

**Tower Foundation of
San José State University**
(A California State University Auxiliary
Organization)

Financial Report
June 30, 2020

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RSM US LLP

Independent Auditor's Report

Board of Directors
Tower Foundation of San José State University

Report on the Financial Statements

We have audited the accompanying financial statements of the Tower Foundation of San José State University (a California State University auxiliary organization) (the Foundation), which comprise the statements of net position as of June 30, 2020 and 2019, the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Tower Foundation of San José State University as of June 30, 2020 and 2019, and the changes in its net position and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Foundation's financial statements. The accompanying schedules, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

RSM US LLP

Tacoma, Washington
September 23, 2020

**Tower Foundation of San José State University
(A California State University Auxiliary Organization)**

**Management's Discussion and Analysis
Years Ended June 30, 2020 and 2019**

Management's Discussion and Analysis

This section of the Tower Foundation of San José State University's (the Foundation) annual financial report includes management's discussion and analysis of the financial performance of the Foundation for fiscal years ended June 30, 2020 and 2019. This discussion should be read in conjunction with the financial statements and notes to the financial statements.

Introduction to the Tower Foundation

The Foundation, formed in April 2004, provides a means, through membership on the board of directors, to engage prominent alumni and citizens in the life of San José State University (SJSU or the University). Board members play a critical role in shaping the philanthropic strategy and work closely with the University president to reach out to graduates and businesses to build commitment to the University.

The Foundation receives donations in the form of cash, stock, pledges and planned giving vehicles. These gifts support a vast array of student scholarships, as well as vibrant programs throughout the University. Many of these gifts are provided for investment in the Foundation's endowment, which is vital to the University's ability to sustain the highest quality of education and research.

The Foundation's board of directors is composed of up to 43 community members, most of whom are SJSU alumni. Members are appointed for three-year terms. Four ex-officio members, including the University president, serve on the board as well. The board advises the president and Foundation management on general campus issues, investments, audit compliance, campaign development, public relations and long-range planning. It is the responsibility of each board member to take a leading philanthropic role by making annual contributions to SJSU.

Introduction to the Financial Statements

The Foundation's financial statements include the statements of net position, the statements of revenues, expenses and changes in net position, and the statements of cash flows. 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 the Foundation.

Statements of net position: The statements of net position include all assets and liabilities. Assets and liabilities are reported on an accrual basis as of the statement date. The statements also identify major categories of restrictions on the net position of the Foundation.

Statements of revenues, expenses and changes in net position: The statements of revenues, expenses and changes in net position present the revenues earned and expenses incurred during the year on an accrual basis.

Statements of cash flows: The statements of cash flows present the inflows and outflows of cash for the year and are summarized by operating, 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.

**Tower Foundation of San José State University
(A California State University Auxiliary Organization)**

**Management's Discussion and Analysis
Years Ended June 30, 2020 and 2019**

Analytical Overview

Summary

The following discussion highlights management's understanding of the key financial aspects of the Foundation's financial activities as of and for the years ended June 30, 2020, 2019 and 2018. Included are comparative analyses of current year and prior years' activities and balances and a discussion of restrictions of the Foundation's net position.

Condensed Summary of Net Position

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

	<u>2020</u>	2019	2018
Assets:			
Current assets	\$ 25,563,829	\$ 27,893,767	\$ 29,076,233
Other noncurrent assets	178,844,771	183,747,094	179,534,295
Total assets	<u>\$ 204,408,600</u>	<u>\$ 211,640,861</u>	<u>\$ 208,610,528</u>
Liabilities:			
Current liabilities	\$ 895,909	\$ 1,724,265	\$ 1,318,189
Noncurrent liabilities	1,815,699	1,650,108	241,212
Total liabilities	<u>\$ 2,711,608</u>	<u>\$ 3,374,373</u>	<u>\$ 1,559,401</u>
Net position:			
Restricted, nonexpendable endowments	\$ 119,777,031	\$ 114,974,441	\$ 111,922,893
Expendable:			
Endowments	10,620,973	11,320,136	11,099,810
Other	66,914,001	77,247,911	77,933,447
Unrestricted:			
Board designated	2,178,524	2,089,067	1,858,141
Other	2,206,463	2,634,933	4,236,836
Total net position	<u>\$ 201,696,992</u>	<u>\$ 208,266,488</u>	<u>\$ 207,051,127</u>

Assets: Total assets decreased \$7.2 million from fiscal year (FY) 2019 to FY 2020 due primarily to a decrease of \$4.0 million in restricted investments and \$3.2 million in pledges receivable. Total assets increased \$3 million from FY 2018 to FY 2019 due primarily to an increase of \$6.3 million in restricted cash and investments, offset by a \$3.6 million decrease in pledges receivable.

Current assets decreased \$2.3 million from FY 2019 to FY 2020 due primarily to a decrease of \$1.2 million in cash and cash equivalents and \$1.1 million in current pledges receivable. Current assets decreased \$1.2 million from FY 2018 to FY 2019 due primarily to a decrease of \$0.8 million in cash and cash equivalents.

**Tower Foundation of San José State University
(A California State University Auxiliary Organization)**

**Management's Discussion and Analysis
Years Ended June 30, 2020 and 2019**

Condensed Summary of Net Position (Continued)

Other noncurrent assets decreased \$4.9 million from FY 2019 to FY 2020 due primarily to a decrease of \$4.0 million in restricted investments. Other noncurrent assets increased \$4.2 million from FY 2018 to FY 2019 due primarily to an increase of \$6.3 million in restricted cash and investments and increase of \$2.0 million in funds held in trust, offset by a \$4.0 million decrease in long-term pledges receivable.

Liabilities: Total liabilities decreased \$0.7 million from FY 2019 to FY 2020 due primarily to decrease in due to affiliated auxiliary organizations. Total liabilities increased \$1.8 million from FY 2018 to FY 2019 due primarily to funds held in trust.

Net position: Total net position decreased by \$6.6 million from FY 2019 to FY 2020 due primarily to a decrease in restricted expendable other. Total net position increased by \$1.2 million from FY 2018 to FY 2019 due primarily to an increase in restricted nonexpendable endowments.

Restricted resources: Net position of the Foundation includes funds that are restricted by the donor. The following summarizes which funds are restricted, the type of restriction and the amount as of June 30:

Restricted net position:

	<u>2020</u>	2019	2018
Nonexpendable endowments	<u>\$ 119,777,031</u>	<u>\$ 114,974,441</u>	<u>\$ 111,922,893</u>
Expendable:			
Endowments	\$ 10,620,973	\$ 11,320,136	\$ 11,099,810
Other	66,914,001	77,247,911	77,933,447
	<u>\$ 77,534,974</u>	<u>\$ 88,568,047</u>	<u>\$ 89,033,257</u>

Nonexpendable net position increased \$4.8 million in FY 2020 primarily due to dividend income on investment and \$3.1 million in FY 2019 primarily due to new gifts to the endowment.

**Tower Foundation of San José State University
(A California State University Auxiliary Organization)**

**Management's Discussion and Analysis
Years Ended June 30, 2020 and 2019**

Condensed Summary of Revenues, Expenses and Changes in Net Position

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

	<u>2020</u>	2019	2018
Operating revenues:			
Gifts, pledges and bequests	\$ 12,165,196	\$ 16,380,184	\$ 20,747,841
Nonmonetary gifts	2,223,021	653,336	836,336
Administration fee income	3,756,552	3,038,628	3,241,855
Other	2,013,345	1,019,266	1,108,431
Total operating revenues	<u>20,158,114</u>	<u>21,091,414</u>	<u>25,934,463</u>
Operating expenses:			
Support activities of SJSU	23,251,348	24,518,192	27,570,470
General and administrative	2,534,069	2,689,796	2,476,210
Total operating expenses	<u>25,785,417</u>	<u>27,207,988</u>	<u>30,046,680</u>
Operating loss	(5,627,303)	(6,116,574)	(4,112,217)
Nonoperating revenues (expenses):			
Investment (loss) income, net	(1,696,670)	6,754,698	9,884,138
Other changes in net position, including transfers of assets from related organizations	754,477	577,237	312,106
Changes in net position	(6,569,496)	1,215,361	6,084,027
Net position:			
Beginning of year	208,266,488	207,051,127	200,967,100
End of year	<u>\$ 201,696,992</u>	<u>\$ 208,266,488</u>	<u>\$ 207,051,127</u>

Operating revenues: Gifts, pledges and bequests decreased by \$4.2 million from FY 2019 to FY 2020 and decreased by \$4.4 million from FY 2018 to FY 2019.

Nonmonetary gifts increased by \$1.6 million from FY 2019 to FY 2020 and decreased by \$0.2 million from FY 2018 to FY 2019.

**Tower Foundation of San José State University
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**Management's Discussion and Analysis
Years Ended June 30, 2020 and 2019**

Condensed Summary of Revenues, Expenses and Changes in Net Position (Continued)

Administration fee income increased by \$0.7 million from FY 2019 to FY 2020 due to a change of endowment policy. In FY 2019, the endowment accounts were charged 1% and 2% administration fee depending on total gifts. This was changed to 2% administration fee on all endowment accounts irrespective of the total gifts. Administration fee income decreased by \$0.2 million from FY 2018 to FY 2019 due to a decrease in grant accounts with higher administration fee structure.

Other operating revenues increased by \$1 million from FY 2019 to FY 2020. It remained consistent from FY 2018 to FY 2019.

Operating expenses: Expenses for support activities of SJSU are principally the use of gift funds for programs, scholarships and other academic activities of the University. These expenses decreased by \$1.3 million from FY 2019 to FY 2020 and decreased by \$3.1 million from FY 2018 to FY 2019.

General and administrative expenses decreased by \$0.2 million from FY 2019 to FY 2020 and increased by \$0.2 million from FY 2018 to FY 2019. General and administrative expenses represent 12.6%, 12.8% and 10.8% of operating revenue in 2020, 2019 and 2018, respectively.

Nonoperating revenues (expenses): Nonoperating revenues (expenses) come from sources that are not part of the Foundation's primary business functions. Included in this classification are interest expense, investment income, realized gains and losses on investment sales, and changes in the fair value of investments.

Investment earnings decreased by \$8.5 million from FY 2019 to FY 2020 and decreased by \$3.1 million from FY 2018 to FY 2019 due to changes in the fair value of investments and volatility in the investment market.

Transfer of assets from affiliated organizations: From FY 2019 to FY 2020, transfer of assets from affiliated organizations increased by \$0.2 million. From FY 2018 to FY 2019, transfer of assets from affiliated organizations increased by \$0.3 million.

**Tower Foundation of San José State University
(A California State University Auxiliary Organization)**

**Statements of Net Position
June 30, 2020 and 2019**

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 20,631,147	\$ 21,830,201
Pledges receivable, current portion, net of allowance for uncollectible pledges of \$148,301 and \$150,462 in 2020 and 2019, respectively (Note 2)	4,795,060	5,868,021
Due from affiliated auxiliary organizations (Note 6)	-	178,282
Prepaid expenses and other	137,622	17,263
Total current assets	25,563,829	27,893,767
Noncurrent assets:		
Pledges receivable, less current portion, net of allowance for uncollectible pledges of \$354,111 and \$354,734 in 2020 and 2019, respectively (Note 2)	10,353,732	12,445,603
Bequests receivable (Note 2)	6,568,081	6,381,174
Charitable gift annuity receivable	1,144,690	1,138,132
Funds held in trust	2,875,819	2,584,441
Restricted cash for investments (Note 3)	2,466,838	994,831
Restricted investments	155,319,745	159,291,856
Other assets	115,866	911,057
Total noncurrent assets	178,844,771	183,747,094
Total assets	\$ 204,408,600	\$ 211,640,861
Liabilities and Net Position		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 411,093	\$ 666,341
Due to affiliated auxiliary organizations (Note 6)	331,841	933,244
Funds held in trust liability	152,975	124,680
Total current liabilities	895,909	1,724,265
Noncurrent liabilities, funds held in trust liability, net of current	1,815,699	1,650,108
Total liabilities	2,711,608	3,374,373
Commitments and contingencies (Notes 8 and 10)		
Net position:		
Restricted for:		
Nonexpendable endowments	119,777,031	114,974,441
Expendable:		
Endowments	10,620,973	11,320,136
Other	66,914,001	77,247,911
Unrestricted:		
Board designated	2,178,524	2,089,067
Other	2,206,463	2,634,933
Total net position	\$ 201,696,992	\$ 208,266,488

See notes to financial statements.

**Tower Foundation of San José State University
(A California State University Auxiliary Organization)**

**Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2020 and 2019**

	2020	2019
Operating revenues:		
Gifts, pledges and bequests	\$ 12,165,196	\$ 16,380,184
Nonmonetary gifts	2,223,021	653,336
Administration fee income (Note 5)	3,756,552	3,038,628
Other	2,013,345	1,019,266
Total operating revenues	20,158,114	21,091,414
Operating expenses:		
Support activities of San José State University	23,251,348	24,518,192
General and administrative	2,534,069	2,689,796
Total operating expenses	25,785,417	27,207,988
Operating loss	(5,627,303)	(6,116,574)
Nonoperating revenues:		
Investment (loss) income, net	(1,696,670)	6,754,698
(Decrease) increase in net position before transfers	(7,323,973)	638,124
Transfers from San José State University affiliated organizations (Note 7)	754,477	577,237
Change in net position	(6,569,496)	1,215,361
Net position, beginning of year	208,266,488	207,051,127
Net position, end of year	\$ 201,696,992	\$ 208,266,488

See notes to financial statements.

**Tower Foundation of San José State University
(A California State University Auxiliary Organization)**

**Statements of Cash Flows
Years Ended June 30, 2020 and 2019**

	2020	2019
Cash flows from operating activities:		
Gifts, pledges and bequests received	\$ 15,143,121	\$ 18,863,948
Other receipts	5,769,897	4,057,894
Payments for support activities of San José State University	(24,050,076)	(24,155,097)
Payments for general and administrative	(2,534,069)	(2,689,796)
Net cash used in operating activities	(5,671,127)	(3,923,051)
Cash flows from noncapital financing activities:		
Transfer from San José State University affiliated organizations	754,477	577,237
Cash flows from investing activities:		
Increase in restricted endowments	4,522,456	3,278,394
Interest and dividends on investments	3,658,768	3,574,984
Decrease (increase) in other assets	795,191	(5,352)
Increase in funds held in trust liability	193,886	1,491,536
Proceeds from sales and maturities of investments	172,951,544	76,973,545
Purchases of investments and funds held in trust	(178,404,249)	(82,810,798)
Net cash provided by investing activities	3,717,596	2,502,310
Net decrease in cash and cash equivalents	(1,199,054)	(843,504)
Cash and cash equivalents, beginning of year	21,830,201	22,673,705
Cash and cash equivalents, end of year	\$ 20,631,147	\$ 21,830,201
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (5,627,303)	\$ (6,116,574)
Adjustment to reconcile operating loss to net cash used in operating activities:		
Noncash gifts	(2,223,021)	(653,336)
Changes in assets and liabilities:		
Pledges and bequests receivable	2,977,925	2,483,764
Due from affiliate organizations	178,282	(178,282)
Prepaid expenses and other	(120,359)	217,941
Accounts payable and accrued liabilities	(255,248)	(279,466)
Due to affiliated auxiliary organizations	(601,403)	602,902
Net cash used in operating activities	\$ (5,671,127)	\$ (3,923,051)
Noncash investing activities:		
Decrease (increase) in fair value of investments	\$ 9,970,640	\$ (2,436,670)

See notes to financial statements.

**Tower Foundation of San José State University
(A California State University Auxiliary Organization)**

Notes to Financial Statements

Note 1. Nature of Organization and Summary of Significant Accounting Policies

Organization: The Tower Foundation of San José State University (the Foundation), a nonprofit organization incorporated under Internal Revenue Code (IRC) 501(c)(3), is an auxiliary organization of San José State University (the University) and the California State University System. The Foundation's mission is to advance the welfare of the University and assist in fulfilling its objectives, to supplement programs and activities of the University, and to promote and assist the educational services of the University. The Foundation receives funding from various sources and also manages the use of such funding for the benefit of the University. The Foundation utilizes endowment management and administrative fees to cover the cost of operations and administration of the Foundation's activities, including personnel and administration.

The Foundation was incorporated in the state of California in August 2004 and was granted its 501(c)(3) tax-exempt status in October 2005.

Affiliated organizations: The Foundation is related to the University and its other auxiliaries. The auxiliaries and the University provide various services for one another and collaborate on projects. The Foundation is a Component Unit of San José State University.

Summary of significant accounting policies is as follows:

Basis of presentation: The financial statements of the Foundation have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Foundation uses the full accrual basis of accounting where revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

Classification of current and noncurrent assets and liabilities: The Foundation considers those assets to be current that can be reasonably expected, as part of its normal business operations, to be converted to cash and be available for liquidation of current liabilities within 12 months of the statements of net position date. Liabilities that can be reasonably expected, as part of normal operations, to be liquidated within 12 months of the statements of net position date are considered current. All other assets and liabilities are considered to be noncurrent.

Cash and cash equivalents: The Foundation considers all highly liquid investments with original maturity dates of three months or less and certificates of deposit that are deemed readily convertible to cash to be cash equivalents. The Foundation maintains its cash and cash equivalents in bank accounts which, at times, may exceed federally insured limits. The Foundation had \$13,670,729 and \$11,569,083 held in bank deposits in excess of federally insured limits during the years ended June 30, 2020 and 2019, respectively. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Pledges receivable: Unconditional promises of private gifts to the Foundation are recorded as pledges receivable and revenue in the year promised, at the present value of expected cash flows. Conditional promises and intentions to give are recognized as receivables and revenue when the specific condition and/or eligibility and recognition requirements are met. There are no conditional promises to give at June 30, 2020 or 2019.

Funds held in trust: The Foundation has been named the irrevocable beneficiary for several charitable remainder trusts and pooled income funds for which the Foundation is not the trustee. Upon maturity of each trust and fund, the remainder of the trust corpus will be transferred to the Foundation.

**Tower Foundation of San José State University
(A California State University Auxiliary Organization)**

Notes to Financial Statements

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Nonmonetary gifts: Nonmonetary gifts consist of donations of securities and other nonmonetary items and are recorded at their fair value at the date of the gift. It is the policy of the Foundation to sell nonmonetary items as soon as practicable.

Investments: Investments are measured and recorded at fair value. The value of investments in equity and mutual funds were derived from quoted prices in active markets. The real estate investment is valued based on the appraisal report. Alternative investments include investments in private equity and real estate funds and are valued based on the net asset value of the underlying investments. Realized and unrealized gains and losses are included on the statements of revenues, expenses and changes in net position. Dividend and interest income are recorded when earned.

Endowments: Endowments are classified by donor restriction. Investment appreciation and depreciation are presented as restricted expendable net position unless donor restrictions require preservation of investment returns.

Compensated absences: The Foundation accrues vacation benefits for eligible employees at various rates depending upon length of service. Eligible full-time employees accrue sick leave at the rate of four hours per pay period. Employees are not paid for unused sick leave at the end of employment. At June 30, 2020, the Foundation had a balance of \$89,226 of compensated absences. In 2020, \$104,844 of compensated absences was earned and \$133,362 was used. At June 30, 2019, the Foundation had a balance of \$117,744 of compensated absences. In 2019, \$117,898 of compensated absences was earned and \$95,088 was used.

Other Postemployment Benefits (OPEB): For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Foundation's OPEB plan, and additions to or deductions from the Foundation's OPEB plan fiduciary net position have been determined on the same basis as they were reported by CSU Auxiliaries Multiple Employer VEBA Trust. For this purpose, the Foundation recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Restricted nonexpendable net position: All net position for which donor-imposed restrictions require that the donated assets be invested in perpetuity to provide a permanent source of income is reported as restricted nonexpendable net position. Net position in this category consists of endowments held by the Foundation.

Restricted expendable net position: All net position received, subject to donor-imposed restrictions, which requires that the resources be used in a specified future period or for a specified purpose, or both, is reported as restricted expendable net position.

Unrestricted net position: All net position that is not subject to donor-imposed restrictions is reported as unrestricted net position. In addition, unrestricted net position may be designated by the board of directors of the Foundation.

**Tower Foundation of San José State University
(A California State University Auxiliary Organization)**

Notes to Financial Statements

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Revenue: Revenue from gifts is recorded as revenue when it is verifiable, measurable and all applicable requirements have been met. Gifts subject to donor restriction are reflected as restricted expendable or restricted nonexpendable revenue, depending upon the nature of the donor restriction. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, restricted expendable net position is reclassified to unrestricted net position.

Income, realized and unrealized gains and losses from investments, and all other revenue are recorded when earned.

Income taxes: The Foundation is exempt from federal income taxes under Section 501(c)(3) of the IRC as a nonprofit organization whereby only unrelated business income is subject to federal income tax. Accordingly, no provision for income taxes has been recorded. Form 990, filed by the Foundation, is subject to examination by the Internal Revenue Service up to three years from the extended due date of each return. Generally, the Foundation is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2017.

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 and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Recent accounting pronouncements: In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and reporting purposes and how those activities should be reported and this statement establishes criteria for identifying fiduciary activities. The requirements of this statement are originally effective for reporting periods beginning after December 15, 2018. In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The statement postpones the effective date for Statement No. 84 by one year. The Foundation is currently evaluating the effect of the adoption of this standard on its financial statements and related disclosures.

Note 2. Pledges and Bequests Receivable

Outstanding pledges receivable at June 30 are as follows:

	2020	2019
Less than one year	\$ 4,943,361	\$ 6,018,483
One to five years	9,793,690	10,484,840
More than five years	2,010,001	3,704,516
	<u>16,747,052</u>	<u>20,207,839</u>
Less discount to present value	(1,095,848)	(1,389,019)
Less allowance for uncollectible pledges	(502,412)	(505,196)
	<u>\$ 15,148,792</u>	<u>\$ 18,313,624</u>

**Tower Foundation of San José State University
(A California State University Auxiliary Organization)**

Notes to Financial Statements

Note 2. Pledges and Bequests Receivable (Continued)

Pledges receivable are classified as following on the accompanying statements of net position at June 30:

	<u>2020</u>	<u>2019</u>
Current	\$ 4,795,060	\$ 5,868,021
Long-term	10,353,732	12,445,603
	<u>\$ 15,148,792</u>	<u>\$ 18,313,624</u>

Pledges due beyond one year have been discounted at an annual rate in a range between 1.03% and 4.50%. The Foundation has not experienced significant losses on pledges and therefore management has determined that the allowance for uncollectible pledges has been appropriately estimated at approximately 2.5% to 3% of pledges.

Bequests receivable at June 30 are as follows:

	<u>2020</u>	<u>2019</u>
Total bequests	\$ 11,900,000	\$ 11,900,000
Less discount to present value	(5,331,919)	(5,518,826)
	<u>\$ 6,568,081</u>	<u>\$ 6,381,174</u>

Irrevocable planned gifts are recorded when received and are discounted to their present value based on the life expectancy of the donor. The planned gifts are generally distributed out of the estate of the donor upon his or her death. Bequests have been discounted at an annual rate ranging from 2.80% to 5.19%.

**Tower Foundation of San José State University
(A California State University Auxiliary Organization)**

Notes to Financial Statements

Note 3. Restricted Cash and Investments

Restricted cash and investments as of June 30 consist of the following:

	2020	2019
Restricted cash for investments	\$ 2,466,838	\$ 994,831
Restricted investments:		
Equity investments - value funds	20,877,227	25,785,697
Equity investments - growth funds	21,996,986	20,753,221
Equity investments - small cap	14,139,609	12,145,602
Equity investments - ETF	21,010,729	
Alternative investments	10,316,092	7,397,706
Mutual funds:		
Real estate	6,679,104	7,905,954
Fixed income	21,344,144	25,122,431
Equity	27,044,470	37,497,070
All asset fund	11,911,384	22,684,175
Total restricted investments	<u>155,319,745</u>	<u>159,291,856</u>
Total restricted cash and investments	<u>\$ 157,786,583</u>	<u>\$ 160,286,687</u>

Investment policy: The Foundation's investment policy (the Policy) sets forth the guidelines for the investments of the Foundation. As a general rule, the Policy conforms to the Prudent Investor guidelines widely used in the investment management industry, the guidelines of Uniform Management of Association for CFA Institute (formerly AIMR), the professional standards established by the Uniform Prudent Management of Institutional Funds Act, and the general fiduciary standards described in the Uniform Prudent Investment Act.

The long-term investment objective of the Policy is to preserve the investment capital, protect the purchasing power of the funds and provide cash flows to assist in the funding of the Foundation's spending goals. With this in mind, the portfolio shall be invested to provide safety through diversification in a portfolio of equities, fixed income investments, cash equivalents and other type of investments, all of which may reflect varying rates of return. The return objective for the total fund will be to outperform a custom benchmark made up of 35% Russell 3000, 20% MSCI ACWI (excluding U.S.), 15% Bloomberg Barclays US Aggregate Bond Index, and a Custom Alternatives Index over a complete market cycle.

Interest rate risk: Interest rate risk is the risk that the changes in market interest rates will adversely affect the fair value of an investment. In accordance with the Policy, the Foundation manages the risk of market value fluctuations due to overall changes in general levels of interest rates by limiting its average maturity of investments within the portfolios.

**Tower Foundation of San José State University
(A California State University Auxiliary Organization)**

Notes to Financial Statements

Note 3. Restricted Cash and Investments (Continued)

Credit risk: Fixed income securities are subject to credit risk, which is the risk that a bond issuer will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make these payments will cause security prices to decline. The circumstances may arise due to a variety of factors, such as financial weakness, bankruptcy, litigation and/or adverse political developments. A bond's credit quality is an assessment of the issuer's ability to pay interest on the bond and, ultimately, to pay the principal. Credit quality is evaluated by one of the independent bond rating agencies such as Moody's Investors Service or Standard & Poor's. The lower the rating, the greater the chance the bond issuer will default or fail to meet its payment obligations. Generally, the lower a bond's credit rating, the higher the yield should be to compensate for the additional risk.

Concentration of credit risk: The Policy of the Foundation contains certain limitations on the amount that can be invested in any one issuer and is listed above. The Foundation did not have any investments in any one issuer (other than U.S. Treasury securities, mutual funds and external investment pools) that represent 5% or more of the Foundation's total investments for the years ended June 30, 2020 and 2019.

Custodial credit risk for investments is the risk that if the counterparty to an investment transaction were to fail, the 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. U.S. Treasury issues and Federally Sponsored Enterprise issues are held by Securities Investor Protection Corporation-insured brokers and are not registered with the issuer in the Foundation's name.

Note 4. Fair Value Measurement

GASB Statement No. 72, *Fair Value Measurement and Application*, requires assets and liabilities to be measured at fair value and disclosures to be made on the fair value measurements, the level of fair value hierarchy, and valuation techniques. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and disclosed in one of the following hierarchies:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices in active markets for identical assets or liabilities, either directly or indirectly.

Level 3: Inputs that are unobservable in situations where there is little or no market activity for the asset or liability and significant to the overall fair value measurement.

Investments held by the Foundation are measured and recorded at fair value. The Foundation's valuation techniques used to measure the fair value of equity investments, mutual funds and miscellaneous other assets were derived from quoted prices in active markets, and they are categorized in Level 1 of the fair value hierarchy. The value of the alternative investments is primarily based on the net asset value (NAV) of the underlying investments. The NAV is reported by the external investment managers in accordance with their policies as described in their respective financial statements and offering memoranda.

**Tower Foundation of San José State University
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Notes to Financial Statements

Note 4. Fair Value Measurement (Continued)

The following tables summarize the Foundation's investments fair value hierarchy:

Description	June 30, 2020	Fair Value Measurement at Reporting Date Using			Net Asset Value (NAV)
		Quoted Prices (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Restricted Investments:					
Equity investments - value funds	\$ 20,877,227	\$ 20,877,227	\$ -	\$ -	\$ -
Equity investments - growth funds	21,996,986	21,996,986	-	-	-
Equity investments - small cap	14,139,609	14,139,609	-	-	-
Equity investments - ETF	21,010,729	21,010,729	-	-	-
Alternative investments	10,316,092	-	-	-	10,316,092
Mutual funds:					
Real estate	6,679,104	6,679,104	-	-	-
Fixed income	21,344,144	21,344,144	-	-	-
Equity	27,044,470	27,044,470	-	-	-
All asset fund	11,911,384	11,911,384	-	-	-
	<u>\$ 155,319,745</u>	<u>\$ 145,003,653</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,316,092</u>

Description	June 30, 2019	Fair Value Measurement at Reporting Date Using			Net Asset Value (NAV)
		Quoted Prices (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Restricted Investments:					
Equity investments - value funds	\$ 25,785,697	\$ 25,785,697	\$ -	\$ -	\$ -
Equity investments - growth funds	20,753,221	20,753,221	-	-	-
Equity investments - small cap	12,145,602	12,145,602	-	-	-
Alternative investments	7,397,706	-	-	-	7,397,706
Mutual funds:					
Real estate	7,905,954	7,905,954	-	-	-
Fixed income	25,122,431	25,122,431	-	-	-
Equity	37,497,070	37,497,070	-	-	-
All asset fund	22,684,175	22,684,175	-	-	-
	<u>\$ 159,291,856</u>	<u>\$ 151,894,150</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,397,706</u>

Note 5. Administration Fees

The Foundation charges an administrative fee of 5% to various colleges and departments within the University on all disbursements out of any expendable fund, with the exception of the scholarship fund where no fees are charged. The grant accounts have administrative fees between zero and 10%. Administrative fees of \$789,973 and \$902,753 were charged by the Foundation for the years ended June 30, 2020 and 2019, respectively. Grant accounts represent philanthropic support from donors, primarily non-profit foundations or corporate foundations, which require increased accountability in the form of technical or fiscal reporting.

**Tower Foundation of San José State University
(A California State University Auxiliary Organization)**

Notes to Financial Statements

Note 5. Administration Fees (Continued)

The Foundation charges an annual 2% administration fee for endowments. The fees are calculated monthly based on the allocated market value of the total endowment portfolio. The Foundation charged the endowment funds \$2,966,579 and \$2,135,875 for the years ended June 30, 2020 and 2019, respectively.

Note 6. Related-Party Transactions

The Foundation is an auxiliary organization of the University dedicated solely to philanthropy. Accordingly, related parties of the Foundation include the University and other auxiliaries of the University.

The Foundation had receivables (payables) with related parties as of June 30 as follows:

	2020	2019
Receivable from the University	\$ -	\$ 166,667
Receivable from other affiliated organizations	-	11,615
	<u>\$ -</u>	<u>\$ 178,282</u>
Accrued expense payable to the University	\$ (253,309)	\$ (728,152)
Payable to other affiliated organizations	(78,532)	(205,092)
	<u>\$ (331,841)</u>	<u>\$ (933,244)</u>

Note 7. Transfer of Assets

San José State University affiliated organizations transferred \$754,477 and \$577,237 to the Foundation in 2020 and 2019, respectively. These transfers represent support to various campus programs.

Note 8. Commitments and Contingencies

As part of investments with 13 private equity funds, the Foundation has committed to fund future capital calls for the funds in the amount of approximately \$7,400,000 at June 30, 2020.

The Foundation has various commitments and is contingently liable in connection with claims and contracts arising in the normal course of its activities. Foundation management believes the outcome of such matters will not have a significant effect on the financial position or results of activities of the Foundation. Thus, no reserve has been reflected in the financial statements as of June 30, 2020 and 2019.

On March 11, 2020, the World Health Organization declared the outbreak of novel coronavirus (COVID-19) as a global pandemic. The Foundation expects that its financial results may be negatively impacted in the future, but the extent and duration of such impact in the long term is uncertain and cannot be reasonably estimated at this time.

**Tower Foundation of San José State University
(A California State University Auxiliary Organization)**

Notes to Financial Statements

Note 9. Retirement Plan and Postemployment Benefits

The Foundation offers a defined contribution plan and postemployment medical benefits to eligible employees.

Defined contribution plan: The Foundation participates in the Teachers Insurance and Annuity Association-College Retirement Equity Fund (TIAA-CREF). TIAA-CREF provides annuities and other products for educational institutions.

TIAA-CREF provides employees with a 403(b) Plan. Foundation employees are eligible to participate in the plan immediately after hire, and the Foundation contributes 7% of the employee's base salary after one year of service.

The Foundation contributed \$87,936 and \$95,986 for the years ended June 30, 2020 and 2019, respectively.

Postemployment benefits plan:

Plan description: The Foundation provides lifetime retiree medical coverage to eligible employees and their dependents. Active employees who retire at age 60 or older with 10 or more years of continuous employment with the Foundation in the previous 20 years are eligible. The medical plan benefits are contracted with the California Public Employees' Retirement System (CalPERS) under the Public Employees' Medical and Hospital Care Act (PEMHCA).

Funding policy: The Foundation adopted entry age normal cost method prefunding prospectively. The entry age normal actuarial cost method, with the contributions determined as a percentage of payroll, is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future, as well as those already accrued. The plan supports the use of a 6% interest rate and amortizes unfunded actuarial accrued liability over 30 years on a level dollar basis, with projected salary increases of 3.25% per year, for 2020 and 2019.

The Foundation has selected the equal contribution method, where it is obligated to contribute the same amount for retirees as contributed toward the active employees' medical plan coverage. The Foundation currently pays the employees' medical plan premiums for employees and their dependents at a rate approved by the board of directors.

During the year ended June 30, 2012, the Foundation entered into a benefit plan as a vehicle for operating its Other Postemployment Benefit Obligations (OPEB). When the agreement was signed to enter this plan, the Foundation fully funded its previous actuarial accrued liability that was outstanding at June 30, 2011. The assets of this new plan are held in a separate VEBA trust with a registered investment company. A copy of the plan's financial statements can be requested from the Foundation.

The Foundation's total OPEB liability was determined by an actuarial valuation performed by an independent firm, using measurement date as of June 30, 2019, in accordance with GASB Statement No. 75. The plan's net OPEB liability is equal to the total OPEB liability minus the plan fiduciary net position. The Foundation had no OPEB liability at June 30, 2020 and 2019.

**Tower Foundation of San José State University
(A California State University Auxiliary Organization)**

Notes to Financial Statements

Note 9. Retirement Plan and Postemployment Benefits (Continued)

The following shows the Foundation's net OPEB details for the years ended June 30:

	2020	2019
<u>Total OPEB (liability) asset</u>		
Service cost	\$ 8,864	\$ 10,932
Interest	11,770	11,999
Differences between expected and actual experience	1,276	27,085
Changes of assumptions	-	(43,562)
Benefit payments, including refunds of employee contributions	(8,503)	(7,940)
Net change in total OPEB (liability) asset	13,407	(1,486)
Total OPEB asset - beginning (a)	191,477	192,963
Total OPEB asset - ending (b)	\$ 204,884	\$ 191,477
<u>Plan fiduciary net position</u>		
Contributions - employer	\$ 8,503	\$ 7,940
Net investment income	20,580	27,807
Benefit payments, including refunds of employee contributions	(8,503)	(7,940)
Administrative expense	(1,587)	(1,184)
Net change in plan fiduciary net position	\$ 18,993	\$ 26,623
Plan fiduciary net position - beginning (c)	\$ 434,044	\$ 407,421
Plan fiduciary net position - ending (d)	453,037	434,044
Net OPEB asset - beginning (a) - (c)	242,567	214,458
Net OPEB asset - ending (b) - (d)	248,153	242,567

Note 10. Subsequent Events

In preparing the financial statements, the Foundation has evaluated events and transactions for subsequent event disclosure through September 23, 2020, the date of the auditor's report.

Tower Foundation of San José State University
Schedule of Net Position
June 30, 2020
(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 20,631,147
Short-term investments	-
Accounts receivable, net	-
Capital lease receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	4,795,060
Prepaid expenses and other current assets	137,622
Total current assets	25,563,829
Noncurrent assets:	
Restricted cash and cash equivalents	2,466,838
Accounts receivable, net	-
Capital lease receivable, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	10,353,732
Endowment investments	148,286,767
Other long-term investments	7,032,978
Capital assets, net	-
Other assets	10,704,456
Total noncurrent assets	178,844,771
Total assets	\$ 204,408,600
Deferred outflows of resources:	
Unamortized loss on debt refunding	\$ -
Net pension liability	-
Net OPEB liability	-
Others	-
Total deferred outflows of resources	\$ -
Liabilities:	
Current liabilities:	
Accounts payable	\$ 132,924
Accrued salaries and benefits	186,639
Accrued compensated absences, current portion	89,226
Unearned revenues	-
Capital lease obligations, current portion	-
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	487,120
Total current liabilities	895,909
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	-
Unearned revenues	-
Grants refundable	-
Capital lease obligations, net of current portion	-
Long-term debt obligations, net of current portion	-
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Net other postemployment benefits liability	-
Net pension liability	-
Other liabilities	1,815,699
Total noncurrent liabilities	1,815,699
Total liabilities	2,711,608
Deferred inflows of resources:	
Service concession arrangements	-
Net pension liability	-
Net OPEB liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Others	-
Total deferred inflows of resources	-
Net position:	
Net investment in capital assets	-
Restricted for:	
Nonexpendable – endowments	119,777,031
Expendable:	
Scholarships and fellowships	3,630,567
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	73,904,407
Unrestricted	4,384,987
Total net position	\$ 201,696,992

Tower Foundation of San José State University
Schedule of Revenues, Expenses and Changes in Net Position
Year ended June 30, 2020
(for inclusion in the California State University)

Revenues:

Operating revenues:

Student tuition and fees, gross	\$	-
Scholarship allowances (enter as negative)		-
Grants and contracts, noncapital:		
Federal		-
State		-
Local		-
Nongovernmental		-
Sales and services of educational activities		-
Sales and services of auxiliary enterprises, gross		-
Scholarship allowances (enter as negative)		-
Other operating revenues		20,158,114
Total operating revenues		20,158,114

Expenses:

Operating expenses:

Instruction		223,229
Research		-
Public service		-
Academic support		11,749,695
Student services		4,007,462
Institutional support		3,640,395
Operation and maintenance of plant		-
Student grants and scholarships		3,630,567
Auxiliary enterprise expenses		2,534,069
Depreciation and amortization		-
Total operating expenses		25,785,417
Operating income (loss)		(5,627,303)

Nonoperating revenues (expenses):

State appropriations, noncapital		-
Federal financial aid grants, noncapital		-
State financial aid grants, noncapital		-
Local financial aid grants, noncapital		-
Nongovernmental and other financial aid grants, noncapital		-
Other federal nonoperating grants, noncapital		-
Gifts, noncapital		-
Investment income (loss), net		(1,696,670)
Endowment income (loss), net		-
Interest expense		-
Other nonoperating revenues (expenses) - excl. interagency transfers		754,477
Net nonoperating revenues (expenses)		(942,193)
Income (loss) before other revenues (expenses)		(6,569,496)

State appropriations, capital		-
Grants and gifts, capital		-
Additions (reductions) to permanent endowments		-
Increase (decrease) in net position		(6,569,496)

Net position:

Net position at beginning of year, as previously reported		208,266,488
Restatements		-
Net position at beginning of year, as restated		208,266,488
Net position at end of year	\$	201,696,992

**Tower Foundation of San José State University
Other Information (Continued)
June 30, 2020
(for inclusion in the California State University)**

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

\$ -

\$ -

4 Long-term liabilities:

	Balance June 30, 2019	Prior Period Adjustments/Reclassifications	Balance June 30, 2019 (Restated)	Additions	Reductions	Balance June 30, 2020	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ 117,744		117,744	104,844	(133,362)	\$ 89,226	\$ 89,226	\$ -
2. Claims liability for losses and loss adjustment expenses	-		-			-		-
3. Capital lease obligations:								
Gross balance	-		-			-	-	-
Unamortized net premium/(discount)	-		-			-	-	-
Total capital lease obligations	\$ -	-	-	-	-	-	-	-
4. Long-term debt obligations:								
4.1 Auxiliary revenue bonds (non-SRB related)	\$ -		-			\$ -	-	-
4.2 Commercial paper	-		-			-	-	-
4.3 Notes payable (SRB related)	-		-			-	-	-
4.4 Others:								
	-		-			-	-	-
	-		-			-	-	-
	-		-			-	-	-
	-		-			-	-	-
Total others	-	-	-	-	-	-	-	-
Sub-total long-term debt	\$ -	-	-	-	-	\$ -	-	-
4.5 Unamortized net bond premium/(discount)	-		-			-	-	-
Total long-term debt obligations	-	-	-	-	-	-	-	-
Total long-term liabilities	\$ 117,744	-	117,744	104,844	(133,362)	\$ 89,226	\$ 89,226	\$ -

5 Capital lease obligations schedule:

	Capital lease obligations related to SRB			All other capital lease obligations			Total capital lease obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026 - 2030	-	-	-	-	-	-	-	-	-
2031 - 2035	-	-	-	-	-	-	-	-	-
2036 - 2040	-	-	-	-	-	-	-	-	-
2041 - 2045	-	-	-	-	-	-	-	-	-
2046 - 2050	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum lease payments	\$ -	-	-	-	-	-	-	-	-
Less: amounts representing interest									-
Present value of future minimum lease payments									-
Unamortized net premium/(discount)									-
Total capital lease obligations									-
Less: current portion									-
Capital lease obligations, net of current portion									\$ -

**Tower Foundation of San José State University
Other Information (Continued)
June 30, 2020
(for inclusion in the California State University)**

6 Long-term debt obligations schedule:

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
Year ending June 30:									
2021			-			-			-
2022			-			-			-
2023			-			-			-
2024			-			-			-
2025			-			-			-
2026 - 2030			-			-			-
2031 - 2035			-			-			-
2036 - 2040			-			-			-
2041 - 2045			-			-			-
2046 - 2050			-			-			-
Thereafter			-			-			-
Total minimum payments	\$ -	-	-	-	-	-	-	-	-
Less: amounts representing interest									-
Present value of future minimum payments									-
Unamortized net premium/(discount)									-
Total long-term debt obligations									-
Less: current portion									-
Long-term debt obligations, net of current portion									-

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	1,029,726
Payments to University for other than salaries of University personnel	1,971,893
Payments received from University for services, space, and programs	592,572
Gifts-in-kind to the University from discretely presented component units	
Gifts (cash or assets) to the University from discretely presented component units	4,087,422
Accounts (payable to) University (enter as negative number)	(253,309)
Other amounts (payable to) University (enter as negative number)	
Accounts receivable from University (enter as positive number)	
Other amounts receivable from University (enter as positive number)	

8 Restatements

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

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

**Tower Foundation of San José State University
Other Information (Continued)
June 30, 2020
(for inclusion in the California State University)**

9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	168,716	54,513	-	-	-	-	-	223,229
Research	-	-	-	-	-	-	-	-
Public service	-	-	-	-	-	-	-	-
Academic support	1,904,458	631,118	-	-	-	9,214,119	-	11,749,695
Student services	1,360,241	191,314	-	-	-	2,455,907	-	4,007,462
Institutional support	1,371,330	624,589	-	-	-	1,644,476	-	3,640,395
Operation and maintenance of plant	-	-	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	3,630,567	-	-	3,630,567
Auxiliary enterprise expenses	927,395	702,943	-	-	-	903,731	-	2,534,069
Depreciation and amortization	-	-	-	-	-	-	-	-
Total operating expenses	\$ 5,732,140	2,204,477	-	-	3,630,567	14,218,233	-	25,785,417

10 Deferred outflows/inflows of resources:

1. Deferred Outflows of Resources

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

Total deferred outflows - others

Total deferred outflows of resources

-
-
\$ -

2. Deferred Inflows of Resources

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

Total deferred inflows - others

Total deferred inflows of resources

-
-
\$ -