt under Section 501(a) as an organization described in 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. SDSU Research Foundation 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. SDSU Research Foundation 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. SDSU Research Foundation 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 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue, gains, expenses and losses during the reporting period. Actual results could differ from those estimates.

Fiduciary Activities
In accordance with GASB Statement No. 84, Fiduciary Activities, the fiduciary financial statements include two component units, fiduciary in nature, the SDSU Research Foundation's postretirement benefit plan and custodial funds held for The Campanile Foundation. The Statements of Fiduciary Net Position and Statements of Change in Fiduciary Net Position include funds of the SDSU Research Foundation's postretirement benefit plan (Note 11) and the custodial funds that SDSU Research Foundation holds for The Campanile Foundation.

Reclassifications
No reclassifications have been made to the June 30, 2021 financial statements.

Pronouncements Issued
For the year ended June 30, 2022, SDSU Research Foundation implemented GASB Statement 87 (GASBS 87), Lease Accounting, which increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASBS 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Both lessor and lessee leases have been incorporated into the June 30, 2022 financial statements. However, it was not feasible to restate the June 30, 2021 financial statements to comply with this new standard. The California State University (CSU) system office provided the lease accounting software to all 23 campuses and its auxiliaries so that the consolidated CSU financial statements would be consistently presented. As part of the lease accounting implementation, the CSU requested that all campuses and auxiliaries to implement the new standard as of July 1, 2021 for the year ended June 30, 2022 and to not implement for the year ended June 30, 2021.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The GASB has issued the following statements:

- GASB Statement No. 91, Conduit Debt Obligations (effective for the year ending June 30, 2023)
- GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements (effective for the year ending June 30, 2023)
- GASB Statement No. 96, Subscription-Based Information Technology Arrangements (effective for the year ending June 30, 2023)
- GASB Statement No. 99, Omnibus 2022 (effective for the year ending June 30, 2023)
- GASB Statement No. 100, Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62 (effective for the year ending June 30, 2024)
- GASB Statement No. 101, Compensated Absences (effective for the year ending June 30, 2025)

Management has not determined what, if any, impact implementation may have on the financial statements of SDSU Research Foundation.

NOTE 3 –INVESTMENTS

Investment Policy

The primary objective of the investment policy of SDSU Research Foundation is to protect the underlying assets so that the funds are available when needed by various projects and programs. A secondary objective is to maximize investment income on available investments. Various policies have been adopted to meet these objectives at the same time. Specific references are included below under various risk categories. In general, operating funds are limited in maturity ranges and type of debt instrument.

Investments as of June 30, 2022 and June 30, 2021, respectively, are as follows:

	2022 Investments Held	Fiduciary Funds	2022 Investments Held by SDSURF
Short-term	$ 24,779,223	$ (10,263,582)	$ 14,515,641
Short-term restricted	2,656,483	-	2,656,483
Long-term	52,265,839	-	52,265,839
Long-term restricted	17,143,920	-	17,143,920
	$ 96,845,465	$ (10,263,582)	$ 86,581,883

	2021 Investments Held	Fiduciary Funds	2021 Investments Held by SDSURF
Short-term	$ 34,960,165	$ (14,171,189)	$ 20,788,976
Short-term restricted	15,292,840	-	15,292,840
Long-term	46,948,140	-	46,948,140
Long-term restricted	18,346,142	-	18,346,142
	$ 115,547,287	$ (14,171,189)	$ 101,376,098

SDSU Research Foundation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The following levels indicate the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

- Level 1 - Investments whose values are based on quoted prices (unadjusted) for identical assets in active markets that a government can access at the measurement date.
- Level 2 - Investments with inputs – other than quoted prices included within Level 1 – that are observable for an asset, either directly or indirectly.
- Level 3 - Investments classified as Level 3 have unobservable inputs for an asset and may require a degree of professional judgment.

NOTE 3 – INVESTMENTS – Continued

The following tables summarize SDSU Research Foundation's investments within the fair value hierarchy at June 30, 2022 and June 30, 2021, respectively:

2022 Investments	Total	Level 1	Level 2	Level 3
Corporate Bonds	$ 52,375,724	$ 52,375,724	$ -	$ -
Treasury Bills	354,741	354,741	-	-
Deferred Gift (Various)	786,184	786,184	-	-
Certificate of Deposit	2,410,141	-	2,410,141	-
Money market funds	73,557	-	73,557	-
Real property	1,797,000	-	-	1,797,000
TCF Endowment Pool	38,909,832	-	-	38,909,832
Amounts Held by Others	138,286	-	-	138,286
	$ 96,845,465	$ 53,516,649	$ 2,483,698	$ 40,845,118

2021 Investments	Total	Level 1	Level 2	Level 3
Corporate Bonds	$ 37,231,063	$ 37,231,063	$ -	$ -
Deferred Gift (Various)	958,983	958,983	-	-
Bond Mutual Fund	8,588,538	8,588,538	-	-
Certificate of Deposit	27,405,014	-	27,402,014	-
Money market funds	368,434	-	368,434	-
Real property	1,797,000	-	-	1,797,000
TCF Endowment Pool	39,060,761	-	-	39,060,761
Amounts Held by Others	140,495	-	-	140,495
	$ 115,550,287	$ 46,778,584	$ 27,770,448	$ 40,998,256

The following is a description of the valuation methodologies used for assets measured at fair value:

- **Level 1 Measurements**
  - Treasury Bills, Corporate Bonds and Bond Mutual Funds – based on quoted prices available in an active market.
  - Deferred Gift – based on quoted prices available in an active market. The deferred gift is invested in a portfolio of cash, equity securities, fixed income securities, and real estate funds designed to provide a moderate amount of current income with moderate growth of capital.
- **Level 2 Measurements**
  - Money Market Funds – based on published fair value per share for each fund.
  - Certificates of Deposit – valued at cost, which approximates fair value.
- **Level 3 Measurements**
  - TCF Endowment Pool – SDSU Research Foundation invests in the TCF Endowment Pool, a unitized pool managed by TCF, another university auxiliary organization. The fair value is calculated as SDSU Research Foundation's share of the pool as of the measurement date, which is based on the fair value of the underlying assets owned by the fund divided by the number of units outstanding.
  - Real Property – fair value reflects most recent appraised value. Because there are no observable measures, the appraiser must rely solely on experience and knowledge of the market when using inputs for real estate assets. This investment was purchased with a donor's funds to benefit specific research programs. The property may be sold should the needs of the programs change.
  - Amounts Held by Others – SDSU Research Foundation is the beneficiary of certain trusts held in an endowment portfolio managed by a community foundation. The fair value is calculated based on the fair value of the underlying assets owned by the fund.

The Campanile Foundation Endowment Pool

The TCF Endowment Pool has significant investments in various mutual funds and third-party investment pools. These investments are managed by an Outside Chief Investment Officer (OCIO) based upon the Investment Policy Statement (IPS) as approved by the TCF Board of Directors. The TCF Finance and Investment Committee meets regularly with the OCIO to review the investments, performance, and compliance with the IPS. The investment category allocations as of June 30 are as follows:

	2022	2021	IPS Target
Growth Assets	54.7%	44.3%	60.0%
Credit	6.4%	8.8%	8.0%
Inflation Hedges	12.6%	10.1%	13.0%
Risk Mitigation	26.3%	36.8%	19.0%
Total	100.0%	100.0%	100.0%

NOTE 3 – INVESTMENTS – Continued

SDSU Research Foundation recognized net unrealized loss of $3.0 million and a net unrealized gain of $4.0 million for the years ended June 30, 2022 and 2021, respectively, from its investment in the TCF Endowment Pool.

The TCF Endowment Pool is subject to concentrations of credit risk and the investments of the TCF Endowment Pool are exposed to both interest rate and market risk. Economic conditions can impact these risks and resulting market values 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 thus SDSU Research Foundation's portion of those investments, could be materially affected. Although the market value of the investment in the TCF Endowment Pool is subject to fluctuations on a year-to-year basis, management believes the investment policies of TCF are prudent for the long-term welfare of SDSU Research Foundation.

In accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA), SDSU Research Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to SDSU Research Foundation's programs and operations supported by its endowment while also seeking to maintain the long-term purchasing power of the endowment assets.

Endowment distributions are provided in accordance with SDSU Research Foundation and The Campanile Foundation's investment policy statement. For the fiscal years ended June 30, 2022 and 2021, the distribution rate was 4% of the endowment principal market value using a three-year moving average.

Interest Rate Risk
Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of a fixed income investment. In order to reduce interest rate risk exposure, SDSU Research Foundation's investment policy states that fixed income investments be limited to a five-year maturity. Fixed income mutual funds with an intermediate maturity range are also acceptable.

Maturities of fixed income investments as of June 30, 2022 are as follows:

	Market Value Total	Less than One Year	Two - Five Years
Corporate Bonds	$ 52,375,724	$ 24,597,267	$ 27,778,457
Treasury Bills	354,741	354,741	-
Certificates of Deposit	2,410,141	2,410,141	-
	$ 55,140,606	$ 27,362,149	$ 27,778,457

Maturities of fixed income investments as of June 30, 2021 are as follows:

	Market Value Total	Less than One Year	Two - Five Years
Corporate Bonds	$ 37,231,063	$ 13,894,019	$ 23,337,043
Bond Mutual Fund	8,588,538	8,588,538	-
Certificates of Deposit	27,402,014	27,402,014	-
	$ 73,221,615	$ 49,884,571	$ 23,337,043

Credit Risk
Credit risk is the risk that an issuer of an investment will not fulfill its obligation to repay the debt security when due. SDSU Research Foundation's investment policy requires that fixed income investments must be rated as "Investment Grade," which is BBB or higher. Credit ratings by nationally recognized institutions are used to assess the creditworthiness of specific investments. The bond mutual fund and money market funds do not have a rating provided by a nationally recognized statistical rating organization. The range of rating of corporate bonds was BBB to AAA as of June 30, 2022 and June 30, 2021.

Concentration of Credit Risk
Concentration of credit risk is the risk of loss attributed to the magnitude of the investment in a single issuer. SDSU Research Foundation's investment policy contains no limitations as to how much can be invested with any one issuer. As of June 30, 2022, and June 30, 2021, SDSU Research Foundation did not have any investments with a single non-federal issuer that exceeded 5% of total investments.

Custodial Credit Risk
Custodial credit risk for deposits is the risk that SDSU Research Foundation will not be able to recover its deposits in the event of a failure of a depository institution. SDSU Research Foundation deposits are maintained at financial institutions that are Federal Deposit Insurance Corporation (FDIC) secured. As a result, custodial credit risk for deposits is remote. In the ordinary course of SDSU Research Foundation's operations, deposit balances can exceed the FDIC insured limits.

NOTE 3 – INVESTMENTS – Continued

Custodial credit risk for investments is the risk that if the counterparty to an investment transaction were to fail, SDSU Research Foundation would not be able to recover its investment. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to indirect investment in securities through the use of mutual funds and government investment pools. Federally Sponsored Enterprise Issues are held by Securities Investor Protection Corporation (SIPC) insured brokers and are not registered with the issuer in SDSU Research Foundation's name.

NOTE 4 – ACCOUNTS AND PLEDGES RECEIVABLE

Accounts and pledges receivable as of June 30, 2022 and June 30, 2021 consisted of the following:

	2022 Current	2022 Noncurrent	2022 Total
Accounts receivable - sponsored programs	$ 21,068,070	$ -	$ 21,068,070
Pledges receivable	4,636,938	4,500,202	9,137,140
Other receivables	5,514,082	-	5,514,082
Less allowance for doubtful accounts	(383,239)	-	(383,239)
	30,835,851	4,500,202	35,336,053
Leases receivable	3,908,135	18,664,904	22,573,039
	$ 34,743,986	$ 23,165,106	$ 57,909,092

	2021 Current	2021 Noncurrent	2021 Total
Accounts receivable - sponsored programs	$ 20,764,012	$ -	$ 20,764,012
Pledges receivable	5,409,805	8,749,708	14,159,513
Other receivables	4,598,122	-	4,598,122
Less allowance for doubtful accounts	(569,265)	-	(569,265)
	$ 30,202,674	$ 8,749,708	$ 38,952,382

It is the policy of management to review outstanding receivables at year-end for collectability and establish an allowance for doubtful accounts. Due to the implementation of GASB 87 – Lease Accounting, $22.6 million in Leases receivable have been added for the year ended June 30, 2022.

NOTE 5 – NOTES RECEIVABLE – AZTEC SHOPS, LTD.

Notes receivable from Aztec Shops as of June 30, 2022 and 2021 consisted of the following:

	2022 Current	2022 Noncurrent	2022 Total
Sanctuary Suites (a)	$ 471,799	$ 3,538,493	$ 4,010,292
Piedra del Sol and Fraternity Row (b)	218,400	1,528,800	1,747,200
College Square (c)	87,000	739,500	826,500
College Strip (c)	60,000	510,000	570,000
	$ 837,199	$ 6,316,793	$ 7,153,992

	2021 Current	2021 Noncurrent	2021 Total
Sanctuary Suites (a)	$ 235,900	$ 4,010,292	$ 4,246,192
Piedra del Sol and Fraternity Row (b)	109,200	1,747,200	1,856,400
College Square (c)	43,500	826,500	870,000
College Strip (c)	30,000	570,000	600,000
	$ 418,600	$ 7,153,992	$ 7,572,592

(a) In January 2014, SDSU Research Foundation transferred a property adjacent to the University (Sanctuary Suites) to Aztec Shops, Ltd. in exchange for an unsecured note in the amount of $4,717,991. Payments of interest only at 4% were payable semi-annually until April 15, 2019 at which time fixed principal payments of $235,900 began plus accrued interest payable semi-annually through October 15, 2028.

(b) In June 2013, SDSU Research Foundation transferred two student housing projects adjacent to the University (Piedra del Sol and Fraternity Row apartments) to Aztec Shops, Ltd. As part of the consideration for the transfer, Aztec Shops, Ltd. provided an unsecured note to SDSU Research Foundation in the amount of $2,184,000. Payments of interest only at 4% were payable

NOTE 5 – NOTES RECEIVABLE – AZTEC SHOPS, LTD. – Continued

semi-annually until October 15, 2018 at which time fixed principal payments of $109,200 plus accrued interest are payable semi-annually through April 15, 2028.

(c) In May 2015, SDSU Research Foundation transferred properties adjacent to the University (College Square and College Strip) to Aztec Shops, Ltd. in exchange for cash of $2,725,000, which was used to pay off a mortgage note and unsecured notes in the amount of $1,470,000. Payments of interest only at 4% were payable semi-annually until October 15, 2020 from Aztec Shops, Ltd., at which time fixed principal payments of $73,500 plus accrued interest are payable semi-annually through April 15, 2030.

In March 2021 and April 2020, SDSU Research Foundation and Aztec Shops, Ltd. executed amendments to the four promissory notes referenced above. These amendments deferred the principal payments due April 15, 2020, October 15, 2020, April 15, 2021 and October 15, 2021. The payment terms were extended two additional years and the deferred principal payments are due at the end of each term.

NOTE 6 – CAPITAL ASSETS

Capital assets activity for the years ended June 30, 2022 and 2021 consisted of the following:

	Balance June 30, 2021	Adoption of GASB 87	Additions	Reductions	Balance June 30, 2022
Nondepreciable capital assets:					
Land, land improvements	$ 13,914,536	$ -	$ -	$ -	$ 13,914,536
Construction in progress	34,373	-	5,730,208	(34,371)	5,730,210
Total nondepreciable capital assets	13,948,909		5,730,208	(34,371)	19,644,746
Depreciable capital assets:					
Buildings and improvements	63,642,401	-	1,591,962	(8,504)	65,225,859
Furniture, fixtures and equipment	26,772,823	-	1,504,596	(2,248,339)	26,029,080
Right of Use Asset	-	24,511,453	128,974	-	24,640,427
Total depreciable capital assets	90,415,224	24,511,453	3,225,532	(2,256,843)	115,895,366
Less accumulated depreciation:					
Buildings and improvements	(42,669,530)	-	(3,268,551)	8,505	(45,929,576)
Furniture, fixtures and equipment	(23,264,956)	-	(1,291,454)	1,819,000	(22,737,410)
Right of Use Asset	-	-	(2,647,943)	-	(2,647,943)
Total accumulated depreciation	(65,934,486)	-	(7,207,948)	1,827,505	(71,314,929)
Total capital assets, net	$ 38,429,647	$ 24,511,453	$ 1,747,792	$ (463,709)	$ 64,225,183

NOTE 6 – CAPITAL ASSETS – Continued

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021
Nondepreciable capital assets:				
Land, land improvements	$ 13,914,536	$ -	$ -	$ 13,914,536
Construction in progress	722,293	2,339	(690,259)	34,373
Total nondepreciable capital assets	14,636,829	2,339	(690,259)	13,948,909
Depreciable capital assets:				
Buildings and improvements	61,719,736	1,922,665	-	63,642,401
Furniture, fixtures and equipment	26,820,580	1,215,424	(1,263,181)	26,772,823
Total depreciable capital assets	88,540,316	3,138,089	(1,263,181)	90,415,224
Less accumulated depreciation:				
Buildings and improvements	(39,594,625)	(3,074,905)	-	(42,669,530)
Furniture, fixtures and equipment	(22,958,748)	(1,469,085)	1,162,877	(23,264,956)
Total accumulated depreciation	(62,553,373)	(4,543,990)	1,162,877	(65,934,486)
Total capital assets, net	$ 40,623,772	$ (1,403,562)	$ (790,563)	$ 38,429,647

Depreciation expense totaled $7,207,948 and $4,543,990 for the years ended June 30, 2022 and 2021, respectively.

NOTE 7 – AFFILIATED ORGANIZATIONS

The Campanile Foundation (TCF)
TCF is the philanthropic auxiliary organization for the University. The cash and investments shown in the Statements of Fiduciary Net Position represent TCF's claim on cash and investments of SDSU Research Foundation.

Pursuant to an agreement with TCF effective through June 30, 2023, SDSU Research Foundation shall provide administrative services that include cash management processes, gift account administration, and accounting and financial reporting assistance. SDSU Research Foundation charges an administrative fee for all non-student aid funds at the time that TCF expends the funds. Amounts received under this agreement are a combination of fees charged on TCF non-student aid funds and additional amounts paid by TCF. For the years ended June 30, 2022 and 2021 the administrative fee received from TCF totaled $1,018,000 and $993,000, respectively, and is included in other operating revenues in the accompanying Statements of Revenues, Expenses and Changes in Net Position.

Other
Included in Other liabilities at June 30, 2022 was $5.7 million payable to the University presented in Note 9 as Amounts held for others. Included in Accounts payable and accrued expenses were payables to the affiliated organizations in the approximate amounts of $600,000 and $208,000 at June 30, 2022 and 2021, respectively. Included in Accounts and pledges receivable were receivables from the affiliated organizations in the approximate amounts of $247,000 and $1,388,000 at June 30, 2022 and 2021, respectively. These amounts occurred in the normal course of business among the affiliated organizations.

NOTE 8 – LONG-TERM OBLIGATIONS

Long-term debt activity for the years ended June 30, 2022 and 2021 was as follows:

	Balance June 30, 2021	Adoption of GASB 87	Additions	Reductions	Balance June 30, 2022	Current Portion
CSU SRB 2012A (a)	$ 14,345,000	$ -	$ -	$ (145,000)	$ 14,200,000	$ 150,000
CSU SRB 2020A (b)	1,000,000	-	-	(490,000)	510,000	510,000
CSU SRB 2020D (a)	9,770,000	-	-	(425,000)	9,345,000	450,000
Unamortized bond premium						
CSU SRB 2020A (b)	46,647	-	-	(34,983)	11,664	-
CSU SRB 2012A (a)	39,322	-	-	(2,566)	36,756	-
Paycheck Protection Program Loan (c)	2,101,321	-	20,956	-	2,122,277	-
Lessee Leases	-	19,463,627	128,974	(2,032,835)	17,559,766	2,014,646
Long-term Obligations	$ 27,302,290	$ 19,463,627	$ 149,930	$ (3,130,384)	$ 43,785,463	$ 3,124,646
CSU SRB 2012A Loss on Refunding (a)	$ 266,235	$ -	$ -	$ (17,364)	$ 248,871	
CSU SRB 2020D Loss on Refunding (a)	155,829	-	-	(10,163)	145,666	
Total Deferred Losses on Refunding	$ 422,064	$ -	$ -	$ (27,527)	$ 394,537	
CSU SRB 2020A Deferred Gain on Refunding (b)	$ 63,090	$ -	$ -	$ (47,317)	$ 15,773	
Lessor Leases Deferred Inflow of Resources	$ -	$ 21,964,580	$ 4,140,475	$ (4,062,416)	$ 22,042,639	

	Balance June 30, 2020	Additions	Reductions	Refunding	Balance June 30, 2021	Current Portion
CSU SRB 2012A (a)	$ 23,625,000	$ -	$ (135,000)	$ (9,145,000)	$ 14,345,000	$ 145,000
CSU SRB 2020A (b)	1,465,000	-	(465,000)	-	1,000,000	490,000
CSU SRB 2020D (a)	-	10,200,000	(430,000)	-	9,770,000	425,000
Unamortized bond premium						
CSU SRB 2020A (b)	81,630	-	(34,983)	-	46,647	-
CSU SRB 2012A (a)	932,837	-	(13,868)	(879,647)	39,322	-
Paycheck Protection Program Loan (c)	-	2,101,321	-	-	2,101,321	-
Long-term Obligations	$ 26,104,467	$ 12,301,321	$ (1,078,851)	$ (10,024,647)	$ 27,302,290	$ 1,060,000
CSU SRB 2012A Loss on Refunding (a)	$ 464,130	$ -	$ (19,667)	$ (178,228)	$ 266,235	
CSU SRB 2020D Loss on Refunding (a)	-	163,875	(8,046)	-	155,829	
Total Deferred Losses on Refunding	$ 464,130	$ 163,875	$ (27,713)	$ (178,228)	$ 422,064	
CSU SRB 2020A Deferred Gain on Refunding (b)	$ 110,408	$ -	$ (47,318)	$ -	$ 63,090	

(a) In September 2020, the CSU System refunded a portion of the 2012 system wide revenue bonds. The amount refunded was $9,145,000 and $880,000 of the unamortized bond premium. A new issuance of $10,200,000 was allocated to SDSU Research Foundation with CSU 2020D system wide revenue bonds. The SRB 2020D bonds mature in November 2036 and bear a variable interest rate ranging from 3.0% to 5.0% due in semi-annual principal and interest payments consistent with the terms of the original bonds. The bonds are secured by pledged revenues, including F&A cost recovery payments. The Research Foundation's share of premium on the refunding was $41,352 and is attributed to the 2012A bonds. The premium is being amortized over 193.5 months (Sept 2020 - Oct 2036) using the straight-line method, which approximates the effective interest method.

The SRB 2020D bonds sold at amounts less than par. The resulting bond loss of $163,875 is being amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. The losses are deferred and included on the Statement of Net Position as deferred outflow of resources.

(b) In February 2020, the California State University (CSU) System issued system wide revenue bonds (SRB 2020A). Part of this reissuance ($1,465,000) was allocated to SDSU Research Foundation to replace the SRB 2010A bonds, previously known as the 1998 certificates of participation and the 1999 insured revenue refunding bonds. The SRB 2020A bonds bear an interest rate of 5.0% and are due in semi-annual principal and interest payments consistent with the terms of the original bonds. The bonds mature in 2022 and payments are secured by pledged revenues, including F&A cost recovery payments.

The SRB 2020A bonds sold at amounts greater than par. The resulting bond premium of $96,207 is being amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. The balance of the unamortized premium of the SRB 2010A bonds of $130,123 was reclassified to deferred gain on bond refunding. The deferred gain is included on the Statement of Net Position as a deferred inflow of resources. The gain is being amortized as a reduction of interest expense over the life of the bonds using the straight-line method, which approximates the effective interest method.

NOTE 8 – LONG-TERM OBLIGATIONS – Continued

(c) As a response to the coronavirus disease (COVID-19) outbreak, the U.S. government has responded with relief legislation. Certain legislation called the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), authorized emergency loans to businesses by establishing, and providing funding for, forgivable bridge loans under the Paycheck Protection Program (PPP). In March 2021, SDSU Research Foundation on behalf of KPBS, received $2,095,580 under the PPP. The entire balance plus accrued interest of $26,697 is outstanding as of June 30, 2022. Under the PPP, the Small Business Administration (SBA) reviews the application for forgiveness if eligibility and other criteria are met related to use of the funds. SDSURF received the official notification from the SBA of loan forgiveness in July 2022. In accordance with GASB since the official notification of forgiveness did not occur during FY 2022, the loan remains outstanding as of June 30, 2022 and will be recognized as grant income in FY 2023.

In July 2016, SDSU Research Foundation entered into a revolving loan agreement with a bank for $12.0 million for potential short-term cash needs. The loan was renewed on August 17 2022 with a maturity date of September 26, 2026 and a revised loan amount of $15.0 million including a letter of credit sublimit of $3.0 million. The loan is secured by two parcels of real property. The agreement calls for certain restrictive and financial covenants to be maintained. The current agreement requires monthly interest-only payments at a variable interest rate of the prime lending rate minus 1%, but in no event less than 2.5%. There were no amounts outstanding under the agreement as of June 30, 2022 and 2021.

Total interest incurred on long-term obligations was approximately $1,064,000 and $728,000 for the years ended June 30, 2022 and 2021, respectively.

Future principal and interest payments on long-term obligations are as follows:

Year(s) ending June 30	Principal	Interest	Total
2023	$ 3,124,646	$ 1,022,581	$ 4,147,227
2024	3,346,414	954,247	4,300,661
2025	3,391,057	890,697	4,281,754
2026	5,438,808	902,705	6,341,513
2027	3,263,927	756,307	4,020,234
2028-2032	13,204,519	2,723,179	15,927,698
2033-2037	10,218,184	1,118,345	11,336,529
2038-2042	982,231	172,769	1,155,000
2043-2046	767,257	37,743	805,000
	$ 43,737,043	$ 8,578,573	$ 52,315,616

NOTE 9 – OTHER LIABILITIES

Activities in other liabilities for the years ended June 30, 2022 and 2021 consisted of the following:

	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022
Amounts held for others	$ 6,205,536	$ 155,824	$ (665,627)	$ 5,695,733
Workers' compensation	2,044,005	1,040,058	(621,410)	2,462,653
Unemployment insurance	2,179,835	523,390	(227,553)	2,475,672
Other obligations	538,549	-	(129,735)	408,814
	$ 10,967,925	$ 1,719,272	$ (1,644,325)	$ 11,042,872

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021
Amounts held for others	$ -	$ 6,205,536	$ -	$ 6,205,536
Workers' compensation	2,020,331	771,754	(748,080)	2,044,005
Deferred revenue - ground lease	1,780,021	-	(1,780,021)	-
Unemployment insurance	2,028,633	575,495	(424,293)	2,179,835
Other obligations	528,005	64,915	(54,371)	538,549
	$ 6,356,990	$ 7,617,700	$ (3,006,765)	$ 10,967,925

Risk Management
SDSU Research Foundation is subject to risks of loss such as general liabilities torts, workers' compensation and unemployment insurance. SDSU Research Foundation participates in the California State University risk management pool, California State University Risk Management Authority (CSURMA), for most of its insurance needs. CSURMA provides insurance and risk

NOTE 9 – OTHER LIABILITIES – Continued

management services for California State University campuses and auxiliary organizations, including insurance and self-insurance. Auxiliary Organizations Risk Management Alliance (AORMA) operates within CSURMA to offer tailored coverage for California State University auxiliary organizations. CSURMA AORMA assumes charge of the control, negotiation, investigation, settlement, defense, or appeal of any claims made, or suits brought, or proceedings instituted against SDSU Research Foundation for areas covered by the pool. For their services, SDSU Research Foundation remits annual contribution payments computed in accordance with CSURMA AORMA's rules and rates.

For its unemployment and workers' compensation plans, SDSU Research Foundation is partially self-insured. Using insurance policies with commercial carriers to cover these risks of loss, SDSU Research Foundation maintains excess unemployment insurance coverage of $1,500,000, in the aggregate, and excess workers' compensation coverage for claims in excess of $250,000 per occurrence. The unemployment and workers' compensation liabilities are determined annually as part of management's risk analysis based on the claims history and insurance premiums. SDSU Research Foundation engages an actuary to analyze workers' compensation claims filed and estimate those incurred but not reported to determine the discounted ultimate cost for self-insured claims. Management's goal is to accrue the liability to an 80-90% confidence level based on the actuary's estimated liability with an additional accrual for deductibles.

Amounts Held for Others
SDSU Research Foundation executed a 30-year ground and facility lease with the Board of Trustees of the California State University for the SDSU BioScience Center in March 2004. Lease payments began in May 2006. In July 2020, SDSU Research Foundation prepaid the remaining balance of the ground lease by funding a $5.4 million quasi-endowment held at SDSU Research Foundation for the benefit of SDSU, to be used at the direction of SDSU's President. The endowment balance and investment loss of $510,000 are included in other liabilities as of June 30, 2022.

Deferred Revenue – Ground lease
SDSU Research Foundation received payments of $2 million related to a ground lease with a developer in the fiscal year ended June 30, 2017. The lease term was from April 2016 to April 2066 and was being recognized ratably over the 50-year term. In December 2020, an amendment to the ground lease agreement was executed due to the sale of the project to another legal entity. All rights and interest in the initial ground lease were assigned to the new entity and a new ground lease agreement was executed. The previous agreement was superseded in its entirety and the unearned revenue of $1.8 million was recognized in full in FY 2021.

NOTE 10 – LEASING ARRANGEMENTS

On July 1, 2021, SDSU Research Foundation implemented GASB 87 (Statement). This Statement increases the usefulness of governments' and government related entities financial statements by requiring recognition of the certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or out flows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

All leases were tracked through an internal online software. Leases that were entered into the software had an agreement that conveyed the right to use the asset, whether it be a building, land, vehicle, or equipment. These leases were crossed checked to determine if it qualified under GASB 87. Leases that qualified were at least over a 12-month period and valued over our threshold of $10,000.

Lessor Leases
The total under the Leases receivable totaled to $22.6 million for the year ended June 30, 2022. Please reference Note 4 – Accounts and Pledges Receivable for further details. Deferred inflow of resources balance as of June 30, 2022 totaled to $22 million. See Note 14 – Deferred Inflows and Outflows of Resources for further details.

Land, buildings and improvements, with a current net book value of approximately $32.8 million, are leased to University-related and commercial organizations. Included in rental income is sublease revenue of $1,774,000 and $1,659,000 for the years ended June 30, 2022 and 2021, respectively. SDSU Research Foundation had 15 and 14 affiliated leases with SDSU for the years ended June 30, 2022 and 2021, respectively. Affiliated revenue received totaled $770,000 and $806,000 for the years ended June 30, 2022 and 2021, respectively.

In July 2019 a ground lease for a student housing project was executed. The lease term is from August 16, 2021 through July 31, 2071. This lease has an annual payment owed of $190,000 for the period August 16, 2021 through July 31, 2022 and $195,000 for the year ended June 30, 2023 with 3% annual increases through the fourth year. Beginning in the fifth year of the lease term annual lease payment will be calculated either by (1) a fixed rent amount of $140,500 and variable rent in the amount equal to 4.54% of the net operating income or (2) fixed rent amount of $214,000 and variable rent in the amount equal to 0.57% of the net operating income.

In December 2020 an amended and restated ground lease agreement for a student housing project was executed. The lease term is from December 2020 through July 31, 2063. This lease has an annual payment owed of $218,000 for the period August 1, 2021 to July 31, 2022, and $220,000 for the year ended June 30, 2023, and payments increasing by 1.0% annually thereafter. Rent is paid from the surplus cash flow. If on any year, to the extent surplus cash flow is not sufficient to pay all or any portion of the rent owed, the unpaid rent shall accrue interest at 8.0% per annum.

NOTE 10 – LEASING ARRANGEMENTS – Continued

Lessee Leases
The lease liability balance as of June 30, 2022 is $19.6 million, with a reduction of $2.0 million as lease payments were made. Please reference Note 8 – Long-Term Obligations for further details.

Expenses related to affiliated organizations totaled $394,000 and $389,000 for the years ending on June 30, 2022 and June 30, 2021, respectively.

SDSU Research Foundation executed a 30-year ground and facility lease with the Board of Trustees of the California State University for the SDSU BioScience Center in March 2004. Lease payments began in May 2006. On July 1, 2020, SDSURF prepaid the remaining balance of the ground lease by depositing a principal payment of $5,400,000 in a quasi- endowment held at SDSURF for the benefit of Business and Financial Affairs (BFA) of SDSU. With the implementation of GASB 87, the prepaid expense was reclassified to a right to use asset. There will be no lease liability and no interest will be recognized. For the year ending June 30, 2022 the annual depreciation is $352,000.

SDSU Research Foundation has also executed commercial leases for projects located away from the campus. Terms of some leases have the option to renew and include periodic fixed escalations.

NOTE 11 – POSTRETIREMENT BENEFIT PLAN

General Information about the OPEB Plan
The SDSU Foundation Health VEBA Plan for Post Retirement Health Care Benefits (formerly the Health, Vision, Life Insurance/AD&D and Employee Assistance Program of San Diego State University Foundation) (the Plan) was created by SDSU Research Foundation as a fully insured**,** single-employer benefit plan. The Plan was effective as of August 1, 1982 and is administered by SDSU Research Foundation. The VEBA Plan document was amended and restated effective January 1, 2021, as a separate retiree plan. Prior to January 1, 2021, the Plan also provided fully insured healthcare benefits to employees of the Foundation. The Plan provides for post-retirement medical benefits to certain former regular employees and qualified dependents of the SDSU Research Foundation.

SDSU Research Foundation established a voluntary employees' beneficiary association trust (the VEBA) with a registered investment company on June 24, 1996. The VEBA holds the assets and funds the post-employment benefit obligation provided under the plan. The fair value of assets held by the VEBA trust for the years ended June 30, 2022 and 2021 was $12,807,000 and $14,754,000, respectively. The Plan issues stand-alone, publicly available financial reports that include financial statements and required supplementary information prepared on the accrual basis of accounting in accordance with the standards of the GASB and GAAP. The financial statements may be obtained by contacting the human resources department at SDSU Research Foundation. The Governmental Accounting Standards Board Statements No. 74 and No. 75 require a biannual actuarial valuation for financial reporting and disclosure. A full actuarial valuation was prepared for the Plan year ended December 31, 2021.SDSU Research Foundation provides medical, hospital, surgical, major medical, and dental insurance benefits for retirees who meet certain eligibility requirements as established by Board policy. There are three groups of eligible retirees, as follows:

- Group 1 Retirees – Individuals who were employed as eligible employees on June 30, 1991 and at the time of retirement, had 10 years of service as eligible employees, and retired either (a) under "SDSURF Defined Contribution Retirement Plan" offered through Teachers Insurance and Annuity Association (TIAA) after attaining age 55 (or after attaining age 50 if the individual was employed by SDSU Research Foundation and covered by California Public Employees' Retirement System (CalPERS) on June 30, 1982), or (b) due to permanent and total disability, as approved by TIAA, under the "Group Total Disability Benefits Plan for Regular Salaried Employees of SDSURF."

- Group 2 Retirees – Individuals who were employed as eligible employees on or after July 1, 1991 and, at the time of retirement, had 15 years of service as eligible employees, and retired either (a) under "SDSURF Defined Contribution Retirement Plan" offered through TIAA after attaining age 60, or (b) due to permanent total disability, as approved by TIAA, under the "Group Total Disability Benefits Plan for Regular Salaries Employees of SDSURF."

- Group 3 Retirees – Individuals who retired prior to July 1, 1991 and, as of July 1, 1991, were receiving benefits under SDSU Research Foundation's "Health Insurance at Retirement" policy, which was approved by SDSU Research Foundation's Board of Directors on May 14, 1984.

For Group 3 retirees, SDSU Research Foundation pays the same percentage of the premium it pays for active employees. Retirees are required to make the same contribution for spousal or domestic partner coverage, if any, that is paid by active employees to cover one dependent. For Group 1 and 2 retirees, SDSU Research Foundation's premium contribution is based upon the cost of the least expensive plan for which the retiree is eligible. The amount of contribution is determined by the years of service the employee has earned on the date of retirement in accordance with the vesting schedule within the policy. The minimum retiree contribution for individual coverage is the amount an active employee pays for individual coverage. The minimum retiree contribution for spousal or domestic partner coverage is the amount paid by active employees to cover one dependent.

Prior to 2021, retirees of the Foundation were provided benefits under the single-employer health and welfare plan. The Foundation determined that it is in the best interest of the participants and the VEBA trust to separate the retiree benefits. The VEBA Plan document was amended and restated effective January 1, 2021 as a separate retiree plan. Effective January 1, 2021, Health, Dental, Vision, Life Insurance / AD&D and Employee Assistance Program of San Diego State University Foundation (Plan Number 502) assets were transferred out to a new separate retiree plan (Plan Number 504). On December 31, 2021, there were 87 eligible retired

NOTE 11 – POSTRETIREMENT BENEFIT PLAN – Continued

participants or their surviving spouses receiving benefits from the Plan. On December 31, 2020, prior to the Plan amendment, there were 297 active employees and there were 82 eligible retired participants or their surviving spouses receiving benefits from the Plan. SDSU Research Foundation has voluntarily opted for a funding policy under which it contributes 100% of the actuarially determined contribution (ADC). Per the December 31, 2021 actuarial valuation, SDSURF did not need to contribute to the VEBA Trust for the fiscal year ending June 30, 2022. Instead, SDSURF was eligible to and did request a $67,409 refund. The actuarially determined contribution (ADC) for the year ended June 30, 2022 was $0, comprised of a $67,409 refund from the trust and an implicit subsidy contribution of $67,409. The actuarially determined contribution (ADC) for the year ended June 30, 2021 was $64,021. No contributions to fund the future liability of the plan are required from employees.

Net OPEB Asset
Included in Other assets on the Statements of Net Position as of June 30, 2022 and June 30, 2021, respectively, is the net OPEB asset of SDSU Research Foundation. The components of the asset balances are as follows:

	June 30, 2022	June 30, 2021
Plan fiduciary net position	$ 15,080,115	$ 13,957,346
Total OPEB liability	(8,286,121)	(10,747,393)
Net OPEB asset	$ 6,793,994	$ 3,209,953

Actuarial Assumptions
The total OPEB liability for the years ended June 30, 2022 and June 30, 2021 was determined by an actuarial valuation as of December 31, 2021. The following assumptions were used to determine the total OPEB liability as of December 31, 2021:

	December 31, 2021
General Inflation Rate	2.5%
Salary Increase	3.0% per year, used only to allocate the cost of benefits between service years.
Investment Rate of Return	5.25%
Mortality Rates	Public Retirement Plans Headcount Weighted 2010 Mortality Table with separate rates for males and females. Mortality improvement rates were projected using MacLeod Watts Scale 2022 on a fully generational basis from 2010 forward.

Discount Rate
The discount rate used to measure the total OPEB liability as of December 31, 2021 and December 31, 2020 was 5.25% and 5.35%, respectively, which is equal to the expected long-term yield on investments net of plan investment expenses. This long-term rate of investment returns is used because the earnings are expected to fund the benefit costs. As of December 31, 2021, the VEBA Trust's investment advisor projected a long-term expected return on assets of 5.87% per year, prior to offset for investment management and advisory fees. The fees were estimated to be 0.28% and 0.19%, respectively, each year. The long-term yield was reduced from 5.35% to a more conservative estimate of 5.25% to provide some margin against lower market rate returns.

Sensitivity of the Net OPEB Asset to Changes in Discount Rate and Healthcare Cost
The discount rate used to calculate the net OPEB asset as of December 31, 2021 was 5.25%. Healthcare Cost Trend Rate was assumed to start at 5.8% and grade down to 3.9% for years 2076 and later. The impact of a 1.0% increase or decrease in these assumptions is shown in the chart below as of December 31, 2021:

	Sensitivity of Asset to Change in					
	Discount Rate			**Healthcare Cost Trend Rate**		
	1% Decrease (4.25%)	**Current Discount Rate (5.25%)**	**1% Increase (6.25%)**	**1% Decrease**	**Current Healthcare Cost Trend**	**1% Increase**
Net OPEB Asset	$ 5,541,347	$ 6,793,994	$ 7,805,616	$ 7,841,676	$ 6,793,994	$ 5,504,499
(Decrease) Increase	(1,252,647)		1,011,622	1,047,682		(1,289,495)
% (Decrease) Increase	(18.4%)		14.9%	15.4%		(19.0%)

NOTE 11 – POSTRETIREMENT BENEFIT PLAN – Continued

The impact of a 1% increase or decrease in these assumptions is shown in the chart below as of December 31, 2020:

	Sensitivity of Asset to Change in					
	Discount Rate			Healthcare Cost Trend Rate		
	1% Decrease (4.35%)	Current Discount Rate (5.35%)	1% Increase (6.35%)	1% Decrease	Current Healthcare Cost Trend	1% Increase
Net OPEB Asset	$ 1,577,591	$ 3,209,953	$ 4,528,155	$ 4,665,798	$ 3,209,953	$ 1,408,492
(Decrease) Increase	(1,632,362)		1,318,202	1,455,845		(1,801,461)
% (Decrease) Increase	(50.9%)		41.1%	45.4%		(56.1%)

OPEB Expense and Deferred Outflows and Inflows of Resources
For the years ended June 30, 2022 and June 30, 2021, SDSU Research Foundation recognized a reduction to OPEB expense of $1,398,455 and $704,824, respectively.

The chart below shows the OPEB related deferred outflows and inflows of resources reported in the Statements of Net Position as of June 30, 2022 and 2021.

	June 30, 2022	June 30, 2021
Deferred Outflows of Resources		
Changes of assumptions	$ 498,259	$ 692,892
OPEB subsequent contribution	-	64,021
Total OPEB related outflows of resources	$ 498,259	$ 756,913
Deferred Inflows of Resources		
OPEB plan experiences	$ 3,326,238	$ 1,700,057
OPEB investment experiences	1,347,049	1,137,431
Changes of assumptions	141,678	50,545
Total OPEB related inflows of resources	$ 4,814,965	$ 2,888,033

SDSU Research Foundation will recognize the contributions made subsequent to the measurement date in the next fiscal year. In addition, future recognition of OPEB related deferred inflows of resources is shown below:

For the Fiscal Year Ending June 30	Recognized net deferred inflows of resources
2023	(1,452,616)
2024	(1,361,563)
2025	(843,280)
2026	(659,247)
Total	$ (4,316,706)

Actuarial Methods and Assumptions
Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarially accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Other Retirement Benefits
SDSU Research Foundation sponsors the San Diego State University Foundation Defined Contribution Retirement Plan. It is a 403(b) participant-directed defined contribution plan (the Retirement Plan) available to employees of SDSU Research Foundation if they meet certain eligibility requirements. All participants have the ability to direct the investments of their accounts under the Retirement Plan, in accordance with the investment choices as are made available and with those policies or procedures as are determined by the Retirement Plan administration. SDSU Research Foundation has no control over investment decisions made by the participants.

NOTE 11 – POSTRETIREMENT BENEFIT PLAN – Continued

Participants are vested immediately in their contributions and SDSU Research Foundation contributions plus actual earnings thereon. As of January 1, 2020 the Plan was amended and the 10% contribution was replaced with a 200% fixed match of each participant's contributions up to 10% of the participant's eligible adjusted gross salary. Total contributions to the Retirement Plan for the years ended June 30, 2022 and 2021 were approximately $5,850,000 and $5,565,000, respectively, and included in Operating expenses in the Statements of Revenues, Expenses, and Changes in Net Position.

NOTE 12 – DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

As of June 30, 2022 and 2021, SDSURF reported deferred outflows of resources and deferred inflows of resources in connection with the unamortized (loss)/gain on bond refunding, the OPEB plan, contributions to KPBS, and deferred inflows related to lessor leases, as presented in the table below:

	2022		2021	
	Deferred Outflows	**Deferred Inflows**	**Deferred Outflows**	**Deferred Inflows**
Unamortized loss/gain on bond refunding	$ 394,537	$ 15,773	$ 422,064	$ 63,090
OPEB related	498,259	4,814,965	756,913	2,888,033
Contributions - KPBS	-	3,009,989	-	3,795,888
Lessor leases	-	22,042,639	-	-
	$ 892,796	$ 29,883,366	$ 1,178,977	$ 6,747,011

NOTE 13 – CONTINGENCIES

SDSU Research Foundation is involved in various legal proceedings arising in the normal course of business. Management believes that the final outcomes of these proceedings will not have a material adverse effect on SDSU Research Foundation's results of operations or financial position.

SAN DIEGO STATE UNIVERSITY RESEARCH FOUNDATION

Schedules of Required Supplementary Information (UNAUDITED)

Schedule of Changes in SDSU Research Foundation's Net OPEB Asset (Liability) and Related Ratios

Last Five Fiscal Years

Fiscal Year End	6/30/22	06/30/21	06/30/20	06/30/19	06/30/18
Measurement Date	12/31/22	12/31/20	12/31/19	12/31/18	12/31/17
Discount Rate on Measurement Date	5.25%	5.35%	6.00%	6.00%	6.00%
Total OPEB liability					
Service Cost	$ 335,568	$ 281,845	$ 318,983	$ 308,942	$ 299,217
Interest	583,601	569,072	719,045	680,729	640,618
Differences between expected and actual experience	(2,891,384)	-	(3,028,225)	-	-
Changes of assumptions	(139,980)	887,525	(90,035)	-	-
Benefit payments	(349,077)	(387,466)	(376,908)	(345,313)	(216,762)
Net change in total OPEB liability	(2,461,272)	1,350,976	(2,457,140)	644,358	723,073
Total OPEB liability, beginning of year	10,747,393	9,396,417	11,853,557	11,209,199	10,486,126
Total OPEB liability, end of year (a)	$ 8,286,121	$ 10,747,393	$ 9,396,417	$ 11,853,557	$ 11,209,199
Plan fiduciary net position *					
Contributions – employer	$ 64,021	$ 106,792	$ 295,634	$ 285,305	$ 249,062
Net investment income	1,480,967	1,617,349	1,765,032	(356,123)	1,609,240
Benefit payments	(349,077)	(387,466)	(376,908)	(345,313)	(205,392)
Expenses paid	(84,391)	(79,724)	(88,140)	(27,830)	(27,500)
Change in employer contribution receivable	-	-	-	(92,222)	(31,757)
Change in accrued expenses	(588)	6,951	17,177	(32,432)	-
Change in accrued benefit payments	11,837	2,957	(1,705)	(17,402)	(11,370)
Net change in plan fiduciary net position	$ 1,122,769	$ 1,266,859	$ 1,611,090	$ (586,017)	$ 1,582,283
Plan fiduciary net position, beginning of year	13,957,346	12,690,487	11,079,397	11,665,414	10,083,131
Plan fiduciary net position, end of year (b)	$ 15,080,115	$ 13,957,346	$ 12,690,487	$ 11,079,397	$ 11,665,414
Net OPEB asset (liability) (b) – (a)	$ 6,793,994	$ 3,209,953	$ 3,294,070	$ (774,160)	$ 456,215
Plan fiduciary net position as a percentage of the total OPEB liability	181.99%	129.87%	135.06%	93.47%	104.07%
Covered payroll	$ 21,389,881	$ 20,065,194	$ 19,882,327	$ 20,277,985	$ 20,501,853
Net OPEB asset (liability) as a percentage of covered payroll	31.76%	16.00%	16.57%	(3.82%)	2.23%

Note: This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

SAN DIEGO STATE UNIVERSITY RESEARCH FOUNDATION

Schedules of Required Supplementary Information (UNAUDITED)

Schedule of SDSU Research Foundation Contributions

Last Five Fiscal Years

Plan Year End	Fiscal Year Ended	ADC	Contributions in Relation to the ADC	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/21	6/30/22	-	-	-	$ 21,074,435	0.0%
12/31/20	6/30/21	$ 64,021	$ 64,021	-	$ 20,201,683	0.32%
12/31/19	6/30/20	$ 52,696	$ 106,792	$ (54,096)	$ 20,408,482	0.52%
12/31/18	6/30/19	$ 295,634	$ 295,634	-	$ 20,937,020	1.41%
12/31/17	6/30/18	$ 285,305	$ 285,305	-	$ 20,501,853	1.39%

Note: This schedule is being built prospectively. Ultimately, 10 years of data will be present.

Notes to Schedule of Contributions

Methods and assumptions used to determine contribution rates

Valuation Date	12/31/21	12/31/19	12/31/19	12/31/17	12/31/17
Fiscal Year End	6/30/22	06/30/21	06/30/20	06/30/19	06/30/18
Actuarial cost method	Entry Age Normal	Entry Age Normal		Entry Age Normal	
Amortization method	Level Dollar	Level Dollar		Level Dollar	
Amortization period	30 year open	30 year open		29 year closed	30 year closed
Asset valuation method	Market Value	Market Value		Market Value	
Inflation	2.50%	2.50%		2.75%	
Healthcare cost trend rates	5.8% in 2023, fluctuates until ultimate rate of 3.9% in 2076	5.4% in 2021, fluctuates until ultimate rate of 4% in 2076		7.5% in 2019, step down 0.5% per year to 5% in 2024	
Salary increases	3.00%	3.00%		3.25%	
Investment rate of return	5.25%	6.0%		6.0%	
Retirement age	From 55 to 70	From 55 to 70		From 55 to 70	
Mortality	Public Retirement Plans Headcount Weighted 2010 Mortality (sex distinct rates). Mortality improvement with MacLeod Watts Scale 2022	Public Retirement Plans Headcount Weighted 2010 Mortality (sex distinct rates). Mortality improvement with MacLeod Watts Scale 2020		RP-2014 Healthy Mortality (sex distinct rates). Mortality improvement with Macleod Watts Scale 2018	

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