

**AUDIT COMMITTEE**  
**Friday, September 13, 2024**  
**2:00-3:30 p.m.**

Join Zoom Meeting  
<https://cpp.zoom.us/j/87070493509>  
Meeting ID: 870 7049 3509

**AGENDA**

**Committee Chair:** Dr. David Speak  
**Members:** John McGuthry, Lowell Overton, Stephanie Pastor, Oliver Santos, Ruby Suchecki, Joice Xiong  
**Staff:** Claudia Burciaga-Ramos, Jared Ceja, Lisa Coats, Ernest Diaz, Tariq Marji  
**Guests:** Jackie Richman - CohnReznick

**I. ACKNOWLEDGEMENT OF MEMBERS OF THE PUBLIC**

Who may or may not be commenting on a specific item or making a general comment.

**II. CONSENSUS ACTION ITEMS**

*Items in this section are considered to be routine and acted on by the committee in one motion. Each item of the Consent agenda approved by the committee shall be deemed to have been considered in full and adopted as recommended. Any committee member may request that a consent item be removed from the consent agenda to be considered as a separate action item. If no additional information is requested, the approval vote will be taken without discussion. An "A" distinguishes items requiring approval.*

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A. Approval of Audit Committee Minutes – May 22, 2024 ACTION: Approval	Dr. David Speak, Chair	2 - 3

**III. GENERAL UPDATES**

B. Welcome of New and Returning Members	Dr. David Speak	
C. CEO's Report	Jared Ceja, CEO	4 - 5
D. Tentative Committee Meeting Schedule (attachment)	Jared Ceja	6

**IV. ACTION ITEMS**

E. 2023-2024 Financial and Single Audit	Tariq Marji, CFO Jackie Richman, CohnReznick LLP.	7 - 96
1) 2023-2024 Financial Audit (attachment)		
2) 2023-2024 Single Audit Reports (attachment)		

**V. INFORMATION & DISCUSSION ITEMS**

F. Auxiliary-Owned Housing Audit Report Follow Up (attachment)	Jared Ceja Tariq Marji	97-105
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**VI. OPEN FORUM**

**VII. ADJOURNMENT** Dr. David Speak

**CAL POLY POMONA FOUNDATION, INC.**  
**Audit Committee Meeting Minutes**  
**Wednesday, May 22, 2024 at 2:00 p.m.**

*Notice is hereby given that a regular meeting of the Finance/Investment Committee was held by video conference/teleconference on Wednesday, May 22, 2023 at 2:00 p.m. to discuss matters on the posted agenda. The meeting notice in its entirety was posted on the internet at*

<https://foundation.cpp.edu/content/d/Meeting%20Packets/Audit%20Committee%20052224.pdf>

Present: Lowell Overton, Stephanie Pastor, Dr. David Speak, Ruby Suchecki and Joice Xiong

Absent: John McGuthry, Oliver Santos

Staff: Claudia Burciaga-Ramos, Jared Ceja, Lisa Coats, Ernest Diaz and Tariq Marji

Guests: None

### **CALL TO ORDER**

Dr. David Speak, Audit Committee Chair called the meeting to order at 2:01 p.m.

### **CONSENT ACTION ITEMS**

*Items in this section are considered to be routine and acted on by the committee in one motion. Each item of the Consent agenda approved by the committee shall be deemed to have been considered in full and adopted as recommended. Any committee member may request that a consent item be removed from the consent agenda to be considered as a separate action item. If no additional information is requested, the approval vote will be taken without discussion. An "A" distinguishes items requiring approval.*

1. Approval of September 13, 2023 Minutes

A motion was made to approve the minutes; there was no opposition, and the minutes were approved.

### **GENERAL UPDATES**

2. Introduction of Tariq Marji, Interim CFO

Jared Ceja introduced Tariq Marji as the interim CFO. Mr. Marji has extensive experience in financial management, having served as CFO at Cal State Fullerton and Executive Director at Cal State LA before returning to Cal Poly Pomona. He rejoined the team approximately six weeks ago and has already made significant contributions.

3. CEO's Report

Mr. Ceja provided the committee with important updates on several key financial and operational matters. For the FY 2024-2025 budget, total enrollment has been projected at 22,265 full-time equivalents (FTE), marking a modest increase from the previous year. There is potential for further improvement, with an additional 200 FTE. New first-time freshmen and transfer students continue to be crucial drivers of revenue, particularly impacting on-campus housing and dining services. University Village is seeing a 100% occupancy rate for the fall semester, with a significant waiting list, underscoring the strong demand for student housing. Consequently, the budget was adjusted to reflect an average occupancy rate of 95%.

Regarding financial performance, Mr. Ceja noted that the Instant Access program rates will remain flat, reflecting its continued success in both student satisfaction and financial returns. Meal plans, initially budgeted for a 4% increase, aim to balance affordability for students while maintaining financial sustainability.

The recent increases in the minimum wage have also impacted the budget significantly. The minimum wage for franchise food service workers has risen to \$20 per hour, with an upcoming increase to \$18 per hour in January for other employees. These changes also affect exempt employees, who require a double minimum wage minimum, creating a ripple effect throughout the organization. To maintain competitive compensation within the organization, a general staff increase of 3.5% is being requested, alongside a 2.5% merit pool.

## **ACTION ITEMS**

None

## **INFORMATION & DISCUSSION ITEMS**

### 4. Upcoming University Village Follow-up Audit

Mr. Ceja discussed the upcoming follow-up audit for University Village, which is scheduled due to the previous 2021 results. The audit will review the seven findings from the previous audit and evaluate the corrective actions taken. Key areas of focus include the occupancy verification process, COVID-19 policy enforcement, and key management systems. Mr. Ceja expressed confidence in the improvements made and the support received from various university departments. A much better result is anticipated.

### 5. Kellogg Legacy Grants & Scholarships Advisory Review

Mr. Marji explained the advisory review of the Kellogg Legacy Grants & Scholarships. The review aimed to strengthen operational and financial controls. Recommendations included improving reporting and documentation processes, particularly in tracking the use of funds and ensuring compliance with disbursement policies. Collaborative efforts between the university, Philanthropic, and enterprise auxiliary were emphasized.

### 6. CalTrans Audit Results

Mr. Marji presented the results of the recent CalTrans audit, which identified three recommendations that require attention. The first finding related to the Schedule of Expenditure of Federal Awards (SEFA), where a discrepancy was noted between the 2022 single audit SEFA reported and Caltrans' accounting records. This issue was traced back to an incorrect transition of account numbers between 2021 and 2022, a problem that has since been addressed.

The second finding involved a gratuity payment of over \$100 that was mistakenly included on an invoice related to a student trip. Although the amount was minor, this incident underscored the need for stricter oversight by approvers to prevent similar errors in the future. The final finding pertained to payroll reporting, where inconsistencies were found in the reporting of hours worked for reimbursement, especially in cases of lump sum submissions by faculty. To meet audit requirements, the payroll process has been revised to require detailed hourly tracking.

In response to these findings, Mr. Marji's team has taken decisive action to prevent recurrence. Measures include additional training on contract management for staff and the implementation of stricter payroll policies. The discrepancies identified in the audit have been corrected, and ongoing efforts are being made to ensure full compliance in future audits. Caltrans was satisfied that proper controls are in place and that the recommendations enhancements are appropriate.

## **ADJOURNMENT**

The meeting was adjourned at 2:43 p.m. by Audit Committee Chair Dr. David Speak with unanimous consent.

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Dr. David Speak, Chair  
Audit Committee

CAL POLY POMONA  
**ENTERPRISES**

**CEO's Report**

September 13, 2024

Audit Committee

# Agenda

- ▶ CFO Recruitment Process
- ▶ KW General Manager Search
- ▶ IT Award
- ▶ Philanthropic Audit



## 2024-2025

### Audit Committee Meetings

#### Committee members:

1. Dr. David Speak, Chair
2. Stephanie Pastor
3. John McGuthry
4. Lowell Overton
5. Oliver Santos
6. Joice Xiong
7. Ruby Suchecki

#### **Committee Meeting**

Friday, September 13, 2024

2 pm – 3:30 pm

Zoom

#### **Committee Meeting**

Friday, May 9, 2025

1 pm – 2:30 pm

Zoom

# Memorandum



Date: September 13, 2024

To: Audit Committee

From: Tariq Marji, Interim CFO  
Jackie Richman, CohnReznick

Attached: Required Communications with Those Charged with Governance  
Draft Audited Financial Statements with Supplementary Information  
Draft Single Audit Report Required by Uniform Guidance

Subject: **2023-2024 FINANCIAL AND SINGLE AUDIT REPORTS**

CohnReznick has completed the financial and single audits of Cal Poly Pomona Foundation for the fiscal year ended June 30, 2024. This is the second year of CohnReznick's engagement on these two audits with Enterprises.

The Foundation received an unmodified opinion on both reports.

Jackie Richman, Director, at CohnReznick will present the reports as detailed along with their required disclosures:

- 2023-2024 Financial Audit
- 2023-2024 Single Audit Reports

## **PROPOSED ACTION:**

Management is recommending that the Audit Committee accept CohnReznick LLP's unmodified opinion on the Enterprises' Financial and Single Audit Reports for the fiscal year ended June 30, 2024 and requests the above reports be presented to the Board at its next scheduled meeting.

**BE IT RESOLVED** that the Audit Committee accepts CohnReznick LLP's unmodified opinion of the Enterprises' Financial and Single Audit Reports and forwards the reports to the Board of Directors for review and approval at its next scheduled meeting.

**Passed and adopted this 13th day of September 2024.**

By: \_\_\_\_\_  
Dr. David Speak, Chair  
Audit Committee

Required Communications With Those Charged With Governance

[Insert Date]

The Board of Directors  
Cal Poly Pomona Foundation, Inc.

Dear Members of the Board of Directors:

We have audited the financial statements of Cal Poly Pomona Foundation, Inc. (the "Foundation") as of and for the year ended June 30, 2024, and have issued our report thereon dated [Insert Date]. Professional standards require that we advise you of the following matters relating to our audit.

**Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated July 24, 2024, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Foundation, solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding significant control deficiencies other matters noted during our audit in a separate letter to you, at the bottom of the report dated [Insert Date].

**Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

**Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.



## **Significant Risks Identified**

We have identified management override of controls and improper revenue recognition as a significant risk. We addressed these risks through substantive audit procedures.

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Foundation is included in Note 1 to the financial statements. There have been no initial selections of accounting policies and no changes in significant accounting policies or their application during 2024. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

- Lease receivables
- Lease liabilities
- Pension benefits
- Postretirement benefits

In connection with our audit of the financial statements for the year ended June 30, 2024, we reviewed the methodology for establishing these estimates and we found these estimates to be reasonable. However, estimates are subject to change because of future events, and the ultimate amounts realized may differ from those provided.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Foundation's financial statements relate to investments, the pension plan, and postretirement benefits which are neutral, consistent, and clear.

## **Significant Unusual Transactions**

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. There were no significant or unusual transactions identified as a result of our audit procedures that were brought to the attention of management.

### **Identified or Suspected Fraud**

We are not aware of any fraud involving senior management, or those responsible for internal controls, or causing a material misstatement of the financial statements.

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. There were no uncorrected misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no corrected misstatements.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Foundation's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Circumstances that Affect the Form and Content of the Auditor's Report**

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. There were no circumstances affecting the form and content of the audit opinion.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the letter dated **[Insert Date]**.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings or Issues**

In the normal course of our professional association with the Foundation, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating conditions affecting the Foundation, and

operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Foundation's auditors.

This report is intended solely for the information and use of those charged with governance, the Audit Committee, Board of Directors, and management of the Foundation, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

CohnReznick LLP  
Los Angeles, California

**Cal Poly Pomona Foundation, Inc.**

**Financial Statements  
(With Supplementary Information)  
and Independent Auditor's Reports**

**June 30, 2024**

Preliminary Draft -  
for discussion purposes only

# Cal Poly Pomona Foundation, Inc.

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## Independent Auditor's Report

The Board of Directors  
Cal Poly Pomona Foundation, Inc.  
(A California State University Auxiliary Organization)

Report on the Audit of the Financial Statements

### *Opinions*

We have audited the financial statements of the business-type activities and the aggregate remaining fund information of Cal Poly Pomona Foundation, Inc. (the "Foundation"), a component unit of California State Polytechnic University, Pomona as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the index.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the Foundation as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 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 opinions.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the 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 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 opinions. 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 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 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 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 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's discussion and analysis on pages 6 to 12, the Schedule of Foundation's Proportionate Share of the Net Pension Liability on page 51, the Schedule of Foundation Contributions on page 52, and the Schedule of Changes in Net OPEB Liability and Related Ratios on page 53 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an

opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Foundation's basic financial statements. The accompanying supplementary information on pages 55 to 69 is presented for purposes of additional analysis as required by an Administrative Directive dated June 24, 2003, Financial Reporting Requirements for Auxiliary Organizations, from the California State University Office of the Chancellor, and is not a required part of the basic financial statements.

The accompanying supplementary information on pages 55 to 69 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information on pages 55 to 69 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Other Reporting Required by Government Auditing Standards*

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

Los Angeles, California  
**REPORT DATE**



**Management's Discussion and Analysis**

Preliminary Draft -  
for discussion purposes only

**Management's Discussion and Analysis ("MD&A")  
Year Ended June 30, 2024**

**Introduction**

The Cal Poly Pomona Foundation, Inc. (the "Foundation") is a nonprofit organization formed to support and advance the mission of California State Polytechnic University, Pomona (the "University"). To fulfill this mission, the Foundation pursues a wide range of opportunities through the development and administration of research and educational grants and contracts; conducting commercial activities including dining services, bookstore/retail, a conference center/hotel, apartment style housing, continuing education, and agricultural aid to instruction; the management of the Foundation's support programs and real estate activities; the development and administration of the Affordable Faculty/Staff Housing Program, a research park, special programs, and other similar activities on behalf of the University. The employment and training of students is a key priority of the Foundation.

The following discussion and analysis provides an overview of the financial position and activities of the Foundation for the year ended June 30, 2024.

This discussion and analysis has been prepared by management, and should be read in conjunction with the financial statements and notes.

**Overview of the Financial Statements**

This annual report consists of a series of financial statements prepared in accordance with the Governmental Accounting Standards Board ("GASB") principles, and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Included in this report are the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, the Statement of Cash Flows, Statement of Fiduciary Net Position, and Statement of Changes in Fiduciary Net Position, which will provide a comprehensive financial overview of the Foundation's operations.

**Statement of Net Position**

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

**Statement of Revenues, Expenses, and Changes in Net Position**

The Statement of Revenues, Expenses, and Changes in Net Position presents revenues earned and expenses incurred during the year on an accrual basis.

**Statement of Cash Flows**

The Statement of Cash Flows provides relevant information about the sources and uses of cash during the year. In addition, it provides information on the effects that cash and noncash investing, capital, and financing transactions during the year have on the Foundation's financial position.

**Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position**

Fiduciary funds are used to account for resources held for the benefit of parties outside the Foundation. The Foundation holds funds for the declining balance programs (Bronco Bucks, Meal Points). The Foundation's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. Fiduciary funds are not reflected in the Foundation's financial statements because the resources of those funds are not available to support other Foundation activities.

Cal Poly Pomona Foundation, Inc.

Management's Discussion and Analysis ("MD&A")  
Year Ended June 30, 2024

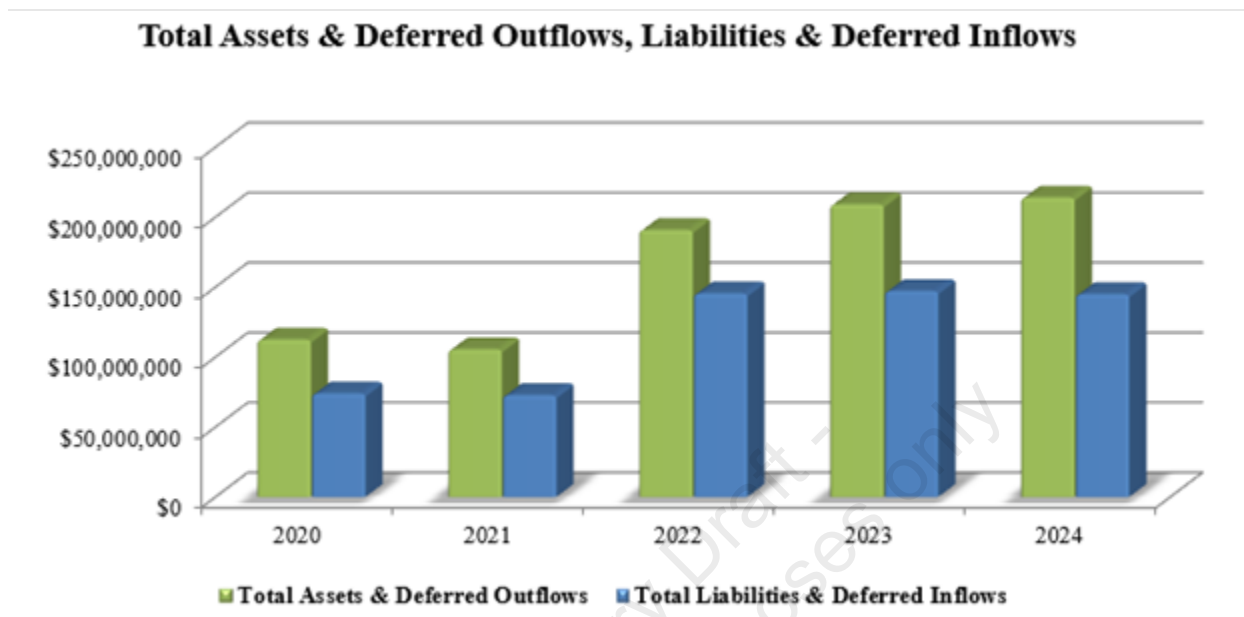
These statements are supported by notes to the basic financial statements, required supplementary information, as appropriate, and this section. All sections must be considered together to obtain a complete understanding of the financial status of the Foundation.

A summary of the Foundation's assets, deferred outflows, liabilities, deferred inflows, and net position is as follows:

	2024 (in thousands)	2023 (in thousands)
<b>Assets</b>		
Current assets	\$ 73,342	\$ 63,449
Noncurrent assets		
Restricted cash and cash equivalents	20	5
Accounts receivable, net of current portion	2,312	2,313
Lease receivables, net of current portion	92,578	93,067
Long-term investments	1,515	1,433
Capital assets, net	37,096	39,004
Total noncurrent assets	<u>133,521</u>	<u>135,822</u>
<b>Total assets</b>	<u>206,863</u>	<u>199,271</u>
<b>Deferred outflows of resources</b>		
Net pension liability	6,617	6,750
Net OPEB liability	843	3,042
<b>Total deferred outflows of resources</b>	<u>7,460</u>	<u>9,792</u>
<b>Liabilities</b>		
Current liabilities	14,205	12,131
Noncurrent liabilities	34,249	39,362
<b>Total liabilities</b>	<u>48,454</u>	<u>51,493</u>
<b>Deferred inflows of resources</b>		
Net pension liability	4,324	3,404
Leases	89,127	91,018
Net OPEB liability	2,480	493
Split interest agreements	899	715
<b>Total deferred inflows of resources</b>	<u>96,830</u>	<u>95,630</u>
<b>Net position</b>		
Net investment in capital assets	19,442	20,984
Restricted unvested grant assets	344	222
Unrestricted	49,253	40,734
<b>Total net position</b>	<u>\$ 69,039</u>	<u>\$ 61,940</u>

**Management’s Discussion and Analysis (“MD&A”)  
Year Ended June 30, 2024**

Total assets and deferred outflows were \$214.3 million and \$209.1 million for fiscal years 2024 and 2023, respectively. The increase between 2024 and 2023 of \$5.2 million or 2.5% is attributed to the increase in current assets of \$9.9 million and a decrease of \$2.3 million in pension and OPEB liabilities, and \$1.9 million in net capital assets.



Total liabilities and deferred inflows were \$145.3 million and \$147.1 million for the fiscal years 2024 and 2023, respectively. The net decrease of \$1.8 million is mainly due to a decrease of \$3.0 million in total liabilities and an increase of \$1.2 million in deferred inflows.

**Net Position**

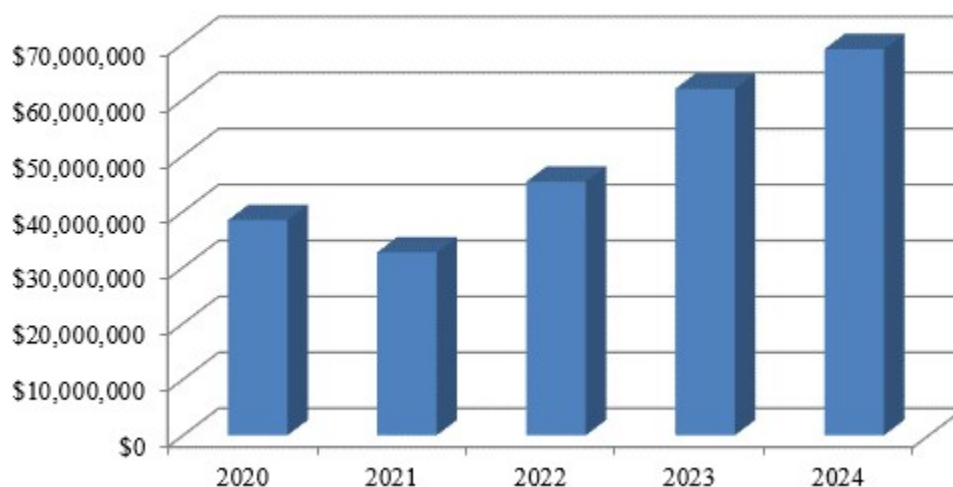
Net position represents the residual interest in the Foundation’s assets after liabilities are deducted. The Foundation’s net position is as follows:

	2024 (in thousands)	2023 (in thousands)
Net investment in capital assets	\$ 19,442	\$ 20,984
Restricted		
Expendable	344	222
Unrestricted	49,253	40,734
<b>Net position</b>	<b>\$ 69,039</b>	<b>\$ 61,940</b>

Net position increased by 11.5% or \$7.1 million primarily in unrestricted entrepreneurial activities of the Foundation as well as program activities. Net investment in capital assets decreased by \$1.5 million or 7.3%.

Management's Discussion and Analysis ("MD&A")  
Year Ended June 30, 2024

Net Position



Statement of Revenues, Expenses, and Changes in Net Position

The statement of revenues, expenses, and changes in net position presents the Foundation's results of operations. A summary of the Foundation's revenues, expenses, and changes in net position is as follows:

	2024 (in thousands)	2023 (in thousands)
<b>Operating revenues</b>		
Educational activities	\$ 9,377	\$ 19,232
Enterprise activities	54,012	49,901
Grants and contracts	22,077	19,093
Admin and real estate activities	11,638	10,465
<b>Total operating revenues</b>	<u>97,104</u>	<u>98,691</u>
<b>Operating expenses</b>	<u>93,660</u>	<u>83,093</u>
<b>Operating income</b>	<u>3,444</u>	<u>15,598</u>
<b>Nonoperating revenues (expenses)</b>		
Gain on PPP loan forgiveness	-	3,795
Investment income, net	4,984	2,137
Interest expense	(1,229)	(1,294)
Other nonoperating expenses	(100)	(3,628)
<b>Net nonoperating revenues (expenses)</b>	<u>3,655</u>	<u>1,010</u>
<b>Change in net position</b>	7,099	16,608
<b>Net position</b>		
Net position, beginning of year	61,940	45,332
Net position, end of year	<u>\$ 69,039</u>	<u>\$ 61,940</u>

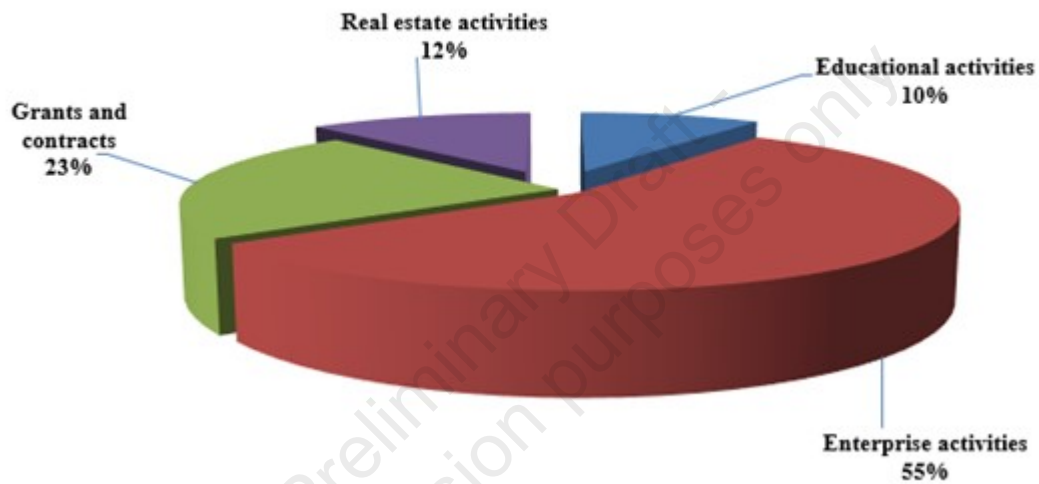
**Management's Discussion and Analysis ("MD&A")  
Year Ended June 30, 2024**

During the fiscal year 2024, total operating revenues decreased 1.6% or \$1.6 million as educational activities decreased by \$9.9 million but all other areas increased by \$8.3 million in total. Operating expenses increased 12.7% or \$10.6 million because of the increase in enterprise and grant and contracts activities.

The net nonoperating revenues were approximately \$3.7 million. Net investment gain for the year was approximately \$5.0 million as the market continued to produce positive gains.

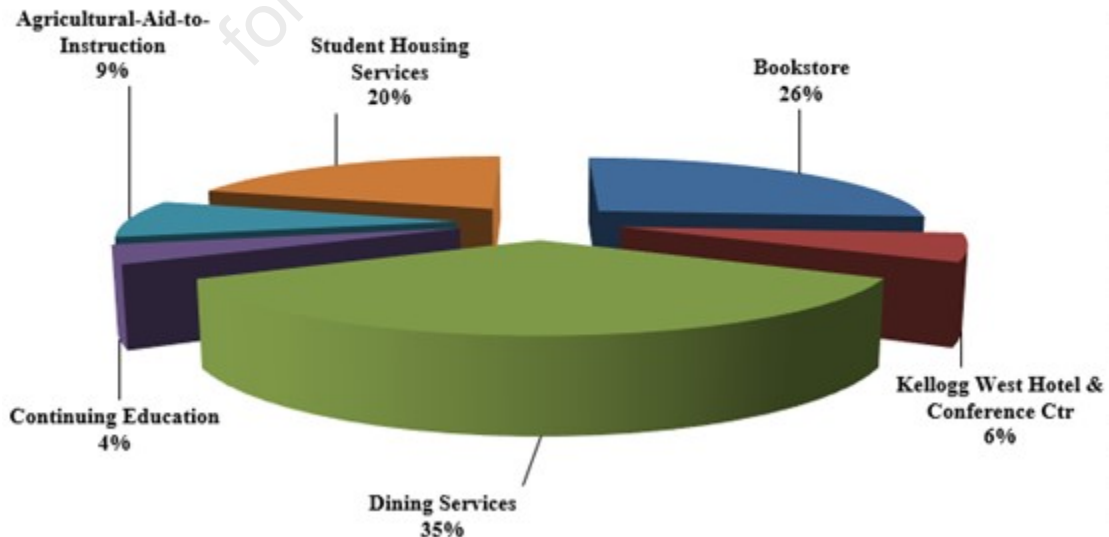
Operating revenues also include grants and contracts awarded by governmental and private institutions. Amounts administered by the Foundation are recorded as revenue and expense in the financial statements.

**Operating Revenues**



Auxiliary enterprise operating revenues consist of the following programs:

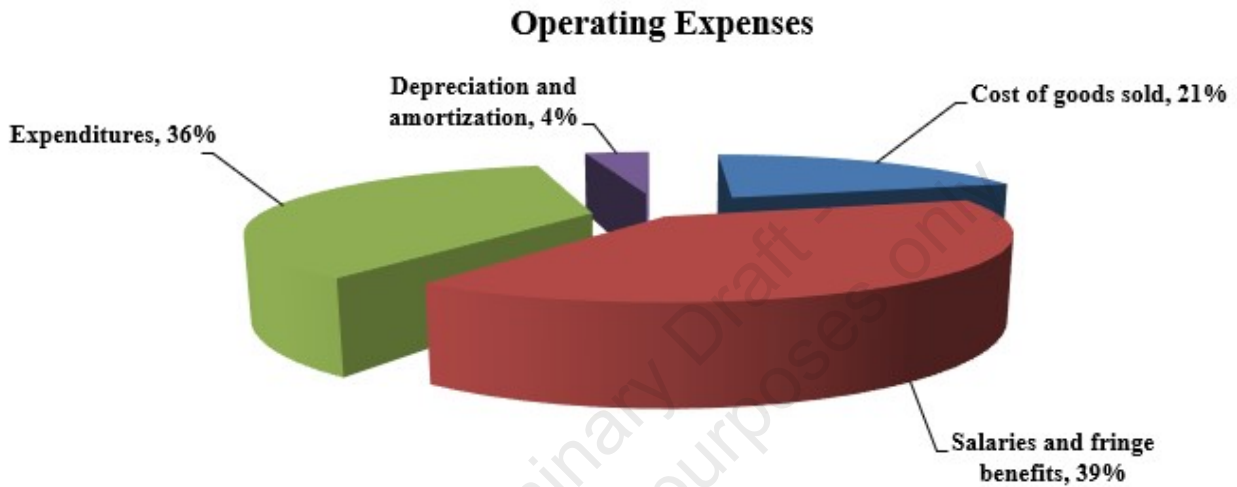
**Enterprise Revenues**



**Management’s Discussion and Analysis (“MD&A”)  
Year Ended June 30, 2024**

The Foundation entered into a master operating agreement and various supplemental operating agreements with the Trustees of the California State University in July 2018, on behalf of the University that expires in February 2025 and allows the Foundation to operate various activities including the above enterprise activities. All activities of the Foundation are designed to support students, faculty and staff by providing convenient goods and services at reasonable prices. These services provide additional resources and support services to further the University’s mission.

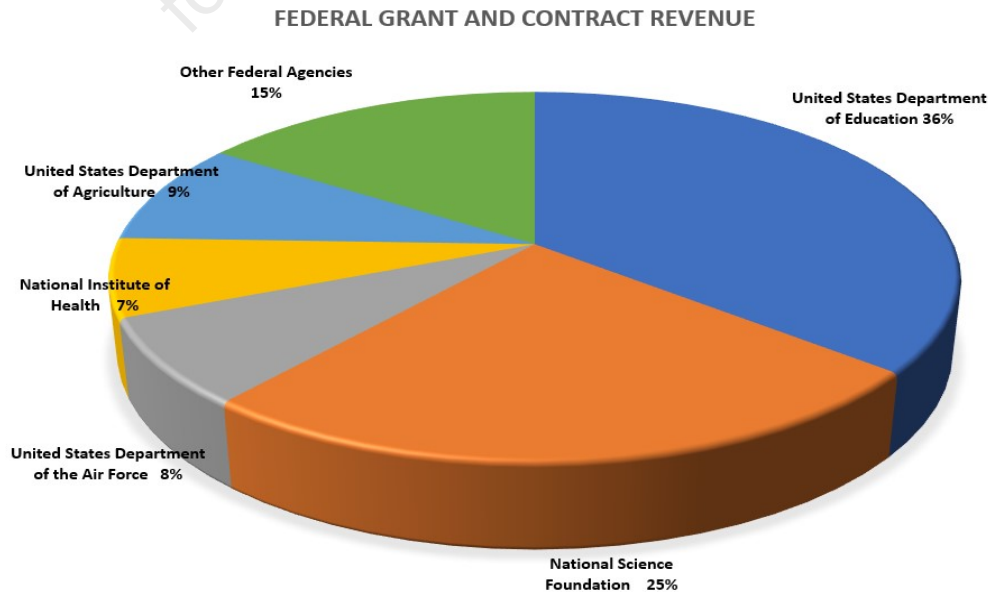
In fiscal year 2024, operating expenses consist of cost of goods sold of \$19.3 million, salaries and fringe benefits of \$36.4 million, payments to vendors of \$34.1 million, and depreciation and amortization of \$3.9 million.



**Grants and Contracts**

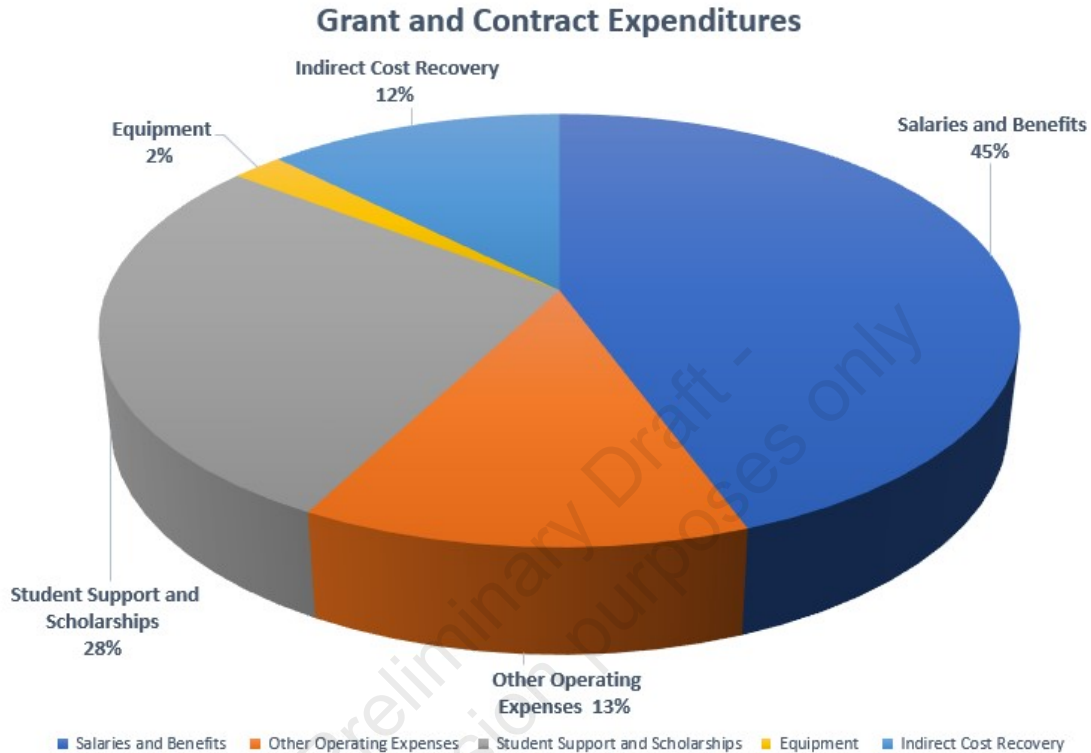
The Foundation is the recipient of all externally-funded sponsored projects awarded on behalf of California State Polytechnic University, Pomona. For the fiscal year 2023-24, University faculty and staff have secured over \$23.3 million in external funds representing 153 projects.

Federal grant and contract awards received represents 71% of the sponsored program activity and includes support from a variety of agencies including:



Management's Discussion and Analysis ("MD&A")  
Year Ended June 30, 2024

During the last two fiscal years, grants and contracts expenditures totaled \$41.4 million consisting of federal grants and contracts of \$29.2 million, state grants and contracts of \$8.0 million, and non-governmental grants and contracts of \$4.2 million. Expenditures relating to grant and contract projects consisted of the following items:



The total amount of indirect cost recovery income collected from grant and contract projects totaled \$5.2 million in fiscal year 2023-24 and 2022-23. This income is used to pay for the pre-award operating costs of the Office of Research and Sponsored Programs and the Foundation's post award administrative fee, with the excess being returned to Academic Affairs for distribution back to the Academic/University units that generated the activity.

**Factors Impacting Future Periods**

The effects of the pandemic and declining population trends have had continued influence within the higher education industry. Student enrollment, future capital considerations, as well as inflation, have effective dates that affect future financial presentations. However, the impact of the implementation of these to the statements of the Foundation have not been assessed at this time.



**Basic Financial Statements**

Preliminary Draft -  
for discussion purposes only

Cal Poly Pomona Foundation, Inc.

Statement of Net Position  
June 30, 2024

Assets

Current assets

Cash and cash equivalents	\$ 4,310,666
Short-term investments	42,858,571
Accounts receivable, current portion, net	9,685,780
Accounts receivable from related parties	13,878,438
Lease receivables, current portion	866,568
Inventories	1,521,301
Prepaid expenses and other assets	<u>220,790</u>

Total current assets 73,342,114

Noncurrent assets

Restricted cash and cash equivalents	19,780
Accounts receivable, net of current portion	2,312,129
Lease receivables, net of current portion	92,578,446
Long-term investments	1,514,561
Capital assets, net	<u>37,096,092</u>

Total noncurrent assets 133,521,008

Total assets 206,863,122

Deferred outflows of resources

Net pension liability	6,616,841
Net OPEB liability	<u>842,602</u>

Total deferred outflows of resources \$ 7,459,443

Cal Poly Pomona Foundation, Inc.

Statement of Net Position  
June 30, 2024

Liabilities	
Current liabilities	
Accounts payable	\$ 4,242,730
Accounts payable to related parties	1,826,344
Accrued salaries and benefits payable	843,514
Accrued compensated absences	824,266
Unearned revenue	1,771,244
Lease liabilities, current portion	1,329,452
Other liabilities	3,366,792
Total current liabilities	<u>14,204,342</u>
Noncurrent liabilities	
Lease liabilities, net of current portion	16,325,029
Net pension liability	14,847,664
Net OPEB liability	2,437,917
Unitrust liability	638,399
Total noncurrent liabilities	<u>34,249,009</u>
Total liabilities	<u>48,453,351</u>
Deferred inflows of resources	
Net pension liability	4,324,348
Leases	89,126,861
Net OPEB liability	2,479,664
Split interest agreements	899,309
Total deferred inflows of resources	<u>96,830,182</u>
Net position	
Net investment in capital assets	19,441,611
Restricted unvested grant assets	344,248
Unrestricted	49,253,173
Total net position	<u>\$ 69,039,032</u>

See Notes to Financial Statements.

Cal Poly Pomona Foundation, Inc.

Statement of Revenues, Expenses, and Changes in Net Position  
Year Ended June 30, 2024

Operating revenues	
Educational activities	\$ 9,376,953
Enterprise activities	54,011,524
Grants and contracts	22,077,519
Administrative and real estate activities	<u>11,638,090</u>
Total operating revenues	<u>97,104,086</u>
Operating expenses	
Educational activities	8,038,698
Enterprise activities	44,650,664
Grants and contracts	21,647,053
Administrative and real estate activities	15,464,825
Depreciation and amortization	<u>3,858,400</u>
Total operating expenses	<u>93,659,640</u>
Operating income	<u>3,444,446</u>
Nonoperating revenues (expenses)	
Investment income	4,983,792
Interest expense	(1,228,757)
Other nonoperating expenses	<u>(100,433)</u>
Net nonoperating revenues	<u>3,654,602</u>
Change in net position	7,099,048
Net position, beginning of year	<u>61,939,984</u>
Net position, end of year	<u>\$ 69,039,032</u>

See Notes to Financial Statements.

**Cal Poly Pomona Foundation, Inc.**

**Statement of Cash Flows  
Year Ended June 30, 2024**

Cash flows from operating activities	
Receipts from federal grants and contracts	\$ 16,910,029
Receipts from state and local grants and contracts	3,256,373
Receipts from nongovernmental grants and contracts	1,911,117
Payments to suppliers	(47,876,940)
Payments to employees	(26,974,277)
Payments for benefits	(7,870,543)
Sales and services of educational activities	9,376,953
Sales and services of enterprise activities	43,067,076
Other receipts	<u>8,722,814</u>
Net cash provided by operating activities	<u>522,602</u>
Cash flows from noncapital financing activities	
Other noncapital financing activities	<u>(100,433)</u>
Net cash used in noncapital financing activities	<u>(100,433)</u>
Cash flows from capital and related financing activities	
Acquisitions of capital assets	(1,971,897)
Principal paid on capital debt and lease	(1,345,801)
Interest paid on capital debt and lease	(1,228,757)
Principal collections on lease receivable	938,169
Deferred inflow of leases	<u>(1,891,583)</u>
Net cash used in capital and related financing activities	<u>(5,499,869)</u>
Cash flows from investing activities	
Proceeds from sales and maturities of investments	13,431,408
Purchases of investments	(20,460,857)
Investment income	<u>617,746</u>
Net cash used in investing activities	<u>(6,411,703)</u>
Net decrease in cash and cash equivalents	(11,489,403)
Cash and cash equivalents, beginning	<u>15,819,849</u>
Cash and cash equivalents, end	<u><u>\$ 4,330,446</u></u>
Breakdown of ending cash balance	
Cash and cash equivalents	\$ 4,310,666
Restricted cash and cash equivalents	<u>19,780</u>
	<u><u>\$ 4,330,446</u></u>

Cal Poly Pomona Foundation, Inc.

Statement of Cash Flows  
Year Ended June 30, 2024

Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 3,444,446
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation and amortization	3,858,400
Lease receivable additions	(435,964)
Loss on disposal of assets	21,551
Change in assets and liabilities	
Accounts receivable, net	(10,745,532)
Prepaid expenses and other assets	648,149
Deferred outflows of resources	2,332,736
Accounts payable and accounts payable to related parties	2,209,446
Accrued salaries and benefits payable	(28,369)
Accrued compensated absences	61,832
Unearned revenue	(198,916)
Net other postemployment benefits liability	(5,166,111)
Net pension liability	1,470,851
Other liabilities	(40,989)
Deferred inflows of resources	<u>3,091,072</u>
Net cash provided by operating activities	<u>\$ 522,602</u>

See Notes to Financial Statements.

Cal Poly Pomona Foundation, Inc.

Statement of Fiduciary Net Position  
June 30, 2024

	<u>Bronco Bucks</u>
Assets	
Current assets	
Cash	<u>\$ 449,840</u>
Total assets	<u>449,840</u>
Net position	
Restricted:	
Funds held for others	<u>449,840</u>
Total net position	<u><u>\$ 449,840</u></u>

Preliminary Draft -  
for discussion purposes only

Cal Poly Pomona Foundation, Inc.

Statement of Changes in Fiduciary Net Position  
Year Ended June 30, 2024

	<u>Bronco Bucks</u>
Additions	
Program income	<u>\$ 449,840</u>
Total additions	<u>449,840</u>
Deductions	
Distributions	<u>429,553</u>
Total deductions	<u>429,553</u>
Change in fiduciary net position	20,287
Fiduciary net position, beginning of year	<u>429,553</u>
Fiduciary net position, end of year	<u><u>\$ 449,840</u></u>

Preliminary Draft -  
for discussion purposes only



# Cal Poly Pomona Foundation, Inc.

## Notes to Financial Statements June 30, 2024

### Note 1 - Organization

Cal Poly Pomona Foundation, Inc. (the "Foundation") was organized as a nonprofit corporation and auxiliary organization of California State Polytechnic University, Pomona (the "University") in 1966. The Foundation assists the University in several ways, through the development and administration of research and educational grants and contracts; conducting enterprise activities including dining services, bookstore/retail, a conference center/hotel, apartment style housing, continuing education, and agricultural aid to instruction; the management of Foundation programs and real estate activities; the development and administration of the Affordable Faculty/Staff housing Program, a research park, special programs, and other similar activities on behalf of the University.

### Note 2 - Summary of significant accounting policies

#### Financial reporting entity

The Foundation is a legally separate tax-exempt component unit of the University. The University is part of the California State University ("CSU") system. Costs are allocated to specific programs and activities where applicable. Costs not identified with specific activities that relate to the full scope of the Foundation's activities are allocated to general operations.

The Foundation's Board appointments require approval from the University President, and as a result, the Foundation follows the reporting principles promulgated by the Governmental Accounting Standards Board ("GASB"). The basic financial statements present the Statement of Net Position, Statement of Revenue, Expenses, and Changes in Net Position, Statement of Cash Flows, Statement of Fiduciary Net Position, and Statement of Changes in Fiduciary Net Position (if applicable) of the Foundation. These statements do not purport to present financial information of the CSU system as a whole.

The Foundation is the trustee, or fiduciary, for assets that belong to students through the Bronco Bucks program. The Foundation is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The Foundation excludes these activities from their financial statements because the Foundation cannot use these assets to finance its operations.

#### Basis of presentation

The Foundation records revenue in part from assisting the University in various activities as described in Note 1 above and accordingly, has chosen to present its basic financial statements using the reporting model for special-purpose governments engaged only in business-type activities. This model allows all financial information for the Foundation to be reported in a single column each year in each of the basic financial statements. The effect of any internal activity between funds or groups of funds has been eliminated from these basic financial statements.

#### Basis of accounting

The accompanying basic 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 ("GAAP"), as prescribed by the GASB. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

# Cal Poly Pomona Foundation, Inc.

## Notes to Financial Statements June 30, 2024

Fiduciary fund financial statements include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position, if applicable. The Foundation's fiduciary funds only include Custodial Funds, which are used to report fiduciary activities where the Foundation does not control the assets, intended for the benefit of the students. These assets are not held in a trust and are utilized by students through charges on campus on the Bronco Bucks cards. The Custodial Funds are accounted for on a spending or "economic resources" measurement focus and the accrual basis of accounting in accordance with GASB Statement No. 84, *Fiduciary Activities*.

### **Classification of current and noncurrent assets and liabilities**

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

### **Federal grants and contracts**

The Foundation serves as administrator for various grants and contracts awarded by governmental and private institutions. Amounts administered by the Foundation are recorded as revenue and expense, respectively, in the financial statements.

### **Cash and cash equivalents**

The Foundation considers all highly-liquid investments with an original maturity date of three months or less to be cash equivalents.

### **Accounts receivable**

Accounts receivable include receivables due from federal, state and local governments for contract and grant reimbursements. Accounts receivable also include receivables from enterprise sales and services and for real estate rents and leases. Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Foundation provides for losses on accounts receivable using the allowance method. The allowance is based on the length of time the receivable has been outstanding.

### **Leases receivable**

Leases receivable include receivables that are recognized at the net present value of the leased assets, at a borrowing rate either explicitly described in the lease agreement or as implicitly determined by the Foundation, reduced by principal payments received.

### **Inventories**

Inventories are presented at the lower of cost or net realizable value based on the average cost method and are expensed when used. Inventory consists of textbooks held for resale in the bookstore, ancillary instructional materials, apparel and other supplies held for educational purposes.

### **Investments**

Investments are reflected at fair value using quoted market prices or net asset value ("NAV"). Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Gains and losses are included in the Statement of Revenues, Expenses, and Changes in Net Position as investment income, net.

## Cal Poly Pomona Foundation, Inc.

### Notes to Financial Statements June 30, 2024

The Foundation's general investment policy authorizes the investment of excess funds in a range of investments to seek an average total annual return of 2.0% plus the percentage change in the greater Higher Education Price Index ("HEPI").

These investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities may occur in the near term and that such change could materially affect the financial statements. Although the market value of investments is subject to fluctuations, management believes the investment policies are prudent for the long-term welfare of the Foundation.

#### **Lease assets**

Lease assets are assets which the Foundation leases for a term of more than one year. The value of the lease assets are determined by the net present value of the leases using the interest rate implicit in the lease, or if not determinable, the Foundation's incremental borrowing rate at the time of the lease agreement, amortized over the term of the lease.

#### **Capital assets**

Capital assets are stated at cost or estimated historical cost if purchased or if donated, at estimated acquisition value at date of donation. Capital assets with a value of less than \$5,000 are not capitalized. Title to all assets, whether purchased, constructed, or donated, is held by the Foundation or title to an asset is transferred to the University and not included in the Foundation's capital assets. Depreciation is determined using the straight-line method over the estimated lives of the assets ranging from 3 to 40 years. Leasehold improvements are amortized using the straight-line method over the shorter of their estimated useful lives or the term of the lease. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are not capitalized.

#### **Deferred outflows of resources**

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then.

The deferred outflows of resources related to the net pension and other postemployment benefit ("OPEB") liabilities resulted from changes in actuarial assumptions, contributions to the pension and OPEB plans made subsequent to the measurement date of the actuarial valuations for the pension and OPEB plans, net difference between projected and actual earnings on plan investments, and differences between expected and actual actuarial experience in measuring plan liabilities. In addition, deferred outflows related to the net pension liability resulted in changes in its proportionate share of the net pension liability, as well as differences between actual contributions and its proportionate share of contributions.

#### **Unearned revenue**

Unearned revenue consists primarily of funds received in advance of earnings related to enterprise activities and continuing education.

#### **Other liabilities**

Other liabilities consist of grant and contracts funds received in advance of expenditures and the remainder interest associated with charitable remainder trust agreements.

## Cal Poly Pomona Foundation, Inc.

### Notes to Financial Statements

June 30, 2024

#### **Pension liability**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California Public Employees' Retirement System ("CalPERS") plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value.

#### **Net OPEB liability**

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, the fiduciary net position of the Foundation's plans and additions to/deductions from the Plans' fiduciary net position have been determined by Actuarial Standards of Practice and applicable Federal and State laws.

#### **Unitrust liability**

The Foundation administers irrevocable charitable remainder trusts that provide for the payment of lifetime distributions to the trustors or other designated beneficiaries. Upon the demise of the lifetime beneficiary, the trusts and gift annuities provide for the distribution of assets to the Foundation for the benefit of the campus. Remainder trust and gift annuity funds designated to the campus are recorded as deferred inflow per GASB 81 in the accompanying financial statements in the years received and as a donation in the year the trust matures. The fair value of the trusts' assets has been included in the accompanying statement of net position and a corresponding liability has been recorded to reflect the present value of required lifetime payments to the named beneficiaries.

#### **Deferred inflows of resources**

Deferred inflows of resources represent an acquisition of net position by the Foundation that is applicable to a future reporting period and thus, will not be recognized as an inflow of resources (income) until then. The Foundation has a deferred gain on split interest agreements with charitable trusts and an advance refunding, resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

The deferred inflows of resources related to the net pension and OPEB liabilities resulted from changes in actuarial assumptions, differences between expected and actual experience, and net difference between projected and actual earnings on pension and OPEB plan investments. In addition, deferred inflows related to the net pension liability include changes in its proportionate share of the net pension liability and difference between contributions and proportionate share of contributions.

Deferred inflows also include changes as impacted by the implementation of GASB Statement No. 87 for single model lease accounting as the lessor.

#### **Net position**

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

*Net investment in capital assets* - Capital assets, net of accumulated depreciation, amortization, and outstanding principal balances of debt and lease liabilities attributable to the acquisition, construction, or improvement of those assets.

## Cal Poly Pomona Foundation, Inc.

### Notes to Financial Statements June 30, 2024

*Restricted - expendable* - Amounts subject to externally imposed conditions that can be fulfilled by the actions of the Foundation or by the passage of time. When both restricted and unrestricted resources are available for use, it is the Foundation's policy to use restricted resources first, then unrestricted resources as they are needed.

*Unrestricted* - All other categories of net position. In addition, unrestricted net position may be designated for use by the Foundation's Board of Directors.

#### **Classification of revenues and expenses**

The Foundation considers operating revenues and expenses in the Statement of Revenues, Expenses, and Changes in Net Position to be those revenues and expenses that result from exchange transactions or from other activities that are connected directly to the Foundation's primary functions. Exchange transactions include charges for services rendered and the acquisition of goods and services. Certain other transactions are reported as nonoperating revenues and expenses in accordance with GASB Statement No. 33. These nonoperating activities include the Foundation's net investment income, interest expense, transfer of assets to the University, and transfer of assets to the Philanthropic Foundation.

#### **Income taxes**

The Foundation is organized under the nonprofit public benefit laws of California and is recognized as an exempt organization for both federal and California purposes under Section 501(c)(3) and 23701(d), respectively.

The Foundation has evaluated its tax positions and the certainty as to whether those tax positions will be sustained in the event of an audit by taxing authorities at the federal and state levels. The primary tax positions evaluated are related to the Foundation's continued qualification as a tax-exempt organization and whether there is unrelated business income activities conducted that would be taxable. Management has determined that all income tax positions are more likely than not of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required.

#### **Estimates**

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, deferred inflows, revenues, and expenses in the accompanying basic financial statements. Actual results could differ from those estimates.

#### **Subsequent events**

The Foundation has evaluated subsequent events through [DATE], which is the date the financial statements were available to be issued.

### **Note 3 - Credit risk**

#### **Custodial credit risk**

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Foundation's deposits may not be returned. The cash and cash equivalents of the Foundation are maintained at financial institutions and are fully insured or collateralized up to \$250,000 per financial institution.

Securities Investor Protection Corporation ("SIPC") protects against the loss of cash and securities - such as stocks and bonds - held by a customer at a financially-troubled SIPC member brokerage firm. The limit of SIPC protection is \$500,000, which includes a \$250,000 limit for cash.

**Cal Poly Pomona Foundation, Inc.**

**Notes to Financial Statements  
June 30, 2024**

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Foundation will not be able to recover the value of its investments that are in the possession of the counterparty. As of June 30, 2024, all investments are in the name of the Foundation, and the Foundation is not exposed to custodial credit risk associated with its investments.

Following is a list of acceptable instruments to invest in as of June 30, 2024:

Description	General portfolio
Money market funds	X
Certificate of deposits	X
Common and preferred stocks	
U.S. Government or agency obligations	X
International bonds	X
Mortgage-backed securities	X
Corporate debt	X
Repurchase agreements	X
Mutual funds (debt or equity)	X
Real Estate Investment Trusts	
Real estate	X
Real assets	X
Alternative investments	X
Hedge funds	
Private equity	

**Interest rate risk**

This is the risk of loss due to the fair value of an investment falling due to rising interest rates. As a means of limiting its exposure to fair value losses from rising interest rates, in accordance with its investment policies, the Foundation authorized investment of up to 10% of the market value of the asset class in non-investment grade debt provided that all such investments shall be made through mutual funds so as to diversify risk.

As of June 30, 2024, all mutual funds invested in fixed income securities, with total fair value of \$200,717, have a duration between one and four years, and were included in general investments.

**Cal Poly Pomona Foundation, Inc.**

**Notes to Financial Statements  
June 30, 2024**

**Credit risk**

This is the risk that an issuer or other counterparty to a debt instrument will not fulfill its obligations. This is measured by the assignment of ratings by nationally recognized statistical rating organizations. Specifically, the Foundation's investment policy requires that corporate debt must carry an investment grade rating by at least two of three rating agencies at the time of purchase. The debt mutual funds are unrated.

The Foundation had the following investments subject to credit risk:

Investment type	Rating (S&P/Moody's)	Fair value
Fixed income mutual funds	AA- through AA+	\$ 200,717
Corporate bonds	BB- through BB+	9,973,202
US treasury securities	AAA	-

At June 30, 2024, the Foundation's fixed income securities have the following maturities:

	1 year	1 - 5 years	5 - 10 years	Over 10 years	Total
Fixed income mutual funds	\$ -	\$ 200,717	\$ -	\$ -	\$ 200,717
Corporate bonds	9,751,519	-	-	221,683	9,973,202
	<u>\$ 9,751,519</u>	<u>\$ 200,717</u>	<u>\$ -</u>	<u>\$ 221,683</u>	<u>\$ 10,173,919</u>

**Concentration of credit risk**

Financial instruments which potentially subject the Foundation to concentrations of credit risk include cash and cash equivalents. The Foundation maintains its cash and cash equivalents and investments with high-credit quality financial institutions, which typically exceeds the federally insured limits. The Foundation has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

The Foundation's investments are subject to various risks, such as interest rate, credit and overall market volatility risks. Further, because of the significance of the investments to the Foundation's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management is of the opinion that the diversification of its invested assets among the various asset classes should mitigate the impact of changes.

**Cal Poly Pomona Foundation, Inc.**

**Notes to Financial Statements  
June 30, 2024**

In order to maximize returns in the investment portfolio while preserving capital, the Foundation's investment policy provides for a range asset allocation as follows:

Asset class	Target asset mix table general investments range
Equities	10 - 65%
Domestic equities	N/A
International equities	N/A
Fixed income - mutual funds	40 - 85%
Cash equivalents	0 - 20%
Real estate	0 - 10%
Real assets	0 - 10%
Alternative investments	0 - 25%
Hedge funds	N/A
Private equity	N/A

As of June 30, 2024, the Foundation was not exposed to concentration of credit risk as there were no investments in a single issuer in excess of 5%.

**Note 4 - Cash, and cash equivalents**

Cash and cash equivalents as of June 30, 2024, are composed of the following:

Cash on hand	\$ 2,494
Cash in bank	998,791
Cash and cash equivalents	3,309,381
Restricted cash and cash equivalents	19,780
	\$ 4,330,446

**Cash in banks**

The *California Government Code* requires California banks and savings and loan associations to secure the Foundation's deposits. Obligations pledged to secure deposits must be delivered to an institution other than the institution in which the deposit is made; however, the trust department of the same institution may hold them. Written custodial agreements are required that provide, among other things, that the collateral securities are held separate from the assets of the custodial institution. The pledge to secure deposits is administered by the California Superintendent of Banks. The market value of pledged securities must equal 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure an agency's deposits by pledging first trust deeds or first mortgages having a value of 150% of an agency's total deposits. All such collateral is considered to be held by the pledging financial institutions' trust departments or agents in the name of the Foundation. At June 30, 2024, cash held by financial institutions for the Foundation of \$4,308,172 was insured and collateralized as described above. At June 30, 2024 the book balance for the Foundation was \$998,791, cash and cash equivalents was \$3,309,381 and restricted cash and cash equivalents was \$19,780.



## Cal Poly Pomona Foundation, Inc.

### Notes to Financial Statements June 30, 2024

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of receivables and cash accounts in financial institutions. The total cash balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per institution. As of June 30, 2024, the Foundation's bank deposits exceeded the balance insured by the FDIC by \$748,791. The Foundation monitors its financial institutions and the concentration of credit risk on a regular basis and does not anticipate nonperformance by the financial institutions.

#### Note 5 - Investments

At June 30, 2024, investments consist of the following:

Common stocks	\$ 26,631,688
Corporate bonds	9,973,202
Indexed annuity	238,330
Fixed income mutual funds	200,717
Local agency investment fund	104,266
Alternative investments	7,224,929
	<hr/>
Total investments	44,373,132
	<hr/>
Less short-term investments	42,858,571
	<hr/>
Long-term investments	\$ 1,514,561
	<hr/>

#### Fair value measurements

Investments are presented in the financial statements at fair value in accordance with GAAP. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. Valuation techniques are used to determine fair value which consists of the market, cost and income approach.

In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, which are described below:

- Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.
- Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The carrying value of cash, receivables, and payables approximates fair value as of June 30, 2024 due to the relative short maturities of these instruments.

**Cal Poly Pomona Foundation, Inc.**

**Notes to Financial Statements  
June 30, 2024**

At June 30, 2024, the investments are carried at fair value and are classified in the table below in one of the three categories as described above:

	Level 1	Level 2	Level 3	Investments measured at NAV	Total
Common stocks	\$ 26,631,688	\$ -	\$ -	\$ -	\$ 26,631,688
Corporate bonds	-	9,973,202	-	-	9,973,202
Indexed annuity	238,330	-	-	-	238,330
Fixed income mutual funds	200,717	-	-	-	200,717
Local agency investment fund	-	-	-	104,266	104,266
Alternative investments	-	-	-	7,224,929	7,224,929
<b>Total</b>	<b>\$ 27,070,735</b>	<b>\$ 9,973,202</b>	<b>\$ -</b>	<b>\$ 7,329,195</b>	<b>\$ 44,373,132</b>

Common stocks, indexed annuities, and fixed income mutual funds categorized as Level 1 are valued based on prices quoted in active markets for those securities. Corporate bonds and U.S. treasury securities categorized as Level 2 are valued using a matrix pricing technique that values securities based on their relationship to benchmark quoted prices.

At June 30, 2024, the Foundation has the following investments in limited partnerships that calculate net asset value ("NAV") per share:

Description	NAV	Unfunded commitments	Redemption terms	Redemption notice period
<b>Private Equity Funds</b>				
Atalaya Sof TE IX	\$ 56,499	\$ 193,501	None	None
Fortress Lending IV A (FO)	7,500	242,500	None	None
Fortress Lending IV A (FO) CPV	17,500	-	None	None
Premier LCP X Offshore	122,314	278,285	None	None
Premier LCP X Offshore CPV	40,190	-	None	None
Hamilton Lane	2,712,082	616,666	None	None
Blue Owl	58,372	273,115	None	None
<b>Hedge Funds</b>				
Coatue Offshore	294,560	-	Quarterly	45 Calendar Days
Hudson Bay Ltd - Advisory	870,355	-	Quarterly	60 Days
Schonfeld Ltd	911,261	-	Quarterly	45 Calendar Days
Seg Partners Offsh Class I	299,892	-	Quarterly	60 Days
Third Point	263,752	-	Quarterly	60 Days
<b>Hedge Funds - Shares</b>				
Blackstone BCRED	261,024	-	Monthly	3 Days
BREIT CL I	521,266	-	Monthly	3 Days
HP/Starboard Value Ltd	304,045	-	Quarterly	90 Calendar Days
Partners Group Pe - I	484,317	-	Quarterly	Tender Window
	<u>\$ 7,224,929</u>	<u>\$ 1,604,067</u>		

**Investment earnings**

Net investment income was \$4,983,792 for the year ended June 30, 2024, which is comprised of interest, dividends, realized gains and losses, and unrealized gains and losses due to changes in the fair value of investments held at year-end, net of investment fees. Investment income or losses are distributed ratably to participating funds.

**Cal Poly Pomona Foundation, Inc.**

**Notes to Financial Statements  
June 30, 2024**

**Note 6 - Accounts receivable**

The following is a summary of accounts receivable at June 30, 2024:

Real estate	\$	2,855,218
Enterprise activities		3,251,318
Grants and contracts		4,710,537
Educational activities		1,354,217
Less allowance for uncollectible amounts		<u>(173,381)</u>
Subtotal accounts receivable		<u>11,997,909</u>
Due from related parties		<u>13,878,438</u>
Total accounts receivable		<u>25,876,347</u>
Less due from related parties		13,878,438
Less current accounts receivable		<u>9,685,780</u>
Noncurrent accounts receivable	\$	<u><u>2,312,129</u></u>

**Note 7 - Capital assets**

The capital assets balance at June 30, 2024, consists of the following activity:

	Balance July 1, 2023	Increases	Decreases	Transfers	Balance June 30, 2024
Capital assets, not being depreciated					
Land	\$ 7,102,910	\$ -	\$ -	\$ -	\$ 7,102,910
Construction in progress	564,814	1,243,154	-	(1,069,885)	738,083
Total capital assets not being depreciated	<u>7,667,724</u>	<u>1,243,154</u>	<u>-</u>	<u>(1,069,885)</u>	<u>7,840,993</u>
Capital assets being depreciated					
Buildings and building improvements	37,099,620	-	1,267,547	774,017	36,606,090
Orchards	143,638	-	-	-	143,638
Infrastructure	8,651,467	-	-	-	8,651,467
Equipment, furniture and vehicles	13,095,061	728,743	124,464	295,868	13,995,208
Right-of-use leases					-
Land and building	21,410,300	-	-	-	21,410,300
Equipment, furniture and vehicles	31,339	-	-	-	31,339
Total capital assets being depreciated	<u>80,431,425</u>	<u>728,743</u>	<u>1,392,011</u>	<u>1,069,885</u>	<u>80,838,042</u>
Total capital assets	<u>88,099,149</u>	<u>1,971,897</u>	<u>1,392,011</u>	<u>-</u>	<u>88,679,035</u>
Less accumulated depreciation/amortization for					
Buildings and building improvements	30,903,251	1,230,243	1,267,547	-	30,865,947
Orchards	134,896	1,177	-	-	136,073
Infrastructure	3,224,962	216,255	-	-	3,441,217
Equipment, furniture and vehicles	11,409,951	697,613	102,913	-	12,004,651
Right-of-use leases					-
Land and building	3,406,411	1,703,597	-	-	5,110,008
Equipment, furniture and vehicles	15,532	9,515	-	-	25,047
Total accumulated depreciation	<u>49,095,003</u>	<u>3,858,400</u>	<u>1,370,460</u>	<u>-</u>	<u>51,582,943</u>
Depreciable assets, net	<u>31,336,422</u>	<u>(3,129,657)</u>	<u>21,551</u>	<u>1,069,885</u>	<u>29,255,099</u>
Total capital assets - net	<u>\$ 39,004,146</u>	<u>\$ (1,886,503)</u>	<u>\$ 21,551</u>	<u>\$ -</u>	<u>\$ 37,096,092</u>

**Cal Poly Pomona Foundation, Inc.**

**Notes to Financial Statements  
June 30, 2024**

For the year ended June 30, 2024 depreciation expense was \$2,145,288 and amortization expense was \$1,713,112.

**Note 8 - Lease receivables**

Lease receivable income was \$2,052,074 for the year ended June 30, 2024, which is comprised of \$938,169 of principal payments and \$1,175,495 of interest payments.

Lease receivables consists of the following as of June 30, 2024:

Name	Balance June 30, 2023	Additions	Principal payments	Balance June 30, 2024
Acroscience	\$ 34,105	\$ -	\$ 15,948	\$ 18,157
American National Red Cross	18,850,588	-	186,683	18,663,905
Biomedix	352,453	-	65,736	286,717
Biomedix	158,397	-	45,672	112,725
Blair, Church & Flynn Consulting Engineers	21,850	65,738	21,850	65,738
Circle Wood	104,343	-	104,343	-
Mesa	540,106	-	263,482	276,624
Titan Oil Recovery I, Inc.	98,317	-	73,267	25,050
Titan Oil Recovery II, Inc.	-	370,226	36,709	333,517
Southern California Edison III	18,861,230	-	28,941	18,832,289
Southern California Edison IV	22,483,468	-	79,643	22,403,825
Southern California Edison V	32,442,362	-	15,895	32,426,467
	<u>\$ 93,947,219</u>	<u>\$ 435,964</u>	<u>\$ 938,169</u>	<u>\$ 93,445,014</u>

**Cal Poly Pomona Foundation, Inc.**

**Notes to Financial Statements  
June 30, 2024**

Lease agreements where the Foundation is the lessor are summarized as follows:

Tenant	Address	Unit/Suite#	Lease Start Date	Lease End Date	Lease term (months)	Discount Rate	Base monthly rent	Increase % per year	Current payment per month
Acroscience	3670 West Temple Ave., Pomona, CA 91768	135	8/1/2022	7/31/2025	36	1.86%	\$ 1,133	3% - 2nd yr 3% - 3rd yr	\$ 1,374
American National Red Cross	Lease land within the Innovation Village Project	-	5/1/2003	4/30/2058	660	1.86%	\$ 29,948	2%-5% per year based on CPI 3% - 2nd yr 3% - 3rd yr 4% - 4th yr 4% - 5th yr	\$ 44,596
Biomedix	3670 West Temple Ave., Pomona, CA 91768	277	10/1/2021	9/30/2026	60	1.86%	\$ 3,816	3% - 2nd yr 3% - 3rd yr 4% - 4th yr 4% - 5th yr	\$ 4,048
Biomedix	3670 West Temple Ave., Pomona, CA 91768	195 & 196	4/1/2023	3/31/2028	60	1.86%	\$ 5,904	Based on CPI rate	\$ 6,199
Blair, Church & Flynn Consulting Engineers	3670 West Temple Ave., Pomona, CA 91768	110	6/15/2021	6/30/2027	72	5.35%	\$ 1,915	3% - 2nd yr 3% - 3rd yr	\$ 1,839
Circle Wood	3670 West Temple Ave., Pomona, CA 91768	273 & 275	7/1/2019	6/30/2024	60	1.86%	\$ 7,804	3% - 2nd yr 3% - 3rd yr 3% - 4th yr 3% - 5th yr	\$ 8,783
Mesa	3670 West Temple Ave., Pomona, CA 91768	150, 151, 152, 153, 154, 191, 192, 193, 194 & 279	7/1/2020	6/30/2025	60	1.86%	\$ 20,688	3% - Months 13-24 3% - Months 25-36 3% - Months 37-48 3% - Months 49-60	\$ 22,606
Southern California Edison III	Lease land within the Innovation Village Project	-	4/14/2006	4/14/2081	900	1.30%	\$ 16,941	Based on CPI rate	\$ 22,830
Southern California Edison IV	Lease land within the Innovation Village Project	-	1/15/2009	1/15/2084	900	0.90%	\$ 16,154	Based on CPI rate	\$ 21,860
Southern California Edison V	Lease land within the Innovation Village Project	-	11/11/2014	4/1/2089	900	1.10%	\$ 26,461	Based on CPI rate	\$ 33,190
Titan Oil Recovery I, Inc.	3670 West Temple Ave., Pomona, CA 91768	270	11/1/2021	10/31/2024	36	5.35%	\$ 5,869	3% - 2nd yr 3% - 3rd yr	\$ 6,287
Titan Oil Recovery II, Inc.	3670 West Temple Ave., Pomona, CA 91768	240 & 271	12/1/2023	11/30/2028	60	5.12%	\$ 6,529	3% - 2nd yr 3% - 3rd yr	\$ 6,529

**Cal Poly Pomona Foundation, Inc.**

**Notes to Financial Statements  
June 30, 2024**

Future payments are due to the Foundation are as follows for the years ended June 30:

Fiscal year	Principal	Interest	Principal and interest
2025	\$ 866,568	\$ 1,175,495	\$ 2,042,063
2026	595,530	1,160,145	1,755,675
2027	595,281	1,147,204	1,742,485
2028	584,333	1,134,505	1,718,838
2029	502,890	1,123,449	1,626,339
2030-2034	2,996,885	5,491,716	8,488,601
2035-2039	4,122,302	5,230,561	9,352,863
2040-2044	5,422,627	4,882,609	10,305,236
2045-2049	6,920,283	4,434,226	11,354,509
2050-2054	8,640,792	3,869,971	12,510,763
2055-2059	9,356,795	3,184,957	12,541,752
2060-2064	6,805,523	2,706,921	9,512,444
2065-2069	8,170,707	2,298,053	10,468,760
2070-2074	9,712,313	1,809,084	11,521,397
2075-2079	11,449,767	1,229,682	12,679,449
2080-2084	10,920,067	578,823	11,498,890
2085-2089	5,782,351	155,029	5,937,380
	<u>\$ 93,445,014</u>	<u>\$ 41,612,430</u>	<u>\$ 135,057,444</u>

**Note 9 - Lease liabilities**

Lease liabilities consists of the following as of June 30, 2024:

Name	Balance June 30, 2023	Additions	Principal payments	Balance June 30, 2024
Ricoh Copier/Printer	\$ 7,356	\$ -	\$ 2,322	\$ 5,034
Ricoh Copier/Printer	1,231	-	1,231	-
Ricoh Copier/Printer	3,797	-	3,792	5
Ricoh Copier/Printer	3,156	-	2,228	928
CTTI - Tech Park Ground	583,902	-	288,252	295,650
University Village (Phase III) Ground	18,400,840	-	1,047,976	17,352,864
	<u>\$ 19,000,282</u>	<u>\$ -</u>	<u>\$ 1,345,801</u>	<u>\$ 17,654,481</u>

**Cal Poly Pomona Foundation, Inc.**

**Notes to Financial Statements  
June 30, 2024**

Lease agreements where the Foundation is the lessee are summarized as follows:

Description	Address	Lease start date	Lease end date	Lease term (months)	Current payment per month
Ricoh Copier/Printer	Research Office 3801 W. Temple, Bldg. 1, RM 224, Pomona, CA 91768-2557	N/A	N/A	Month-to-month	\$ 216
Ricoh Copier/Printer	CPGE 3801 W. Temple, Bldg. 220C Pomona, CA 91768-2557	N/A	N/A	Month-to-month	\$ 316
Ricoh Copier/Printer	Kellogg West 3801 W. Temple Ave., Bldg. 76, Pomona, CA 91768-2557	8/23/2021	8/31/2026	60	\$ 194
Ricoh Copier/Printer	University Village 3801 W. Temple Ave., Pomona, CA 91768-2557	4/29/2021	8/31/2024	40	\$ 72
Ricoh Copier/Printer	Research Office 3801 W. Temple, Bldg. 1, RM 55, Pomona, CA 91768-2557	8/14/2019	8/31/2024	60	\$ 223
Ricoh Copier/Printer	Bronco Bookstore 3801 W. Temple Ave., Bldg. 66, Pomona, CA 91768-2557	10/29/2019	10/31/2024	60	\$ 186
Center for Training, Technology & Incubation - Tech Park Ground Lease	3650-3670 W. Temple Avenue, Pomona, CA 91768	8/1/2000	11/30/2024	292	\$ 23,868
University Village (Phase I, II, III) Ground Lease	3400 Poly Vista, Pomona CA 91768	5/1/2003	11/30/2035	391	\$ 85,141

Annual requirements to amortize long-term obligations and related interest are as follows for the years ending June 30:

Fiscal year	Principal	Interest	Principal and interest
2025	\$ 1,329,452	\$ 329,113	\$ 1,658,565
2026	1,386,462	303,717	1,690,179
2027	1,408,699	275,358	1,684,057
2028	1,392,014	244,088	1,636,102
2029	1,414,034	216,924	1,630,958
2030 - 2034	7,514,537	666,824	8,181,361
2035 - 2039	3,209,283	61,192	3,270,475
	<u>\$ 17,654,481</u>	<u>\$ 2,097,216</u>	<u>\$ 19,751,697</u>

**Cal Poly Pomona Foundation, Inc.**

**Notes to Financial Statements  
June 30, 2024**

**Note 10 - Long-term liabilities**

A schedule of changes in long-term liabilities for the year ended June 30, 2024 is shown below:

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Amount due within one year
Lease liability	\$ 19,000,282	\$ -	\$ 1,345,801	\$ 17,654,481	\$ 1,329,452
Compensated absences	762,434	512,076	450,244	824,266	824,266
Net pension liability	13,376,813	1,470,851	-	14,847,664	-
Unitrust liability	725,271	-	86,872	638,399	-
Net OPEB liability	7,604,028	-	5,166,111	2,437,917	-
	<u>\$ 41,468,828</u>	<u>\$ 1,982,927</u>	<u>\$ 7,049,028</u>	<u>\$ 36,402,727</u>	<u>\$ 2,153,718</u>

**Note 11 - Transactions with related parties**

**California State Polytechnic University, Pomona**

The Foundation and the University provide various services on each other's behalf. Such services are appropriately billed. At June 30, 2024, receivables from other activities and due from the University are \$13,093,348. Accounts payable include \$1,445,740 due to the University at June 30, 2024.

The Foundation made payments of \$11,597,525 to the University during the current fiscal year based on the agreements. Amounts paid to the Foundation during fiscal year 2023-24 totaled \$21,813,503.

During fiscal year 2023-24, the Foundation transferred assets totaling \$224,273 comprised of building improvements, equipment and renovations to various facilities at the University. The University assumed ownership and management of the building improvements, equipment and facilities.

**Cal Poly Pomona Philanthropic Foundation ("Philanthropic Foundation")**

The Foundation and Philanthropic Foundation are subject to a Support Services Agreement, effective July 1, 2019, wherein the Foundation provides fiscal and administrative services to the Philanthropic Foundation. Such services are appropriately billed. Amounts paid by the Foundation during fiscal year 2023-24 totaled \$497,562. Amounts paid to the Foundation during fiscal year 2023-24 totaled \$2,997,262.

At June 30, 2024, accounts payable due to the Philanthropic Foundation totaled \$4,206. Accounts receivable due from the Philanthropic Foundation totaled \$576,420.

**Cal Poly Pomona Associated Students ("ASI")**

The Foundation and ASI provide various services on each other's behalf. Such services are appropriately billed. Amounts paid by the Foundation during fiscal year 2023-24 totaled \$945,833. Amounts paid to the Foundation during fiscal year 2023-24 totaled \$267,440.

At June 30, 2024, receivables from other activities and due from ASI are \$208,670. Accounts payable due from the Foundation to ASI at June 30, 2024 totaled \$376,398.

**Note 12 - Pension plan - California Public Employees' Retirement System ("CalPERS")**

The Foundation participates in a cost sharing multiple-employer defined benefit plan through the CalPERS which covers substantially all regular full-time employees of the Foundation. CalPERS



**Cal Poly Pomona Foundation, Inc.**

**Notes to Financial Statements  
June 30, 2024**

acts as a common investment and administrative agent for participating public entities with the state of California and reports information to the Foundation in accordance with reporting standards established by the GASB.

**Plan description**

Qualified employees are eligible to participate in the Public Agency Cost-Sharing Multiple Employer Plan under the CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The Public Agency Cost-Sharing Multiple-Employer Plan is comprised of a Miscellaneous Risk Pool and a Safety Risk Pool. Individual employers may sponsor more than one Miscellaneous or Safety plan. The Foundation sponsors three Miscellaneous Risk Pool plans, however, the information presented represents the sum of the allocated pension amounts for each of the Foundation's respective plans (the "Plan"). The Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

**Benefits provided**

The Plan provides service retirement and disability benefits, annual cost of living adjustments and death benefits to eligible plan members. Benefits are based on years of service credit, a benefit factor and the member's final compensation. All members are eligible for employment related disability benefits regardless of length of service and nonduty disability benefits after five years of service. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The Post-Retirement Death Benefit is a one-time payment made to a retiree's designated survivor or estate upon the retiree's death. The Basic Death Benefit is a lump sum paid to any member's beneficiary if the member dies while actively employed. The spouse or registered domestic partner of a deceased member, who was eligible to retire for service at the time of death, may elect to receive the Pre-Retirement Option 2W Death Benefit in lieu of the Basic Death Benefit lump sum. The Pre-Retirement Option 2W Death Benefit is a monthly allowance equal to the amount the member would have received if they had retired for service on the date of death and elected Option 2W, the highest monthly allowance a member can leave a spouse or domestic partner. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The First Tier Plan closed to new entrants on or after June 26, 2011. The Second Tier Plan was closed to new entrants on or after December 31, 2012.

The Plan provisions and benefits in effect at June 30, 2024, are summarized as follows:

	<b>Miscellaneous Risk Pool</b>		
	<b>First Tier Plan</b>	<b>Second Tier Plan</b>	<b>PEPRA Misc Plan</b>
Hire date:	On or Before June 25, 2011	June 26, 2011 December 31, 2012	On or after January 1, 2013
Benefit formula:	2% at 55	2% at 60	2% at 62
Benefit vesting schedule:	5 years of service	5 years of service	5 years of service
Benefit payments:	Monthly for life	Monthly for life	Monthly for life
Retirement age:	55	60	62
Required employee contribution rate:	6.92%	6.93%	7.75%
Required employer contribution rate:	13.84%	10.10%	7.68%

**Cal Poly Pomona Foundation, Inc.**

**Notes to Financial Statements  
June 30, 2024**

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are determined annually through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Foundation is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2024 are presented above and the total Foundation contributions were \$2,126,518.

**Pension liabilities, pension expense, deferred outflows of resources, and deferred inflows of resources related to pensions**

As of June 30, 2024, the Foundation reported net pension liabilities for its proportionate share of the Miscellaneous Risk Pool net pension liability totaling \$14,847,664. The net pension liability was measured as of June 30, 2023. The Foundation's proportion of the net pension liability was based on a projection of the Foundation's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023, the Foundation's proportion was 0.00332849, which decreased from 0.0033741 in the prior year.

For the year ended June 30, 2024, the Foundation recognized pension expense of \$4,651,637. At June 30, 2024, the Foundation reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Contributions subsequent to the measurement date	\$ 2,126,518	\$ -
Differences between expected and actual experience	-	-
Net difference between projected and actual earnings on pension plan investments	2,659,496	2,139,330
Effect of change in proportion	-	2,054,849
Difference between contributions and proportionate share of contributions	839,122	130,169
Changes of assumptions	991,705	-
	\$ 6,616,841	\$ 4,324,348

The deferred outflow of resources related to pensions resulting from Foundation contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

The net differences between projected and actual earnings on plan investments is amortized over a five-year period on a straight-line basis. One-fifth is recognized in pension expense during the measurement period and the remaining amount is deferred and will be amortized over the remaining four-year period. The remaining net differences between projected and actual earnings on plan investments shown above represents the unamortized balance relating to the current measurement period and the prior measurement period on a net basis.

**Cal Poly Pomona Foundation, Inc.**

**Notes to Financial Statements  
June 30, 2024**

All other deferred inflows of resources and deferred outflows of resources are amortized over the expected average remaining service life (“EARSL”) of the plan participants. The EARSL for the Miscellaneous Plan for the June 30, 2023 measurement date is 3.8 years.

The amortization is recognized in pension expense for the year the gain or loss occurs. The remaining amounts are deferred and will be amortized over the remaining periods not to exceed 3.8 years.

The deferred inflows of resources and outflows of resources will be recognized in pension expense as follows:

<u>Years Ending June 30</u>	<b>Deferred Outflows (Inflows) of Resources</b>
2025	\$ (1,140)
2026	(1,140)
2027	38,214
2028	130,041
	<u>\$ 165,975</u>

During the fiscal year ended June 30, 2024, the Foundation made contributions to the pension plan after the measurement date of \$2,126,518, which will reduce the deferred outflows of resources and deferred inflows of resources above. Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner in accordance with GASB 68.

**Changes in benefit terms**

In 2022, SB 1168 increased the standard retiree lump sum death benefit from \$500 to \$2,000 for any death occurring on or after July 1, 2023. For pooled plans this is a Class 3 benefit and there is no normal cost surcharge. The impact on the unfunded liability is included in the pool’s differences between expected and actual experience.

**Changes in assumptions**

Amounts reported for the measurement period ended June 30, 2023 reflect no changes.

**Actuarial methods and assumptions**

For the measurement period ended June 30, 2023, the total pension liability was determined by rolling forward the June 30, 2022 actuarial accounting valuation. The June 30, 2023 total pension liability was based on the following actuarial methods and assumptions:

**Cal Poly Pomona Foundation, Inc.**

**Notes to Financial Statements  
June 30, 2024**

Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB 68
Actuarial Assumptions:	
Discount rate	6.90%
Consumer price Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality rate table	Derived using CalPERS' Membership Data for all Funds
and review of actuarial assumptions	Based on December 2017
Post Retirement benefits increase	2.0% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 15 years of mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

The expected real rates of return by asset class are as followed:

<b>Asset Class</b>	<b>Assumed Asset Allocation</b>	<b>Real Return Years 1 - 10<sup>1,2</sup></b>
Global equity - cap-weighted	30.00%	4.45%
Global equity non-cap-weighted	12.00	3.84
Private equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-backed securities	5.00	0.50
Investment grade corporates	10.00	1.56
High yield	5.00	2.27
Emerging market debt	5.00	2.48
Private debt	5.00	3.57
Real assets	15.00	3.21
Leverage	(5.00)	(0.59)

<sup>1</sup> An expected inflation of 2.30% used for this period.

<sup>2</sup> Figures are based on the 2021-22 Asset Liability Management study.

**Discount rate**

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutory contribution rates, actuarially determined. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine total pension liability.

Cal Poly Pomona Foundation, Inc.

Notes to Financial Statements  
June 30, 2024

The following presents the Foundation's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (5.9%)	\$ 23,960,916
Current discount rate (6.9%)	14,847,664
1% increase (7.9%)	7,346,675

**Plan fiduciary net position**

Detailed information about CalPERS Miscellaneous Risk Plan fiduciary net position is available in a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

**Note 13 - Other postretirement healthcare benefits ("OPEB") plan**

**Plan description**

The Foundation sponsors a single-employer defined benefit postretirement health care plan to pay a portion of the retiree's insurance premiums. Based on the eligibility criteria shown below, this plan allows for employer paid retiree healthcare premiums for the retiree and their dependents. A retiree is eligible to enroll in the Plan on an annual basis during open enrollment or at any time the retiree experiences a qualifying event as defined by COBRA regulations.

Beginning in the fiscal year ended June 2011 the Foundation participated in the Auxiliaries Multiple Employer VEBA (Voluntary Employees' Beneficiary Association). The Auxiliaries Multiple Employer VEBA is a separate 501(c)(9) organization established in August 2010 to assist in funding post-retirement healthcare benefits for recognized auxiliaries of the California State University System. The Auxiliaries Multiple Employer VEBA issues separate audited financial statements. Copies of the annual report may be obtained from Keenan Associates, 2355 Crenshaw Blvd., Suite 200, Torrance, CA 90501.

The Auxiliaries Multiple Employer VEBA Board is comprised of at least three Trustees and no more than 16 Trustees. The Board consists of at least three officers, a Chairman, a Vice Chair and a Past Chair who serve one, one-year term in each officer seat. The Vice Chair is selected by the Nominating Committee and elected by a majority vote of the primary member of the participating auxiliaries. The Trustees of the Board are nominated by their respective auxiliary and elected by a majority vote of the primary member of the participating auxiliaries.

**Eligibility and benefits**

The Foundation pays a portion of the health care premium for an eligible retiree, eligible retiree plus one and eligible retiree plus two or more dependents. Eligibility is determined as a combination of age and service. The Foundation's portion of the health care premium is fixed at an annual increase of 5% as approved by the Board of Directors. A minimum of 1,720 hours of compensated employment in a regular benefited full time status qualifies as one year of service. Employees who retired before July 1, 2004 with at least five years of service and were age 50 or older qualify for 100% of the eligible portion of the premiums paid by the Foundation.

**Cal Poly Pomona Foundation, Inc.**

**Notes to Financial Statements  
June 30, 2024**

Employees who were hired before October 1, 2004, are at least 50 years of age, and have attained 10 years of service qualify to have 75% of the eligible portion of the premiums paid by the Foundation. For each additional year of service, the Foundation will increase the eligible portion of the premium by 5% until the employee attains 15 years of service and 100% of the eligible portion of the premiums paid by the Foundation. Additionally, employees who are at least 50 years of age and have at least 10 years of service may add together their age and years of service at retirement; when that amount totals 70, the employees qualify for 100% of the eligible portion of the premiums paid by the Foundation.

Employees who were hired on or after October 1, 2004 and before March 1, 2009, are at least 50 years of age, and have attained 10 years of service qualify to have 50% of the eligible portion of the premiums paid by the Foundation and earn an additional 5% for each year of service completed after 10 years of service. Employees reach 100% of the eligible portion of the premiums paid by the Foundation once attaining 20 years of service.

Employees hired on or after March 1, 2009, are ineligible for benefits under the defined benefit healthcare plan for retirees.

**Schedule of changes in net OPEB liability**

<u>Total OPEB Liability</u>	
Service cost	\$ 96,989
Interest	1,094,051
Differences between expected and actual experience	(3,817,550)
Change of assumptions	(151,479)
Benefit payments, including refunds of employee contributions	<u>(577,533)</u>
Net change in Total OPEB Liability	(3,355,522)
Total OPEB Liability - beginning <a>	<u>17,023,330</u>
Total OPEB Liability - ending <b>	<u><u>\$ 13,667,808</u></u>
 <u>Plan Fiduciary Net Position</u>	
Contribution - employer	\$ 1,577,533
Net investment income	854,446
Benefit payments, including refunds of employee contributions	(577,533)
Administrative expense	<u>(43,857)</u>
Net change in Plan Fiduciary Net Position	1,810,589
Plan Fiduciary Net Position - beginning <c>	<u>9,419,302</u>
Plan Fiduciary Net Position - ending <d>	<u>11,229,891</u>
Net OPEB Liability - beginning <a> - <c>	<u>7,604,028</u>
Net OPEB Liability - ending <b> - <d>	<u><u>\$ 2,437,917</u></u>

**Cal Poly Pomona Foundation, Inc.**

**Notes to Financial Statements  
June 30, 2024**

The total OPEB liability was determined by an actuarial valuation as of June 30, 2023 with a measurement date of June 30, 2023 using the following assumptions, applied to all periods included in the measurement, unless otherwise specified.

**Plan fiduciary net position**

Detailed information about the plan fiduciary net position as of June 30, 2023 is available in the separately issued VEBA financial report. The VEBA financial report can be obtained by submitting a request to: Keenan Financial Services, 2355 Crenshaw Blvd. Suite 200, Torrance, CA 90501.

Actuarial methods and assumptions

Discount rate	6.50% based on the VEBA investment policy.
Net investment return	6.50% based on the VEBA investment policy.
Inflation	2.50% annual inflation.
Payroll increases	3.25% annual increases.
Baseline cost	\$665.73 Pre 65 Retiree & Spouse \$312.52 Post 65 Retiree & Spouse
Administrative expenses	\$43,857 for the measurement period ending June 30, 2023.
Health plan participant	100% of eligible participants will participate.

Healthcare trend rates used in the actuarial valuation are as follows:

<u>Year beginning</u>	<u>Increase in premium rates</u>	
	<u>Pre-65</u>	<u>Post-65</u>
2023	Actual	Actual
2024	7.56%	4.85%
2025	7.31%	5.00%
2026	7.06%	5.00%
2027	6.71%	5.00%
2028	6.36%	5.00%
2029	6.02%	5.00%
2030	5.67%	5.00%
2031	5.32%	5.00%
2032-2033	5.00%	5.00%
2034-2051	4.75%	4.75%
2052-+	4.50%	4.50%

**Cal Poly Pomona Foundation, Inc.**

**Notes to Financial Statements  
June 30, 2024**

Mortality rates used in this valuation are those described in the 2021 CalPERS experience study.

**Pre-Retirement:** CalPERS 2021 Mortality

**Post-Retirement:** CalPERS 2021 Mortality

Age	Sample Mortality Rates			
	Active Employees		Retired Employees	
	Male	Female	Male	Female
55	0.20%	0.12%	0.39%	0.33%
60	0.29%	0.18%	0.58%	0.46%
65	0.40%	0.25%	0.86%	0.61%
70	0.59%	0.40%	1.33%	1.00%
75	0.93%	0.69%	2.39%	1.78%
80	1.52%	1.15%	4.37%	3.40%
85	0.00%	0.00%	8.27%	6.12%
90	0.00%	0.00%	14.54%	11.09%

**Long-term expected rate of return**

As of June 30, 2023, the long-term expected rates of return for each major investment class in the VEBA's portfolio are as follows:

Investment class	Target allocation	Long-term expected RRR
Equity	54.00%	4.61%
Fixed Income	38.00%	6.56%
REITs/TIPS	8.00%	6.85%
	<u>100.00%</u>	

The above table shows the target asset allocation in VEBA investment policy.

**Discount rate**

The discount rate is based on a blend of the long-term expected rate of return on assets for benefits covered by plan assets and a yield or index for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or better for benefits not covered by plan assets.

The arithmetic long-term expected real rates of return by asset class shown above is for the next 10 years. For the years thereafter, returns were based on historical average index real returns over the last 30 years assuming a similar equity/fixed investment mix and a 2.50% inflation rate. Investment expenses were assumed to be 10 basis points per year. These returns were matched with cash flows for benefits covered by plan assets and the Fidelity Municipal GO Index as of June 30, 2023 (Bond Buyer 20-Bond General Obligation index as of June 30, 2022) was matched with cash flows not covered by plan assets to measure the reasonableness of the choice in discount rate.



**Cal Poly Pomona Foundation, Inc.**

**Notes to Financial Statements  
June 30, 2024**

Below are the discount rates used and the Bond Buyer 20-Bond GO Index as of measurement dates of June 30, 2023 and 2022:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Discount Rate	6.50%	6.50%
Long-term Rate of Return	6.50%	6.50%
Fidelity 20yr GO Bond Index	3.86%	3.69%

**Sensitivity analysis**

The following presents the Foundation's net OPEB liability if it were calculated using a discount or trend rate that is 1% point lower (5.50%) or 1% higher (7.50%) than the current rate:

Sensitivity of the net OPEB liability to changes in the discount rate:

<u>Discount rate</u>	<u>Net OPEB Liability</u>	<u>\$ Change</u>	<u>% Change</u>
+1%	\$ 1,088,519	\$ (1,349,399)	-55%
Base	2,437,918	-	0%
-1%	4,542,363	2,104,445	86%

Sensitivity of the net OPEB liability to changes in the trend rate:

<u>Trend Rate</u>	<u>Net OPEB Liability</u>	<u>\$Change</u>	<u>%Change</u>
+1%	\$ 4,478,430	\$ 2,040,512	84%
Base	2,437,918	-	0%
-1%	1,114,064	(1,323,854)	-54%

**Annual OPEB expense and net OPEB liability**

At June 30, 2024, the Foundation reported \$2,437,917 for the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2023. The Foundation's net OPEB liability was based on a projection of the Foundation's covered employee payroll of \$2,872,472.

Plan Fiduciary Net Position (plan assets) was valued as of the measurement date of June 30, 2023 and the total OPEB liability was determined based upon the actuarial valuation as of June 30, 2023. As of June 30, 2023, the Plan Fiduciary Net Position was \$11,229,891.

For the year ended June 30, 2024, the Foundation recognized OPEB income of \$1,167,109. OPEB expense represents the change in the net OPEB liability during the measurement period, adjusted for service cost, interest on the total OPEB liability, expected investment return, net of investment expense, and the deferred recognition of changes in investment gains and losses, actuarial assumptions or methods, and plan benefits.

At June 30, 2024, the measurement of the Total OPEB Liability, plan membership included thirty-seven (37) active plan members and one hundred twenty-one (121) retired members and beneficiaries receiving benefit for a grand total one hundred fifty-eight (158) plan participants.

**Cal Poly Pomona Foundation, Inc.**

**Notes to Financial Statements  
June 30, 2024**

**Deferred outflows/inflows of resources**

	<b>Deferred outflows of resources</b>	<b>Deferred inflows of resources</b>
Differences between expected and actual experience in the measurement of the total OPEB liability	\$ -	\$ 2,387,126
Changes in assumptions	-	92,538
Net difference between projected and actual earnings on OPEB plan investments	842,602	-
Contributions to OPEB plan after measurement date	-	-
	<b>\$ 842,602</b>	<b>\$ 2,479,664</b>
Total	<b>\$ 842,602</b>	<b>\$ 2,479,664</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Fiscal year ended June 30:</b>	<b>Deferred outflows/(inflows) of resources</b>
2025	\$ (1,416,113)
2026	(746,099)
2027	567,374
2028	(42,224)
2029	-
Thereafter	-
	<b>\$ (1,637,062)</b>

During the fiscal year ended June 30, 2024, the Foundation made contributions to the OPEB plan after the measurement date of \$0, which will reduce the deferred outflows of resources and deferred inflows of resources above. Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net OPEB liability to be recognized in future periods in a systematic and rational manner in accordance with GASB 75. Investment gains or losses are recognized in OPEB expense over a five-year period and economic/demographic gains or losses and assumption changes or inputs are recognized over the average remaining service life for all active and inactive members.

**Note 14 - Commitments and contingencies**

**Litigation**

The Foundation is subject to certain claims that arise out of the normal operations of the Foundation. In the opinion of management, the Foundation has sufficient liability insurance to cover any such claims, and these matters will not have a material effect on the financial position of the Foundation if disposed of unfavorably.

**Required Supplementary Information**

Preliminary Draft -  
for discussion purposes only

**Cal Poly Pomona Foundation, Inc.**  
**California Public Employees Retirement Plan**  
**Schedule of Foundation's Proportionate Share of the Net Pension Liability**  
**Plan Year Ended June 30, 2024**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Foundation's proportion of the collective net pension liability	0.00286%	0.12669%	0.24413%	0.22170%	0.21743%	0.24325%	0.21200%	0.07771%	0.07957%
Foundation's proportionate share of the collective net pension liability (asset)	\$ 13,376,813	\$ 2,405,616	\$ 10,297,623	\$ 8,877,822	\$ 8,194,358	\$ 9,589,146	\$ 8,352,723	\$ 5,338,104	\$ 4,998,351
Foundation's covered-employee payroll	\$ 9,642,240	\$ 12,143,926	\$ 9,741,322	\$ 12,562,122	\$ 11,541,499	\$ 11,061,078	\$ 11,198,164	\$ 10,995,860	\$ 10,862,791
Foundation's proportionate share of the collective net pension liability (asset) as a percentage of its covered-employee payroll	138.7%	19.8%	105.7%	70.7%	71.0%	86.7%	74.6%	48.5%	46.0%
Plan fiduciary net position as a percentage of the total pension liability	78.2%	90.5%	85.4%	84.0%	85.6%	82.2%	86.1%	88.3%	89.1%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

Amounts for covered payroll are reported as of the previous fiscal year to align with the measurement date of the net pension liability.

Preliminary Draft  
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See Independent Auditor's Report.

**Cal Poly Pomona Foundation, Inc.**  
California Public Employees Retirement Plan  
Schedule of Foundation Contributions  
Plan Year Ended June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 2,126,518	\$ 2,015,253	\$ 1,697,759	\$ 1,495,924	\$ 1,731,723	\$ 2,159,281	\$ 2,331,544	\$ 1,786,168	\$ 1,010,277
Contributions in relation to the contractually required contribution	<u>(2,126,518)</u>	<u>(2,015,253)</u>	<u>(1,697,759)</u>	<u>(1,495,924)</u>	<u>(1,731,723)</u>	<u>(2,159,281)</u>	<u>(2,331,544)</u>	<u>(1,786,168)</u>	<u>(1,010,277)</u>
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
Foundation's covered-employee payroll	\$ 8,141,971	\$ 9,642,240	\$ 12,143,926	\$ 9,741,322	\$ 12,562,122	\$ 11,541,499	\$ 11,061,078	\$ 11,198,164	\$ 10,995,860
Contributions as a percentage of covered employee payroll	26.1%	20.9%	13.98%	15.36%	13.79%	18.71%	21.08%	15.95%	9.19%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

*Changes of Benefit Terms:* The CalPERS Plan had no changes in benefit terms since the previous valuation.

*Note:* In 2022, SB 1168 increased the standard retiree lump sum death benefit from \$500 to \$2,000 for any death occurring on or after July 1, 2023. For pooled plans this is a Class 3 benefit and there is no normal cost surcharge. The impact on the unfunded liability is included in the pool's differences between expected and actual experience.

*Changes in Assumptions:* The CalPERS Plan had no assumption changes in 2023.

See Independent Auditor's Report.

**Cal Poly Pomona Foundation, Inc.**  
California Public Employees Retirement Plan  
Schedule of Changes in Net OPEB Liability and Related Ratios  
Plan Year Ended June 30, 2024

Plan Year Ended June 30	2023	2022	2021	2020	2019	2018	2017
<b>Total OPEB Liability</b>							
Service cost	\$ 96,989	\$ 92,370	\$ 197,238	\$ 187,854	\$ 182,673	\$ 142,277	\$ 148,176
Interest	1,094,051	1,077,426	1,141,658	1,104,006	1,051,769	894,698	1,051,372
Differences between expected and actual experience	(3,817,550)	(286,598)	79,980	(86,309)	(745,620)	1,014,722	1,680,006
Change of assumptions	(151,479)	-	(1,668,472)	14,502	985,763	890,259	(3,591,876)
Benefits payments, including refunds of employee contributions	(577,533)	(675,951)	(592,799)	(705,751)	(647,375)	(486,936)	(584,422)
<b>Net change in Total OPEB Liability</b>	<b>(3,355,522)</b>	<b>207,247</b>	<b>(842,395)</b>	<b>514,302</b>	<b>827,210</b>	<b>2,455,020</b>	<b>(1,296,744)</b>
<b>Total OPEB Liability - beginning</b>	<b>17,023,330</b>	<b>16,816,083</b>	<b>17,658,478</b>	<b>17,144,176</b>	<b>16,316,966</b>	<b>13,861,946</b>	<b>15,158,690</b>
<b>Total OPEB Liability - ending</b>	<b>\$ 13,667,808</b>	<b>\$ 17,023,330</b>	<b>\$ 16,816,083</b>	<b>\$ 17,658,478</b>	<b>\$ 17,144,176</b>	<b>\$ 16,316,966</b>	<b>\$ 13,861,946</b>
<b>Plan Fiduciary Net Position</b>							
Contributions - employer	\$ 1,577,533	\$ 397,371	\$ 436,315	\$ 1,705,751	\$ 1,647,375	\$ 1,000,000	\$ 1,111,120
Net investment income	854,446	(2,263,832)	2,841,138	420,836	449,772	567,209	743,578
Benefit payments, including refunds of employee contributions	(577,533)	(1,112,266)	(1,968,173)	(705,751)	(647,375)	(486,936)	(584,422)
Administrative expense	(43,857)	(34,920)	(36,221)	(34,779)	(49,278)	(39,162)	(33,384)
<b>Net change in Fiduciary Net Position</b>	<b>1,810,589</b>	<b>(3,013,647)</b>	<b>1,273,059</b>	<b>1,386,057</b>	<b>1,400,494</b>	<b>1,041,111</b>	<b>1,236,892</b>
<b>Plan Fiduciary Net Position - beginning</b>	<b>9,419,302</b>	<b>12,432,949</b>	<b>11,159,890</b>	<b>9,773,833</b>	<b>8,373,339</b>	<b>7,332,228</b>	<b>6,095,336</b>
<b>Plan Fiduciary Net Position - ending</b>	<b>\$ 11,229,891</b>	<b>\$ 9,419,302</b>	<b>\$ 12,432,949</b>	<b>\$ 11,159,890</b>	<b>\$ 9,773,833</b>	<b>\$ 8,373,339</b>	<b>\$ 7,332,228</b>
<b>Net OPEB Liability - ending</b>	<b>\$ 2,437,917</b>	<b>\$ 7,604,028</b>	<b>\$ 4,383,134</b>	<b>\$ 6,498,588</b>	<b>\$ 7,370,343</b>	<b>\$ 7,943,627</b>	<b>\$ 6,529,718</b>
<b>Plan Fiduciary Net Position as a Percentage of Total OPEB Liability</b>	<b>82.16%</b>	<b>55.33%</b>	<b>73.93%</b>	<b>63.20%</b>	<b>57.01%</b>	<b>51.32%</b>	<b>52.89%</b>
<b>Covered employee payroll</b>	<b>\$ 2,428,800</b>	<b>\$ 2,872,472</b>	<b>\$ 2,699,762</b>	<b>\$ 4,760,791</b>	<b>\$ 4,010,791</b>	<b>\$ 4,550,937</b>	<b>\$ 4,550,937</b>
<b>Plan Net OPEB Liability as a Percentage of covered employee payroll</b>	<b>100.38%</b>	<b>264.72%</b>	<b>162.35%</b>	<b>136.50%</b>	<b>183.76%</b>	<b>174.55%</b>	<b>143.48%</b>

Notes to the OPEB Required Supplementary Information:

The actuarial methods and assumptions used to calculate the total OPEB liability are described in Note 15 to the financial statements.

The net OPEB liability amount presented for each fiscal year was determined as of the fiscal year-end.

The schedules are intended to present ten years of data. Additional years of data will be presented as they become available.

The Foundation has not presented a Schedule of Foundation Contributions since an actuarially determined contribution has not been calculated and there is no statutorily determined contribution applicable to the Foundation.

See Independent Auditor's Report.

**Supplementary Information**

Preliminary Draft -  
for discussion purposes only

**Cal Poly Pomona Foundation, Inc.**

**Schedule of Net Position  
June 30, 2024  
(For Inclusion in the California State University)**

**Assets:**

**Current assets:**

Cash and cash equivalents	\$	4,310,666
Short-term investments		42,858,571
Accounts receivable, net		23,564,218
Lease receivable, current portion		866,568
P3 receivable, current portion		-
Notes receivable, current portion		-
Pledges receivable, net		-
Prepaid expenses and other current assets		1,742,091

<b>Total current assets</b>		<b>73,342,114</b>
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**Noncurrent assets:**

Restricted cash and cash equivalents		19,780
Accounts receivable, net		2,312,129
Lease receivable, net of current portion		92,578,446
P3 receivable, net of current portion		-
Notes receivable, net of current portion		-
Student loans receivable, net		-
Pledges receivable, net		-
Endowment investments		-
Other long-term investments		1,514,561
Capital assets, net		37,096,092
Other assets		-

<b>Total noncurrent assets</b>		<b>133,521,008</b>
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<b>Total assets</b>		<b>206,863,122</b>
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**Deferred outflows of resources:**

Unamortized loss on debt refunding		-
Net pension liability		6,616,841
Net OPEB liability		842,602
Leases		-
P3		-
Others		-

<b>Total deferred outflows of resources</b>		<b>7,459,443</b>
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**Cal Poly Pomona Foundation, Inc.**

**Schedule of Net Position  
June 30, 2024  
(For Inclusion in the California State University)**

**Liabilities:**

**Current liabilities:**

Accounts payable	6,069,074
Accrued salaries and benefits	843,514
Accrued compensated absences, current portion	824,266
Unearned revenues	1,771,244
Lease liabilities, current portion	1,329,452
SBITA liabilities - current portion	-
P3 liabilities - current portion	-
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	3,366,792
	<b>14,204,342</b>

**Noncurrent liabilities:**

Accrued compensated absences, net of current portion	-
Unearned revenues	-
Grants refundable	-
Lease liabilities, net of current portion	16,325,029
SBITA liabilities, net of current portion	-
P3 liabilities, 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	2,437,917
Net pension liability	14,847,664
Other liabilities	638,399
	<b>34,249,009</b>
<b>Total noncurrent liabilities</b>	<b>34,249,009</b>
<b>Total liabilities</b>	<b>48,453,351</b>

**Deferred inflows of resources:**

P3 service concession arrangements	-
Net pension liability	4,324,348
Net OPEB liability	2,479,664
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Lease	89,126,861
P3	-
Others	899,309
	<b>96,830,182</b>
<b>Total deferred inflows of resources</b>	<b>96,830,182</b>

**Net position:**

Net investment in capital assets	19,441,611
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	344,248
Loans	-
Capital projects	-
Debt service	-
Others	-
Unrestricted	49,253,173
	<b>49,253,173</b>
<b>Total net position</b>	<b>\$ 69,039,032</b>

**Cal Poly Pomona Foundation, Inc.**

**Schedule of Revenues, Expenses, and Changes in Net Position  
Year Ended June 30, 2024  
(For Inclusion in the California State University)**

**Revenues:**

**Operating revenues:**

Student tuition and fees, gross	\$	-
Scholarship allowances (enter as negative)		-
<b>Grants and contracts, noncapital:</b>		
Federal		16,910,029
State		3,256,373
Local		-
Nongovernmental		1,911,117
Sales and services of educational activities		9,376,953
Sales and services of auxiliary enterprises, gross		54,011,524
Scholarship allowances (enter as negative)		-
Other operating revenues		11,638,090
<b>Total operating revenues</b>		<b><u>97,104,086</u></b>

**Expenses:**

**Operating expenses:**

Instruction		10,638,484
Research		12,301,929
Public service		23,714
Academic support		5,488,089
Student services		579,266
Institutional support		612,069
Operation and maintenance of plant		42,188
Student grants and scholarships		-
Auxiliary enterprise expenses		60,115,489
Depreciation and amortization		3,858,400
<b>Total operating expenses</b>		<b><u>93,659,628</u></b>
<b>Operating income (loss)</b>		<b><u>3,444,458</u></b>

**Cal Poly Pomona Foundation, Inc.**

**Schedule of Revenues, Expenses, and Changes in Net Position  
Year Ended June 30, 2024  
(For Inclusion in the California State University)**

**Nonoperating revenues (expenses):**

State appropriations, noncapital	-
Federal financial aid grants, noncapital	-
State financial aid grants, noncapital	-
Local financial aid grants, noncapital	-
Nongovernmental and other financial aid grants, noncapital	-
Other federal nonoperating grants, noncapital	-
Gifts, noncapital	-
Investment income (loss), net	4,983,792
Endowment income (loss), net	-
Interest expense	(1,228,757)
Other nonoperating revenues (expenses)	(100,433)
<b>Net nonoperating revenues (expenses)</b>	<b>3,654,602</b>
<b>Income (loss) before other revenues (expenses)</b>	<b>7,099,060</b>

State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
<b>Increase (decrease) in net position</b>	<b>7,099,060</b>
<b>Net position:</b>	
Net position at beginning of year, as previously reported	61,939,972
Restatements	-
<b>Net position at beginning of year, as restated</b>	<b>61,939,972</b>
<b>Net position at end of year</b>	<b>\$ 69,039,032</b>

Cal Poly Pomona Foundation, Inc.

Other Information  
June 30, 2024  
(For Inclusion in the California State University)

1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments	\$	-
All other restricted cash and cash equivalents		19,780
<b>Noncurrent restricted cash and cash equivalents</b>		<b>19,780</b>
Current cash and cash equivalents		4,310,666
<b>Total</b>	<b>\$</b>	<b>4,330,446</b>

2.1 Composition of investments:

Investment Type	Current	Noncurrent	Total
Money market funds	\$ -	\$ -	\$ -
Repurchase agreements	-	-	-
Certificates of deposit	-	-	-
U.S. agency securities	-	-	-
U.S. treasury securities	-	-	-
Municipal bonds	-	-	-
Corporate bonds	9,973,202	-	9,973,202
Asset-backed securities	-	-	-
Mortgage-backed securities	-	-	-
Commercial paper	-	-	-
Supranational	-	-	-
Mutual funds	200,717	-	200,717
Exchange-traded funds	-	-	-
Equity securities	25,117,127	1,514,561	26,631,688
Alternative investments:			
Private equity (including limited partnerships)	3,014,457	-	3,014,457
Hedge funds	4,210,472	-	4,210,472
Managed futures	-	-	-
Real estate investments (including REITs)	-	-	-
Commodities	-	-	-
Derivatives	-	-	-
Other alternative investments	-	-	-
Other external investment pools	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	-	-	-
State of California Local Agency Investment Fund (LAIF)	104,266	-	104,266
State of California Surplus Money Investment Fund (SMIF)	-	-	-
Other investments:			
Indexed annuity	238,330	-	238,330
	-	-	-
	-	-	-
	-	-	-
	-	-	-
Total other investments	<b>238,330</b>	<b>-</b>	<b>238,330</b>
<b>Total investments</b>	<b>42,858,571</b>	<b>1,514,561</b>	<b>44,373,132</b>
Less endowment investments (enter as negative number)	-	-	-
<b>Total investments, net of endowments</b>	<b>\$ 42,858,571</b>	<b>\$ 1,514,561</b>	<b>\$ 44,373,132</b>





**Cal Poly Pomona Foundation, Inc.**

**Other Information  
June 30, 2024  
(For Inclusion in the California State University)**

Capital Assets, Right of Use

<u>Composition of capital assets - Lease ROU, net:</u>	Balance June 30, 2023	Prior Period Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2023 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2024
<b>Non-depreciable/Non-amortizable lease assets:</b>									
Land and land improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total non-depreciable/non-amortizable lease assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depreciable/Amortizable lease assets:</b>									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	21,410,300	-	-	-	21,410,300	-	-	-	21,410,300
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	31,339	-	-	-	31,339	-	-	-	31,339
<b>Total depreciable/amortizable lease assets</b>	<b>21,441,639</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,441,639</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,441,639</b>
<b>Less accumulated depreciation/amortization:</b>									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	(3,406,411)	-	-	-	(3,406,411)	(1,703,597)	-	-	(5,110,008)
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	(15,532)	-	-	-	(15,532)	(9,515)	-	-	(25,047)
<b>Total accumulated depreciation/amortization</b>	<b>(3,421,943)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,421,943)</b>	<b>(1,713,112)</b>	<b>-</b>	<b>-</b>	<b>(5,135,055)</b>
<b>Total capital assets - lease ROU, net</b>	<b>\$ 18,019,696</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 18,019,696</b>	<b>\$ (1,713,112)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 16,306,584</b>

<u>Composition of capital assets - SBITA ROU, net</u>	Balance June 30, 2023	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2023 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2024
<b>Depreciable/Amortizable SBITA assets:</b>									
Software	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total depreciable/amortizable SBITA assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Less accumulated depreciation/amortization:</b>									
Software	-	-	-	-	-	-	-	-	-
<b>Total accumulated depreciation/amortization</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total capital assets - SBITA ROU, net</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Cal Poly Pomona Foundation, Inc.**

**Other Information  
June 30, 2024  
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<u>Composition of capital assets - P3 ROU, net:</u>	Balance June 30, 2023	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2023 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2024
<b>Non-depreciable/Non-amortizable P3 assets:</b>									
Land and land improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total non-depreciable/non-amortizable P3 assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depreciable/Amortizable P3 assets:</b>									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
<b>Total depreciable/amortizable P3 assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Less accumulated depreciation/amortization:</b>									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
<b>Total accumulated depreciation/amortization</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total capital assets - P3 ROU, net</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Total capital assets, net including ROU assets

\$ 37,096,092

**3.2 Detail of depreciation and amortization expense:**

Depreciation and amortization expense - capital assets, excluding ROU assets	\$ 2,145,288
Amortization expense - Leases ROU	1,713,112
Amortization expense - SBITA ROU	-
Amortization expense - P3 ROU	-
Depreciation and Amortization expense - Others	-
<b>Total depreciation and amortization</b>	<b>\$ 3,858,400</b>



**Cal Poly Pomona Foundation, Inc.**

**Other Information  
June 30, 2024  
(For Inclusion in the California State University)**

4 Long-term liabilities:

	Balance June 30, 2023	Prior Period Adjustments/Reclassifications	Balance June 30, 2023 (Restated)	Additions	Reductions	Balance June 30, 2024	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ 762,434	\$ -	\$ 762,434	\$ 512,075	\$ (450,243)	\$ 824,266	\$ 824,266	\$ -
2. Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-
3. Capital lease obligations (pre-ASC 842):								
Gross balance	-	-	-	-	-	-	-	-
Unamortized net premium/(discount)	-	-	-	-	-	-	-	-
<b>Total capital lease obligations (pre ASC 842)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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 Finance purchase of capital assets	-	-	-	-	-	-	-	-
4.5 Others:	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total others	-	-	-	-	-	-	-	-
<b>Sub-total long-term debt</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.6 Unamortized net bond premium/(discount)	-	-	-	-	-	-	-	-
<b>Total long-term debt obligations</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

5. Lease, SBITA, P3 liabilities:

	Balance June 30, 2023	Prior Period Adjustments/Reclassifications	Additions	Remeasurements	Reductions	Balance June 30, 2024	Current Portion	Noncurrent Portion
Lease liabilities	\$ 19,000,282	\$ -	\$ -	\$ -	\$ (1,345,801)	\$ 17,654,481	\$ 1,329,452	\$ 16,325,029
SBITA liabilities	-	-	-	-	-	-	-	-
P3 liabilities - SCA	-	-	-	-	-	-	-	-
P3 liabilities - non-SCA	-	-	-	-	-	-	-	-
<b>Sub-total P3 liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Lease, SBITA, P3 liabilities</b>	<b>\$ 19,000,282</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,345,801)</b>	<b>\$ 17,654,481</b>	<b>\$ 1,329,452</b>	<b>\$ 16,325,029</b>
<b>Total long-term liabilities</b>						<b>\$ 18,478,747</b>	<b>\$ 2,153,718</b>	<b>\$ 16,325,029</b>

**Cal Poly Pomona Foundation, Inc.**

**Other Information  
June 30, 2024  
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**5 Future minimum payments schedule - leases, SBITA, P3:**

	Lease Liabilities			SBITA liabilities			Public-Private or Public-Public Partnerships (P3)			Total Leases, SBITA, P3 liabilities		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal Only	Interest Only	Principal and Interest
<b>Year ending June 30:</b>												
2025	\$ 1,329,452	\$ 329,113	\$ 1,658,565	-	-	\$ -	-	-	\$ -	\$ 1,329,452	\$ 329,113	\$ 1,658,565
2026	1,386,462	303,717	1,690,179	-	-	-	-	-	-	1,386,462	303,717	1,690,179
2027	1,408,699	275,358	1,684,057	-	-	-	-	-	-	1,408,699	275,358	1,684,057
2028	1,392,014	244,088	1,636,102	-	-	-	-	-	-	1,392,014	244,088	1,636,102
2029	1,414,034	216,924	1,630,958	-	-	-	-	-	-	1,414,034	216,924	1,630,958
2030 - 2034	7,514,537	666,824	8,181,361	-	-	-	-	-	-	7,514,537	666,824	8,181,361
2035 - 2039	3,209,283	61,192	3,270,475	-	-	-	-	-	-	3,209,283	61,192	3,270,475
2040 - 2044	-	-	-	-	-	-	-	-	-	-	-	-
2045 - 2049	-	-	-	-	-	-	-	-	-	-	-	-
2050 - 2054	-	-	-	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total minimum payments</b>	<b>\$ 17,654,481</b>	<b>\$ 2,097,216</b>	<b>\$ 19,751,697</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 17,654,481</b>	<b>\$ 2,097,216</b>	<b>\$ 19,751,697</b>
Less: amounts representing interest												(2,097,216)
<b>Present value of future minimum payments</b>												<b>17,654,481</b>
<b>Total Leases, SBITA, P3 liabilities</b>												<b>17,654,481</b>
Less: current portion												(1,329,452)
<b>Leases, SBITA, P3 liabilities, net of current portion</b>												<b>\$ 16,325,029</b>

**6 Future minimum payments schedule - Long-term debt obligations:**

	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
<b>Year ending June 30:</b>									
2025	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2026	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-
2030 - 2034	-	-	-	-	-	-	-	-	-
2035 - 2039	-	-	-	-	-	-	-	-	-
2040 - 2044	-	-	-	-	-	-	-	-	-
2045 - 2049	-	-	-	-	-	-	-	-	-
2050 - 2054	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
<b>Total minimum payments</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Less: amounts representing interest									
<b>Present value of future minimum payments</b>									
Unamortized net premium (discount)									
<b>Total long-term debt obligations</b>									
Less: current portion									
<b>Long-term debt obligations, net of current portion</b>									

**7 Transactions with related entities:**

Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 1,716,473
Payments to University for other than salaries of University personnel	9,881,052
Payments received from University for services, space, and programs	21,813,503
Gifts-in-kind to the University from discretely presented component units	
Gifts (cash or assets) to the University from discretely presented component units	224,273
Accounts payable to University	(1,445,740)
Other amounts payable to University	
Accounts receivable from University	13,093,348
Other amounts receivable from University	

**8 Restatements**

Restatement #	N/A	Debit/(Credit)
Restatement #1	N/A	
		\$ -
Restatement #2	N/A	
		\$ -



Cal Poly Pomona Foundation, Inc.

Other Information  
 June 30, 2024  
 (For Inclusion in the California State University)

Description	DPCU - Fiduciary Funds Net Position					Total
	Pension trust funds	Other employee benefit trust funds	Investment trust funds	Private-purpose trust funds	Custodial funds	
	Net Position 992	Net Position 993	Net Position 994	Net Position 995	Net Position 996	
<b>Assets</b>						
<b>Current assets:</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 449,840	\$ 449,840
Short-term investments	-	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-	-
Lease receivable, current portion	-	-	-	-	-	-
P3 receivable, current portion	-	-	-	-	-	-
Notes receivable, current portion	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-
Prepaid expenses and other current assets	-	-	-	-	-	-
<b>Total current assets</b>	-	-	-	-	449,840	449,840
<b>Noncurrent assets:</b>						
Restricted cash and cash equivalents	-	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-	-
Lease receivable, net of current portion	-	-	-	-	-	-
P3 receivable, net of current portion	-	-	-	-	-	-
Notes receivable, net of current portion	-	-	-	-	-	-
Student loans receivable, net	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-
Endowment investments	-	-	-	-	-	-
Other long-term investments	-	-	-	-	-	-
Capital assets, net	-	-	-	-	-	-
Capital assets, net - lease ROU	-	-	-	-	-	-
Capital assets, net - SBITA ROU	-	-	-	-	-	-
Capital assets, net - P3 ROU	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
<b>Total noncurrent assets</b>	-	-	-	-	-	-
<b>Total assets</b>	-	-	-	-	449,840	449,840
<b>Deferred outflows of resources:</b>						
Unamortized loss on debt refunding	-	-	-	-	-	-
Net pension liability	-	-	-	-	-	-
Net OPEB liability	-	-	-	-	-	-
Leases	-	-	-	-	-	-
P3	-	-	-	-	-	-
Others	-	-	-	-	-	-
<b>Total deferred outflows of resources</b>	-	-	-	-	-	-

Cal Poly Pomona Foundation, Inc.

Other Information

June 30, 2024

(For Inclusion in the California State University)

Liabilities						
<b>Current liabilities:</b>						
Accounts payable	-	-	-	-	-	-
Accrued salaries and benefits	-	-	-	-	-	-
Accrued compensated absences, current portion	-	-	-	-	-	-
Unearned revenues	-	-	-	-	-	-
Lease liabilities, current portion	-	-	-	-	-	-
SBITA liabilities - current portion	-	-	-	-	-	-
P3 liabilities - current portion	-	-	-	-	-	-
Long-term debt obligations, current portion	-	-	-	-	-	-
Claims liability for losses and loss adjustment expenses, current portion	-	-	-	-	-	-
Depository accounts	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total current liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Noncurrent liabilities:</b>						
Accrued compensated absences, net of current portion	-	-	-	-	-	-
Unearned revenues	-	-	-	-	-	-
Grants refundable	-	-	-	-	-	-
Lease liabilities, net of current portion	-	-	-	-	-	-
SBITA liabilities, net of current portion	-	-	-	-	-	-
P3 liabilities, 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	-	-	-	-	-	-
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred inflows of resources:</b>						
P3 service concession arrangements	-	-	-	-	-	-
Net pension liability	-	-	-	-	-	-
Net OPEB liability	-	-	-	-	-	-
Unamortized gain on debt refunding	-	-	-	-	-	-
Nonexchange transactions	-	-	-	-	-	-
Lease	-	-	-	-	-	-
P3	-	-	-	-	-	-
Others	-	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total ending net position</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 449,840</b>	<b>\$ 449,840</b>

Cal Poly Pomona Foundation, Inc.

Other Information  
 June 30, 2024  
 (For Inclusion in the California State University)

		DPCU - Fiduciary Funds Net Position						
GAAP Account	Description	Other employee benefit		Investment trust funds	Private-purpose trust funds		Custodial funds	Total
		Pension trust funds	trust funds		Net Position 994	Net Position 995		
		Net Position 992	Net Position 993	Net Position 994	Net Position 995	Net Position 996		
Additions	Contributions from employers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additions	Contributions from nonemployer contributing entities	-	-	-	-	-	-	-
Additions	Contributions from plan members	-	-	-	-	-	-	-
Additions	Contributions from all sources	-	-	-	-	-	-	-
Additions	Investment earnings	-	-	-	-	-	-	-
Additions	Investment costs	-	-	-	-	-	-	-
Additions	Program Income	-	-	-	-	449,840	-	449,840
Additions		-	-	-	-	-	-	-
Additions		-	-	-	-	-	-	-
Additions		-	-	-	-	-	-	-
Additions		-	-	-	-	-	-	-
Additions		-	-	-	-	-	-	-
Additions		-	-	-	-	-	-	-
Additions		-	-	-	-	-	-	-
Additions		-	-	-	-	-	-	-
<b>Total Additions</b>		-	-	-	-	449,840	-	449,840
Deductions	Benefit payments to plan members	-	-	-	-	-	-	-
Deductions	Total administrative expenses	-	-	-	-	-	-	-
Deductions	Benefit payments	-	-	-	-	-	-	-
Deductions	Redemptions	-	-	-	-	-	-	-
Deductions	Distributions	-	-	-	-	429,553	-	429,553
Deductions		-	-	-	-	-	-	-
Deductions		-	-	-	-	-	-	-
Deductions		-	-	-	-	-	-	-
Deductions		-	-	-	-	-	-	-
Deductions		-	-	-	-	-	-	-
Deductions		-	-	-	-	-	-	-
Deductions		-	-	-	-	-	-	-
Deductions		-	-	-	-	-	-	-
<b>Total Deductions</b>		-	-	-	-	429,553	-	429,553
Increase (decrease) in net position		-	-	-	-	20,287	-	20,287
Net position at beginning of year, as previously reported		-	-	-	-	429,553	-	429,553
Restatements		-	-	-	-	-	-	-
Net position at beginning of year, as restated		-	-	-	-	429,553	-	429,553
Net position at end of year		\$ -	\$ -	\$ -	\$ -	449,840	\$ -	449,840

Independent Auditor's Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

To the Board of Directors  
Cal Poly Pomona Foundation, Inc.  
(A California State University Auxiliary Organization)

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 the Cal Poly Pomona Foundation, Inc. (the "Foundation"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated **REPORT DATE**.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

## Purpose of This Report

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

Los Angeles, California

**REPORT DATE**

Preliminary Draft -  
for discussion purposes only



**Cal Poly Pomona Foundation, Inc.**

**Schedule of Expenditures of Federal Awards and  
Independent Auditor's Reports Required by the  
Uniform Guidance**

**Year Ended June 30, 2024**

Preliminary Draft  
for discussion purposes only

Cal Poly Pomona Foundation, Inc.

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Preliminary Draft -  
for discussion purposes only

**Cal Poly Pomona Foundation, Inc.**

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2024**

<b>Federal Grantor/Pass-through Grantor/Program or Cluster Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass-through Entity Identifying Number</b>	<b>Passed Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
<b>Research and Development Cluster</b>				
<u>Department of Agriculture</u>				
Pass-through from California Department of Food and Agriculture				
Specialty Crop Block Grant Program - Farm Bill	10.170	21-001-037-SF	\$ -	\$ 125,302
Higher Education - Institution Challenge Grants Program	10.217		-	16,410
Pass-through from Cal Poly Corporation				
Higher Education - Institution Challenge Grants Program	10.217	2022-1-53734	-	5,739
Pass-through from Washington State University				
Higher Education - Institution Challenge Grants Program	10.217	140674 SPC003974	-	33,944
Total Higher-Education - Institution Challenge Grants Program			-	56,093
Hispanic Serving Institutions Education Grants	10.223		19,456	591,368
Pass-through from The Regents of the University of California, Davis				
Organic Agriculture Research and Extension Initiative	10.307	2020-51300-32275	-	48,892
Specialty Crop Research Initiative	10.309	A22-0776-S001	-	109,491
Agriculture and Food Research Initiative (AFRI)	10.310		-	103,174
Pass-through from the University of Connecticut				
Agriculture and Food Research Initiative (AFRI)	10.310	146018302	-	6,532
Pass-through from the Board of Trustees of the University of Arkansas				
Agriculture and Food Research Initiative (AFRI)	10.310	2022-69015-36720	-	45,443
Pass-through from Tufts College				
Agriculture and Food Research Initiative (AFRI)	10.310	POEPO232827	-	873
Total Agriculture and Food Research Initiative (AFRI)			-	156,022
Capacity Building for Non-Land Grant Colleges of Agriculture	10.326		-	1,454
Pass-through from Oregon State University				
Food Safety Outreach Program	10.328	C0595B-E	-	4,059
Soil and Water Conservation	10.902		-	46,604
Total Department of Agriculture			19,456	1,139,285

**Cal Poly Pomona Foundation, Inc.**

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2024**

<b>Federal Grantor/Pass-through Grantor/Program or Cluster Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass-through Entity Identifying Number</b>	<b>Passed Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
<u>Department of Defense</u>				
Pass-through from Office of Naval Research				
Basic and Applied Scientific Research	12.300	N00014-21-1-2751	-	289,607
Pass-through from Office of Naval Research				
Basic and Applied Scientific Research	12.300	N001742310002	-	17,839
Total Basic and Applied Scientific Research			-	307,446
Pass-through from the American Foundry Society, Inc				
Cost-Effective Fast Response and Sustainability for Critical Casting	12.XXX	2024310	-	28,161
Total Department of Defense			-	335,607
<u>Department of the Interior</u>				
Pass-through from University of California Santa Cruz				
Bureau of Ocean Energy Management Environmental Studies	15.423	A 19-0882-S004	-	70,273
Pass-through from The Southern California Marine Institute				
Bureau of Ocean Energy Management Environmental Studies	15.423	M21AC00021-00	-	38,653
Total Bureau of Ocean Energy Management Environmental Studies			-	108,926
Water Desalination Research and Development	15.506		-	(5,994)
Total Department of Interior			-	102,932
<u>Department of Transportation</u>				
Pass-through from the State of California - Office of Traffic Safety				
National Priority Safety Programs	20.616	TR23005	-	68,584
National Priority Safety Programs	20.616	TR24009	-	72,907
Total National Priority Safety Programs			-	141,491
Pass-through from University of Texas at Austin				
University Transportation Centers Program	20.701	UTAUS SUB00001166	-	46,847
Total Department of Transportation			-	188,338
<u>National Aeronautical and Space Administration</u>				
Pass-through from NASA				
Science	43.001		-	38,374

**Cal Poly Pomona Foundation, Inc.**

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2024**

<b>Federal Grantor/Pass-through Grantor/Program or Cluster Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass-through Entity Identifying Number</b>	<b>Passed Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
Pass-through from Space Telescope Science Institute Science	43.001	HST-GO-16769.001-A	-	42
Pass-through from California Institute of Technology, JPL Science	43.001	1698385	-	50,000
Pass-through from Jet Propulsion Laboratory Science	43.001	1692662	-	1,939
Pass-through from SETI Institute Science	43.001	SC3929	-	27,767
Total Science			-	118,122
Space Technology	43.012		-	16,142
Total National Aeronautical and Space Administration			-	134,264
<b><u>National Science Foundation</u></b>				
Engineering	47.041		-	238,579
Mathematical and Physical Sciences	47.049		-	234,736
Pass-through from The Regents of the University of California, Berkely Mathematical and Physical Sciences	47.049	00010000	-	120,333
Total Mathematical and Physical Sciences			-	355,069
Computer and Information Science and Engineering	47.070		-	554,609
Pass-through from Kettering University Computer and Information Science and Engineering	47.070	531130A	-	29,433
Total Computer and Information Science and Engineering			-	584,042
Biological Sciences	47.074		-	49,625
Social, Behavior, and Economic Sciences	47.075		-	21,710
Pass-through from Portland State University Social, Behavior, and Economic Sciences	47.075	100258	-	31,256
Total Social, Behavior, and Economic Sciences			-	52,966
STEM Education	47.076		199,046	3,379,848
Pass-through from University Enterprises Inc. STEM Education	47.076	532965	-	7,000
STEM Education	47.076	532966-A6	-	24,000

Cal Poly Pomona Foundation, Inc.

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2024

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
Pass-through from CSU Long Beach Research Foundation				
STEM Education	47.076	SG225019100-CPP	-	19,099
Total STEM Education			199,046	3,429,947
Office of International Science and Engineering	47.079		-	46,545
Pass-through from San Diego State University Research Foundation				
Office of International Science and Engineering	47.079	1827251	-	2,533
Total Office of International Science and Engineering			-	49,078
Total National Science Foundation			199,046	4,759,306
<u>Environmental Protection Agency (EPA)</u>				
Pass-through from Portland State University				
Science to Achieve Results (STAR) Research Program	66.509	100278	-	2,014
Total Environmental Protection Agency			-	2,014
<u>Department of Energy</u>				
Office of Science Financial Assistance Program	81.049		-	134,566
Pass-through from The Regents of the University of California				
Office of Science Financial Assistance Program	81.049	2022-1819	-	37,457
Pass-through from QuesTek Innovations LLC				
Office of Science Financial Assistance Program	81.049	DE-SC0020605	-	85,381
Total Office of Science Financial Assistance Program			-	257,404
Pass-through from University of Cincinnati				
Nuclear Energy Research, Development and Demonstration	81.121	013271-002	-	16,211
Pass-through from The Regents of the University of California, Berkely - LBNL				
Nuclear Energy Research, Development and Demonstration	81.RD	7722635	-	34,052
Total Department of Energy			-	307,667
<u>Department of Education</u>				
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013		118,134	869,592
Higher Education Institutional Aid	84.031		-	641,787
Higher Education Institutional Aid	84.031		-	435,634
Total Higher Education Institutional Aid			118,134	1,077,421

**Cal Poly Pomona Foundation, Inc.**

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2024**

<b>Federal Grantor/Pass-through Grantor/Program or Cluster Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass-through Entity Identifying Number</b>	<b>Passed Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
Child Care Access Means Parents in School	84.335		-	235,304
Pass-through from Austin State University at Nacogdoches Texas				
English Language Acquisition State Grants	84.365	T365Z220050	-	21,002
Total Department of Education			<u>118,134</u>	<u>2,203,319</u>
<b>Department of Health and Human Services</b>				
Pass-through from the University of Texas at Arlington				
Maternal and Child Health Federal Consolidated Programs	93.110	2023GC1718	-	38,489
Pass-through from California Institute of Technology				
Mental Health Research Grants	93.242	S586859	-	160,579
Mental Health Research Grants	93.242	S616255	-	85,480
Total Mental Health Research Grants			<u>-</u>	<u>246,059</u>
Pass-through from the University of Texas at Arlington				
Minority Health and Health Disparities Research	93.307	2022GC0779	-	29,706
Pass-through from National Institutes of Health				
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	1R15DK13273601A1	-	113,716
Biomedical Research and Research Training	93.859		<u>646</u>	<u>906,107</u>
Total Department of Health and Human Services			<u>646</u>	<u>1,334,077</u>
<b>Total Research and Development Cluster</b>			<u>337,282</u>	<u>10,506,809</u>
<b>Other Programs</b>				
<b>Department of Agriculture</b>				
From Learning to Leading: Cultivating the Next Generation of Diverse Food and Agriculture Professionals	10.237		-	660,551
Pass-through from The Regents of the University of California Davis				
Food Safety Outreach Program	10.328	2020-70020-32263	-	16,146
Pass-through from California Department of Education				
Child and Adult Care Food Program (CACFP)	10.558	05310-CACFP-19-NP-IC	-	31,130
Pass-through from California Department of Education				
Summer Food Service Program for Children	10.559	05310-SFSP-19	-	8,296
Total Child Nutrition Cluster			<u>-</u>	<u>8,296</u>
Pass-through from CSU Chico				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	A22-0055-S011	-	55,111
Total SNAP Cluster			<u>-</u>	<u>55,111</u>

**Cal Poly Pomona Foundation, Inc.**

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2024**

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
Soil and Water Conservation	10.902		-	38,014
Total Department of Agriculture			-	809,248
 <u>Department of Interior</u>				
Pass-through from the University of Colorado at Boulder				
Water Desalination Research and Development	15.506	R23AC00437-00	-	9,846
Total Department of Interior			-	9,846
 <u>Department of Transportation</u>				
Highway Training and Education	20.215		-	26,897
Highway Training and Education	20.215		-	40,530
Total Department of Transportation			-	67,427
 <u>National Aeronautics and Space Administration</u>				
Pass-through from NASA				
Office of Stem Engagement (OSTEM)	43.008	80NSSC23M0223	-	58,247
Total National Aeronautics and Space Administration			-	58,247
 <u>Small Business Administration</u>				
Stea2m Innovation Hub Pomona	59.086		-	105,521
Total Small Business Administration			-	105,521
 <u>Department of Education</u>				
Pass through from California Department of Corrections and Rehabilitation				
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	C5609154	24,639	40,977
Higher Education Institutional Aid	84.031		-	146,189
Fund for the Improvement of Postsecondary Education	84.116		-	41,018



Cal Poly Pomona Foundation, Inc.

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2024

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Through to Subrecipients</u>	<u>Federal Expenditures</u>
TRIO Cluster				
TRIO-Student Support Services	84.042		-	800,555
TRIO-Talent Search	84.044		-	565,273
TRIO-Upward Bound	84.047		-	1,211,906
TRIO-Upward Bound Math and Science	84.047		-	976,209
Total TRIO-Upward Bound				2,188,115
TRIO-McNair Post-Baccalaureate Achievement	84.217		-	152,830
Total TRIO Cluster			-	3,706,773
Special Education: Personnel Development to Improve Services and Results for Children with Disabilities	84.325		-	38,622
Pass through from University of California, Office of the President				
Supporting Effective Instruction State Grants	84.367	ESSA23-CMP-POMONA	-	23,817
Total Department of Education			24,639	3,997,396
<u>Department of Health and Human Services</u>				
Pass-through from California Department of Education				
Child Care and Development Block Grant	93.575	CSPP3164		21,312
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	95.596	CCTR-3084	-	42,186
Total CCDF Cluster			-	63,498
Total Department of Health and Human Services			-	63,498
<u>Corporation for National and Community Service (CNCS)</u>				
Pass-through from Cal State L.A. University Auxiliary Services, Inc.				
AmeriCorps State and National	94.006	CCSFRF008	-	472,753
Total Corporation for National and Community Service (CNCS)			-	472,753
<u>United States Forest Service</u>				
Pass-through from National Fish and Wildlife Foundation				
Developing Precision-Restoration for Post-Fire Restoration	XX.XXX	0805.19.064303	-	72,891
Total United States Forest Services			-	72,891
<b>Total Other Programs</b>			24,639	5,656,827
<b>Total Expenditures of Federal Awards</b>			<b>\$ 361,921</b>	<b>\$ 16,163,636</b>

**Cal Poly Pomona Foundation, Inc.**

**Notes to Schedule of Expenditures of Federal Awards  
June 30, 2024**

**Note 1 - Basis of presentation**

The accompanying Schedule of Expenditures of Federal Awards ("Schedule") presents the activity of all federal award programs of the Cal Poly Pomona Foundation, Inc. (the "Foundation") under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the financial position, changes in net position or cash flows of the Foundation.

**Note 2 - Summary of significant accounting policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principals contained in the Uniform Guidance, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years, such as transfer of expenses incurred in the previous year to a continuing project in the current fiscal year.

**Note 3 - Indirect cost rate**

The Foundation has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 4 - Subrecipients**

The Foundation passes certain financial awards received to other governments or not-for-profit agencies (subrecipients). As Note 2 describes, the Foundation reports expenditures of federal awards to subrecipients on the accrual basis.

Independent Auditor's Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

To the Board of Directors  
Cal Poly Pomona Foundation, Inc.  
(A California State University Auxiliary Organization)

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 (*Government Auditing Standards*), the financial statements of the business-type activities and the aggregate remaining fund information of the Cal Poly Pomona Foundation, Inc. (the "Foundation"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated [Date].

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

## Purpose of this Report

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

Los Angeles, California

[Date]

Preliminary Draft -  
for discussion purposes only

Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

To the Board of Directors  
Cal Poly Pomona Foundation, Inc.  
(A California State University Auxiliary Organization)

Report on Compliance for Each Major Federal Program

*Opinion on Each Major Federal Program*

We have audited Cal Poly Pomona Foundation, Inc.'s (the "Foundation") compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget ("OMB") *Compliance Supplement* that could have a direct and material effect on each of the Foundation's major federal programs for the year ended June 30, 2024. The Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Foundation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

*Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Foundation's compliance with the compliance requirements referred to above.

*Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Foundation's federal programs.

### *Auditor's Responsibilities for the Audit of Compliance*

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Foundation's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Foundation's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Foundation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not

identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

#### Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities and the aggregate remaining fund information of the Foundation as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements. We issued our report thereon dated [Date], which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Los Angeles, California  
[Date]

Cal Poly Pomona Foundation, Inc.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified opinion

Internal control over financial reporting:

- Material weakness(es) identified?
Significant deficiency(ies) identified?

Noncompliance material to financial statements noted?

yes no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified?
Significant deficiency(ies) identified?

Type of auditor's report issued on compliance for major federal programs:

Unmodified opinion

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

yes no

Identification of major federal programs:

Assistance Listing Number(s)

Name of Federal Program or Cluster

Various

Research and Development Cluster

Dollar threshold used to distinguish between type A and B programs

\$750,000

Auditee qualified as low-risk auditee?

yes no

Section II - Financial Statement Findings

None reported.

Section III - Federal Award Findings and Questioned Costs

None reported.



**Audit and Advisory Services**  
401 Golden Shore  
Long Beach, CA 90802-4210

August 22, 2024

Dr. Soraya M. Coley, President  
California State Polytechnic University, Pomona  
3801 W. Temple Avenue  
Pomona, CA 91768

Dear Dr. Coley:

**Subject: Audit Report 23-82, Follow Up: Auxiliary-Owned Housing,  
California State Polytechnic University, Pomona**

We have completed an audit of *Follow Up: Auxiliary-Owned Housing* as part of our 2023-2024 Audit Plan, and the final report is attached for your reference. The audit was conducted in accordance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

I have reviewed the management response and have concluded that it appropriately addresses our recommendations. The management response has been incorporated into the final audit report, which will be posted to Audit and Advisory Services' website. We will follow-up on the implementation of corrective actions outlined in the response and determine whether additional action is required.

Any observations not included in this report were discussed with your staff at the informal exit conference and may be subject to follow-up.

I wish to express my appreciation for the cooperation extended by university personnel over the course of this review.

Sincerely,



Vlad Marinescu  
Vice Chancellor and Chief Audit Officer

c: Mildred García, Chancellor  
Lillian Kimbell, Chair, Committee on Audit  
Anna Ortiz-Morfit, Vice Chair, Committee on Audit

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# **FOLLOW UP: AUXILIARY- OWNED HOUSING**

**CALIFORNIA STATE  
POLYTECHNIC UNIVERSITY,  
POMONA**

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**AUDIT REPORT 23-82  
AUGUST 22, 2024**



## **EXECUTIVE SUMMARY**

### **AUDIT OBJECTIVES AND BACKGROUND**

In accordance with the fiscal year (FY) 2023/24 Audit Plan, as approved by the Board of Trustees, Audit and Advisory Services performed a follow-up review of University Village (UV), the student housing complex owned by the Cal Poly Pomona Foundation (Foundation) at California State Polytechnic University, Pomona (CPP).

In FY 2021/22, A&AS audited UV to review and assess compliance with relevant federal and state regulations, Trustee policy, Office of the Chancellor (CO) directives, and university and Foundation procedures.

Based on the results of the audit work we performed, we found that operational, administrative, and financial controls for the UV as of September 2, 2021, were unlikely to provide reasonable assurance that risks were being managed and objectives were met.

The objective of this follow-up audit was to review the work performed by the university and the Foundation to remediate each of the seven observations contained in the FY 2021/22 audit. This included evaluating the operational and business practices implemented in response to each observation and providing university management with the results of the review.

### **OVERALL CONCLUSION**

Our review included an evaluation of the following areas: license agreement compliance, resident fee monitoring, cancellations and refunds, disbursements, physical access, staff hiring and training, and system access administration.

Overall, the university and Foundation had made significant efforts to address the observations, and in our opinion, these efforts had a positive impact on UV. Our review found that controls had been implemented to fully address five of the seven observations and to partially address the remaining two observations related to license agreement compliance and resident fee monitoring. However, further work to fully address management's action plan is required. Additional information is detailed in the remainder of this report.

## **FOLLOW-UP EVALUATION**

Below is a summary of the two remaining management action plans that had not been fully completed at the time of our auxiliary-owned housing follow-up review, as well as the status of work performed to address management's action plan.

### **1. LICENSE AGREEMENT COMPLIANCE**

#### **SUMMARY OF FY 2021/22 OBSERVATION**

We found that UV did not obtain and enforce signed license agreements from residents in accordance with the operating agreement between the Foundation and the university.

Specific observations included exceptions relating to obtaining and retaining signed license agreements; controls to ensure that CPP students were provided priority over students from other universities; documentation to demonstrate that tenant eligibility was confirmed and maintained; collection of room inventory forms from tenants to document unit conditions; and required license language addressing cancellation of unit reservations.

#### **MANAGEMENT ACTION PLAN**

The campus, in conjunction with the Foundation, will:

- a. Develop a process to obtain and retain signed license agreements and required addendums from all residents.
- b. Review and update the license agreement to ensure it incorporates all required provisions, including proper disclosure of terms for canceling or vacating a unit.
- c. Develop and implement a process that ensures priority placement to eligible CPP students before students from other universities or faculty and staff.
- d. Implement procedures to maintain documentation verifying resident eligibility requirements prior to move-in and during the academic year.
- e. Enforce resident documentation policies, including the requirement to complete a room inventory attesting to the condition of the furniture and equipment.
- f. Review and assess the current methods for communicating information from the required COVID-19 Addendum in various documents rather than in a separate and complete addendum. Ensure that final practices include all disclosures and requirements, including protocols for resident-suspected exposure to COVID-19 and requirements to maintain personal protective equipment.
- g. Implement procedures to monitor resident vaccination requirements, as required in the COVID-19 Addendum.

Expected completion date: September 30, 2022

**STATUS OF WORK PERFORMED**

In September 2022, the university submitted documentation for corrective action indicating that the Foundation, along with UV staff, had developed a new *License Agreement Signature and Retention Procedure*, which effectively addressed audit concerns, and had communicated the changes to the relevant management and staff. The documentation also included an updated license agreement that demonstrated the required language for the cancellation of unit reservations.

Additionally, the university provided an updated *Priority Placement of Cal Poly Pomona Students* policy, addressing the requirement to give placement priority to CPP students, and an updated *Eligibility Documentation* policy to ensure tenants meet the requirements to live in UV.

In our review, we did not note issues with priority placement for CPP students, room and apartment inventory forms, proof of resident eligibility verifications, and the addition of terms to the license agreement for canceling or vacating a unit. However, we found instances in which signed license agreements were not obtained or were obtained in the last month of the semester covered by the agreement. We selected 10 UV tenants from the 2023/24 academic year and found that one had never submitted a signed license agreement and three had signed their agreements in May 2024, shortly before moving out.

Management indicated that although the corrective action originally submitted used a manual process to ensure physical license agreements were obtained, UV later moved to an electronic process using a DocuSign integration with StarRez, their housing platform. All four instances occurred during the implementation period in Spring 2024, and management attributes these instances to the process conversion. Management stated that UV has made further updates so that starting with the next application cycle, applicants cannot select a room in StarRez until UV staff have received notification from DocuSign that the applicant has electronically signed the license agreement. Additionally, DocuSign can also provide reports that can be used to verify and ensure compliance.

**PROCEDURES REMAINING TO BE FULLY IMPLEMENTED**

We recommend that the university, in conjunction with the Foundation:

- a. Update policies and procedures regarding signed license agreements to reflect new electronic signature processes.
- b. Implement a documented process to monitor and follow up on any exceptions.

**MANAGEMENT RESPONSE**

We concur. The campus will:

- a. Update policies and procedures regarding signed license agreements to reflect new electronic signature processes.
- b. Implement a documented process to monitor and follow up on any exceptions.

Expected completion date: November 15, 2024

## 2. RESIDENT FEE MONITORING

### SUMMARY OF FY 2021/22 OBSERVATION

We found that UV did not monitor or have a process for the timely review of delinquent housing fees, and there were no formal efforts to collect on delinquencies for current residents. We further found that UV could not provide information regarding the status or resolution of delinquent fees from previous academic years. The practice of recording revenues and receivables on a summary basis rather than an individual tenant basis at the Foundation resulted in a loss of detail on aged receivables, hindering collection efforts and bad debt estimates. In addition, the Foundation did not effectively reconcile room and board fees in StarRez to the housing fee revenue posted to the general ledger (GL).

### MANAGEMENT ACTION PLAN

The campus, in conjunction with the Foundation, will:

- a. Investigate the capabilities of StarRez to produce fee management reports, such as comprehensive aging reports, and determine whether previous periods can be reconstructed.
- b. Establish and document a process to ensure that delinquent housing-related fees are monitored and license agreement terms are enforced.
- c. Implement policies and procedures to capture, monitor, and resolve delinquencies, including standards for follow up, collections, and write offs.
- d. Develop and implement a process to perform periodic reconciliations of housing-related fees, including review of delinquent accounts, in StarRez to the housing fee revenue posted to the general ledger.

Expected completion date: September 30, 2022

### STATUS OF WORK PERFORMED

In September 2022, the university submitted documentation for corrective action, including the requested analysis of the reporting capabilities of StarRez. The analysis allowed UV to identify opportunities and revise procedures to include enhanced review of current delinquencies, as well as a procedure for capturing individual GL records for delinquencies from previous terms. This analysis resulted in a newly revised policy, *Resident Fee Monitoring Procedures*, which further addressed and improved upon procedures for follow-up, collections, and write-offs. This policy also included a section addressing all reconciliations, which included a reconciliation between StarRez and the GL.

However, in our review, we found instances in which UV did not charge late fees for delinquent payments. We selected 10 delinquent accounts from the delinquency reports and reviewed them to see whether the accounts were managed in accordance with the revised policy. For three of these accounts, we found that late fees were not charged for every month in which a payment was not paid or paid late. The policy states that tenants will be charged a late fee if their fees have not been paid by the 10th of the month but also allows tenants to apply for a waiver on a specified form. We did not locate any approved waiver forms for any of the months in question.

Management indicated that in all three of these instances, there were circumstances or hardships unique to the tenant and that they were working with the tenants to work out a payment plan or other

form of remediation, thereby allowing the late fees to be waived while the negotiations were under way. However, UV acknowledged that it did not enforce use of the waiver request form or otherwise adequately document the decision and justification to waive the fees. In response, management indicated that it will update the process for applying late fees to automatically apply a late-fee charge in all cases and will subsequently reverse the fee if a late-fee waiver is approved. Management has also committed to requiring the fee waiver form in all circumstances, including those in which the tenant has been cooperative in working out remediation, and to improving documentation within tenant files to justify waivers or lack thereof.

**PROCEDURES REMAINING TO BE FULLY IMPLEMENTED**

We recommend that the campus, in conjunction with the Foundation, update the existing policy regarding resident-fee monitoring to reflect the new controls proposed to ensure that late fees are charged when appropriate and that supporting documentation is retained for any fee waivers or adjustments.

<b>MANAGEMENT RESPONSE</b>
<p>We concur. The campus will update the existing policy regarding resident-fee monitoring to reflect the new controls proposed to ensure that late fees are charged when appropriate and that supporting documentation is retained for any fee waivers or adjustments.</p> <p>Expected completion date: November 15, 2024</p>

## GENERAL INFORMATION

### ADDITIONAL BACKGROUND

UV is an apartment-style housing complex located in the southwest corner of the CPP campus within walking distance of the center of the campus. Built in three phases between 1985 and 2005, the complex is owned by the Foundation and sits on land leased from the university. The property consists of 328 units with a capacity of 1,300 beds, as well as community recreation and study areas. UV also has 16 units that have been modified to accommodate students with accessibility or special needs. Applicants for residency must be age 21 or older or must have completed at least 24 semester units. Residents are mostly CPP students, but students from other local higher-education institutions may also apply to be residents. Housing assignments are granted on a first-come, first-serve basis with priority given to CPP students.

UV operates under a supplemental operating agreement between the university and the Foundation that was established in 2000 and expires in 2025. Though as an auxiliary-owned entity, UV is not technically required to comply with California Code of Regulations, Title 5 §42000-42103, which addresses student housing, it committed in the supplemental operating agreement to meet these requirements.

As of Fall 2024, UV was anticipating a 100 percent occupancy rate, reflecting a return to normal operations after the years following the global pandemic, which required housing to be vacated in March 2020, with continued limited operations in the next two years to adhere to health and safety guidelines. UV is led by an executive director and a director of housing, as well as professional staff members in operations, leadership development, community standards, and housing technology. UV also has student resident assistants who report to the leadership development department, live in the complex, and provide support to residents.

### CRITERIA

Our audit was based upon standards as set forth in federal and state regulations and guidance, Trustee policy, Office of the Chancellor directives, and campus procedures, as well as sound administrative practices and consideration of the potential impact of significant risks. This audit was conducted in conformance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

This review emphasized, but was not limited to, compliance with:

- California Code of Regulations, Title 5 §42000-42103
- Government Code §13402 and §13403
- California State University (CSU) *Delegation of Fiscal Authority*
- *CSU Utilization of Campus Auxiliary Organizations*
- *CSU Auxiliary Organizations Compliance Guide*
- *CSU Auxiliary Organizations Sound Business Practices Guidelines*
- *CSU Access Controls*
- *CSU Accounts Receivable Management*
- *UV Policies and Procedures Operations Manual*
- *UV License Agreement*
- *UV Community Standards*



## **AUDIT TEAM**

Audit Manager: Kyle Ishii

Audit Consultant: Ann Hough