

CAL POLY POMONA FOUNDATION, INC.
Financial Statements and Supplementary Schedules
Year Ended June 30, 2021



CAL POLY POMONA FOUNDATION, INC.
Financial Statements and Supplementary Information
Year Ended June 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Audit Committee
Cal Poly Pomona Foundation, Inc.

We have audited the accompanying financial statements of Cal Poly Pomona Foundation, Inc. (a nonprofit organization referred to as the Foundation), which comprise the statement of net position as of June 30, 2021, the related statements of revenues, expenses, and changes in net position, cash flows, fiduciary net position for the year then ended, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cal Poly Pomona Foundation, Inc. as of June 30, 2021, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 - 18, the schedule of Foundation's proportionate share of the net pension liability for the California Public Employees Retirement Plan on page 59, the schedule of Foundation contributions to the California Public Employees Retirement Plan on page 60, the other postemployment benefits plan on page 61 to 63 to be presented to supplement the basic financial statements.

INDEPENDENT AUDITORS' REPORT, CONTINUED

Other Matters, continued

Required Supplementary Information, continued

Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information for the California State University Chancellor's Office, beginning on page 64, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2021 on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.

Report on Summarized Comparative Information

We have previously audited the Foundation's June 30, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 21, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Aldrich CPAs + Advisors LLP
San Diego, California
September 24, 2021

CAL POLY POMONA FOUNDATION, INC.
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2021

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 enterprise activities including dining services, the bookstore, 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 faculty/staff housing, a research park, special programs, and other similar activities on behalf of the University.

The following discussion and analysis provide an overview of the financial position and activities of the Foundation for the year ended June 30, 2021. The Foundation experienced material operating losses during the year ended June 30, 2021 caused by the continued economic impact of the COVID-19 pandemic (pandemic) and the resulting remote instruction. Students and faculty remained almost entirely remote as all but a handful of courses were delivered virtually. As a result, many Foundation operations remained closed while others functioned at a limited capacity. In response, the Foundation reduced discretionary spending, continued furloughs, and refrained from filling most vacant positions. These measures reduced the operating losses reflected in the accompanying financial statements.

The following discussion and analysis has been prepared by management in light of these circumstances, and should be read in conjunction with the financial statements and notes thereto, which follow this section.

Introduction to the Financial Statements

This annual report consists of a series of financial statements prepared in accordance with the Governmental Accounting Standards Board (GASB) principles. Included in this report are the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, the Statement of Cash Flows, and Statement of Fiduciary Net Position, which will provide a comprehensive financial overview of the Foundation's business operations and performance.

Fiduciary funds are used to account for resources held for the benefit of parties outside the Foundation. The Foundation holds funds for the Bronco Bucks program (Bronco Bucks). The Foundation's fiduciary activities are reported in separate statements of 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 the Foundation's own programs.

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CAL POLY POMONA FOUNDATION, INC.
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The Foundation's net position (the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources), which is reported in the Statement of Net Position, is one indicator of the Foundation's financial health. Over time, increases or decreases in net position are one metric of the Foundation's financial condition, when considered in combination with other non-financial information.

The Statement of Revenues, Expenses, and Changes in Net Position presents revenues earned and expenses incurred during the year. Activities are reported as either operating or nonoperating; with the above-mentioned activities reported as operating revenues and expenses and investment results reported as nonoperating. This statement is prepared using the accrual basis of accounting, whereby revenues and receivables are recognized when the service is provided and expenses and liabilities are recognized when incurred, regardless of when cash is exchanged.

The Statement of Cash Flows provides relevant information about the sources and uses of cash during the period. The information provided in this statement helps financial report users assess the Foundation's ability to generate future net cash flows, its ability to meet its obligations as they come due, and its need for external financing. It also provides insight into the reasons for differences between operating income and associated cash receipts and payments. 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.

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.

Statement of Net Position

The Statement of Net Position presents the financial position of the Foundation at the end of the fiscal year and includes all assets, deferred outflows of resources, liabilities and deferred inflows of resources of the Foundation. The change in net position during the year, which is the difference between total assets plus deferred outflows of resources and total liabilities plus deferred inflows of resources, is an indicator of whether the overall financial condition has improved or not during the year. Assets and liabilities are generally measured using current values. Two notable exceptions are investments and capital assets, with investments measured at either fair value using quoted market prices or net asset value (NAV) and capital assets at historical costs less an allowance for depreciation. For the purpose of distinguishing between current and noncurrent assets and liabilities, current assets and liabilities are those that can be reasonably expected to either generate or use cash, as part of normal business operations, within one year of the Statement of Net Position date.

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

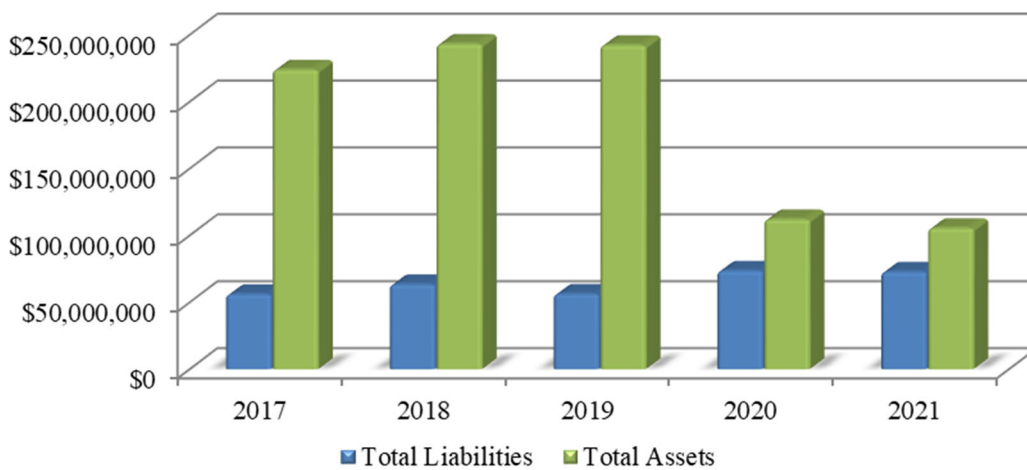
	2021 (in thousands)	2020 (in thousands)
Assets:		
Current assets	\$ 41,566	\$ 41,695
Noncurrent assets:		
Restricted cash and cash equivalents	81	118
Accounts receivable, net	2,927	3,208
Long-term investments	1,645	1,763
Capital assets, net	55,475	58,956
Total noncurrent assets	60,128	64,045
Total Assets	101,694	105,740
Deferred outflows of resources:		
Unamortized loss on debt refunding	234	273
Net pension obligation	2,859	3,826
Net OPEB obligation	643	2,601
Total Deferred Outflows of Resources	3,736	6,700
Liabilities:		
Current liabilities	8,871	12,936
Noncurrent liabilities	61,344	58,581
Total Liabilities	70,215	71,517
Deferred inflows of resources:		
Net pension liability	1,336	662
Unamortized gain on debt refunding	36	45
Net OPEB obligation	320	1,058
Split interest agreements	832	701
Total Deferred Inflows of Resources	2,524	2,466
Net Position:		
Net investment in capital assets	14,752	16,651
Unrestricted	17,939	21,805
Total Net Position	\$ 32,691	\$ 38,456

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CAL POLY POMONA FOUNDATION, INC.
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Total assets and deferred outflows were \$105.4 million and \$112.4 million for fiscal years 2020-21 and 2019-20, respectively. The decrease between 2021 and 2020 of \$7 million or 6% is mainly attributable to the reduction in capital assets of \$3.5 million due to depreciation and a reduction in deferred outflows of \$3 million due to changes in the valuation of the pension and post-employment benefit obligations.

Total Assets and Liabilities



Total liabilities and deferred inflows were \$73 million and \$74 million for the fiscal years 2021 and 2020, respectively. This change is primarily due to the reduction in capital lease obligations which were paid during the year and the liquidity access line which remained unused during the year.

A large variance exists from fiscal year 2018-2019 to the year 2019-2020, where the Foundation transferred-by-gift approximately \$144 million of net assets to the Cal Poly Pomona Philanthropic Foundation (the 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.

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The Foundation participates in the Auxiliaries Multiple Employer VEBA (Voluntary Employees' Beneficiary Association), a separate 501(c)(9) organization, to assist in funding postemployment benefits for recognized auxiliaries of the California State University System. As of June 30, 2020 (the most recent actuarial report), the total other postemployment benefit (OPEB) liability for benefits was \$17 million and the net OPEB liability was \$6 million and the actuarial plan's fiduciary net position was \$11 million or 63% funded. The covered payroll (annual payroll of active employees covered by the plan) was \$2.6 million, and the ratio of the net OPEB liability to covered payroll was 241%. The Foundation's current plan is to fund the OPEB liability up to the retirees' and surviving spouse actuarial obligation. Detailed information is presented in Note 12 of the financial statements.

The Foundation participates in a cost sharing multiple-employer defined benefit plan through the California Public Employees' Retirement System (CalPERS) which covers substantially all regular full-time employees of the Foundation. CalPERS 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 GASB. The Public Agency Cost-Sharing Multiple-Employer Plan is comprised of a Miscellaneous Risk Pool and a Safety Risk Pool. The Foundation sponsors three Miscellaneous Risk Pool plans. The plans provide 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.

As of June 30, 2021, the Foundation reported a net pension liability for its proportionate share of the Miscellaneous Risk Pool totaling \$9.7 million, pension expense of \$3 million, deferred inflows of resources of \$1.3 million and deferred outflows of resources of \$2.8 million for the plan. The Foundation's proportion is 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. As of June 30, 2020, the measurement period applicable to these financial statements, the Foundation's proportion was 0.33967%. Detailed information is presented in Note 11 of the financial statements.

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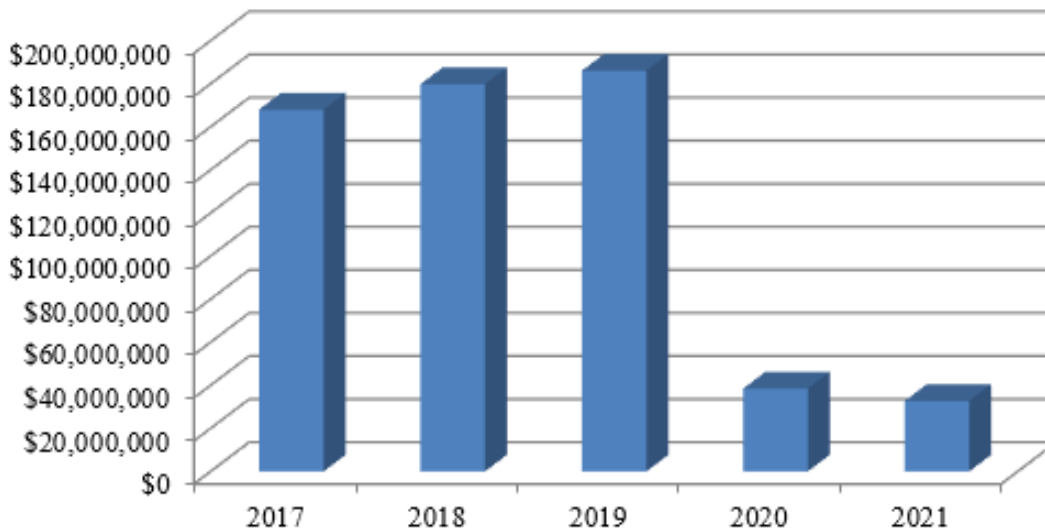
Net Position

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

	2021 (in thousands)	2020 (in thousands)
Net investment in capital assets	\$ 14,752	\$ 16,651
Unrestricted	17,939	21,805
Net position	<u>\$ 32,691</u>	<u>\$ 38,456</u>

Net position decreased 15% or \$5.8 million primarily due to the net operating loss that resulted from COVID-19. Unrestricted net position includes the enterprise or entrepreneurial activities of the Foundation as well as program activities.

Net Position



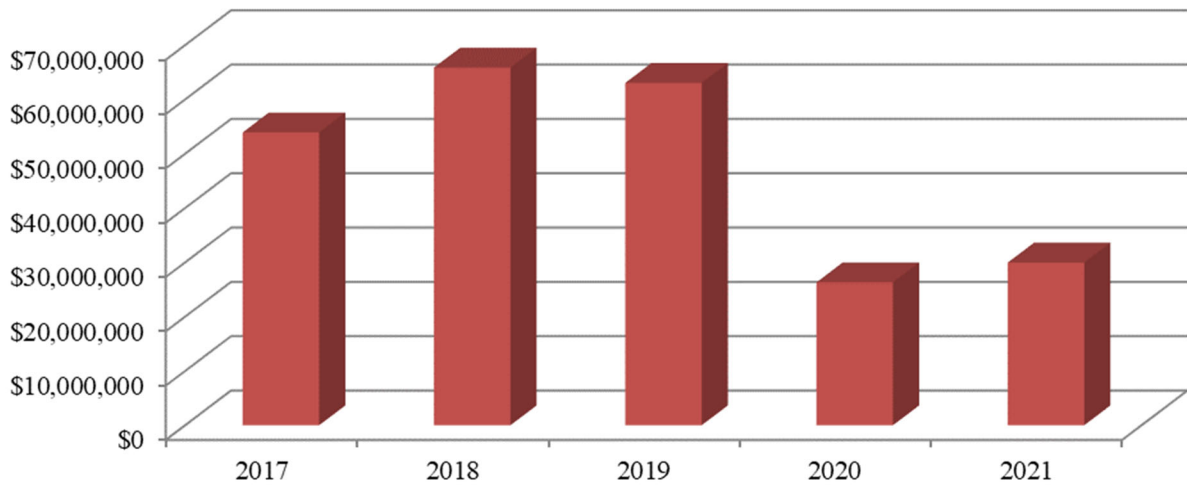
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Investments

Investments included on the Statement of Net Position at June 30, 2021 consist of expendable funds that have been invested in the Foundation's general investment portfolio. The Foundation's general investment policy is designed to obtain the highest risk-mitigated yield available, while investments meet the criteria established for safety (preservation of capital), liquidity and yield. During fiscal year 2020-21, general investments increased by \$3.5 million, or 13.9%. Net investment gains for the year were approximately \$4.4 million (net of fees) as a result of capital markets influencing asset values and over-performance to the benchmark. Investment returns, net of fees, consists of a change in the fair market value of general investments, including interest, dividends, and realized and unrealized gains and losses. During fiscal year 2019-20, general investments decreased by 36.7 million, or 58.3% mainly due to the transfer-by-gift of approximately \$27.7 million to the Philanthropic Foundation.

General Investments



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Capital Assets, Capitalized Lease Obligations and Net Investment

The Foundation's investment in capital assets, net of related debt decreased by \$1.9 million or 11% for fiscal year 2020-21 mainly due to the depreciation. Depreciation and amortization expenses during fiscal years 2020-21 and 2019-20 totaled \$3.7 million and \$3.3 million, respectively. A summary of capital assets, net of accumulated depreciation and capitalized lease obligations is as follows:

	2021 <u>(in thousands)</u>	2020 <u>(in thousands)</u>
Building and improvements	\$ 87,818	\$ 87,723
Equipment, furniture and fixtures	12,215	12,613
Infrastructure	8,651	8,651
Land	7,103	6,834
Construction work in progress	28	168
Orchards	144	144
	<u>115,959</u>	<u>116,133</u>
Less: Accumulated depreciation and amortization	(60,484)	(57,176)
Unamortized gain on refunding	(36)	(45)
Plus: Unamortized loss on refunding	234	272
	<u>55,673</u>	<u>59,184</u>
Less: capitalized lease obligations	<u>(40,921)</u>	<u>(42,533)</u>
Invested in capital assets	<u>\$ 14,752</u>	<u>\$ 16,651</u>

Net investment in capital assets, net of related debt, represents the Foundation's capital assets, net of accumulated depreciation, unamortized gain and loss on refunding and outstanding principal balances of debt attributable to the acquisition, construction or improvement of these assets. Capitalized lease obligations consist primarily of Cal State University (CSU) system-wide revenue bonds of \$40.9 million. Approximately \$18.7 million of this obligation was incurred in fiscal year 2003-04 with respect to the construction of the University Village Phase III student housing complex and those bonds were advance refunded and defeased in fiscal years 2013-14 and 2014-15. Another \$20.2 million of this obligation was added in fiscal year 2019-20 upon completion of the Centerpointe Dining Facility. The remaining balance of this obligation of \$1.3 million was incurred for the construction of a continuing education complex in fiscal year 2000-01 and those bonds were advance refunded and defeased in fiscal year 2016-17. Approximately \$2 million of this balance represents unamortized bond premiums.

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As mentioned previously, the Foundation completed the collaborative project with the University that included the planning, construction and financing for a \$24 million replacement dining commons (Centerpointe) that opened in January 2020. The University and Foundation entered into a facility lease agreement and an operating agreement to operate Centerpointe and repay the financing under the same terms and conditions as the dining portion of the System Revenue Bonds, Series 2017A & 2017B. The Foundation contributed \$4 million to the project. Over the next 30 years, the Foundation will be obligated to repay \$20 million of bonds with a 3.81% all-in, total interest cost upon a fully executed facility lease, master operating lease, and various supplemental operating agreements.

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:

	2021 <u>(in thousands)</u>	2020 <u>(in thousands)</u>
Operating revenues:		
Educational activities	\$ 4,818	\$ 6,805
Enterprise activities	14,763	38,404
Grants and contracts	13,928	12,707
Real estate activities	6,709	5,672
Total operating revenues	<u>40,218</u>	<u>63,588</u>
Operating expenses	<u>48,317</u>	<u>70,288</u>
Operating income	<u>(8,099)</u>	<u>(6,700)</u>
Nonoperating revenues (expenses):		
Investment income, net	4,448	1,110
Interest expenses	(1,832)	(1,573)
Transfer to the Philanthropic Foundation/University	-	(144,022)
Other nonoperating revenues (expenses), net	(282)	3,620
Total nonoperating revenues, net	<u>2,334</u>	<u>(140,865)</u>
Decrease in net position	(5,765)	(147,565)
Net position:		
Net position at beginning of year	<u>38,456</u>	<u>186,021</u>
Net position at end of year	<u>\$ 32,691</u>	<u>\$ 38,456</u>

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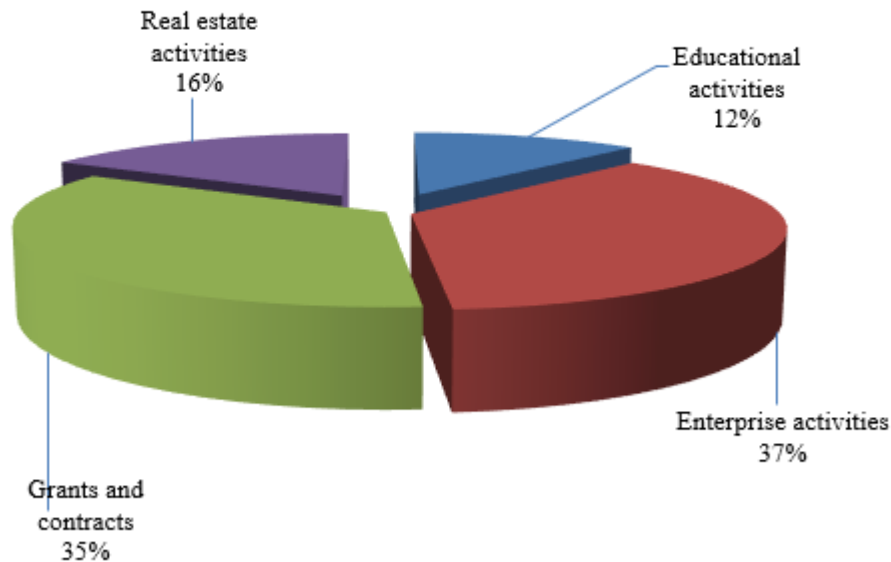
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During the fiscal year 2020-21, total operating revenues decreased 36.8% or \$23.4 million due to the impact of the pandemic on revenues from enterprises activities, which decreased 61.6%. The bookstore, housing, and dining revenue experienced significant reductions as the Foundation closed most dining locations, reduced the student housing occupancy, and limited the bookstore business hours. Operating expenses decreased 31.3% or \$22.0 million because of the slowed down enterprise activities. However, the interests on the capital leases and depreciation and amortization expenses are not changed by the reduction of operations.

The non-operating revenues were approximately \$2.3 million. Net investment income for the year was approximately \$4.4 million as a result of capital markets influencing asset values and over-performance to the benchmark.

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

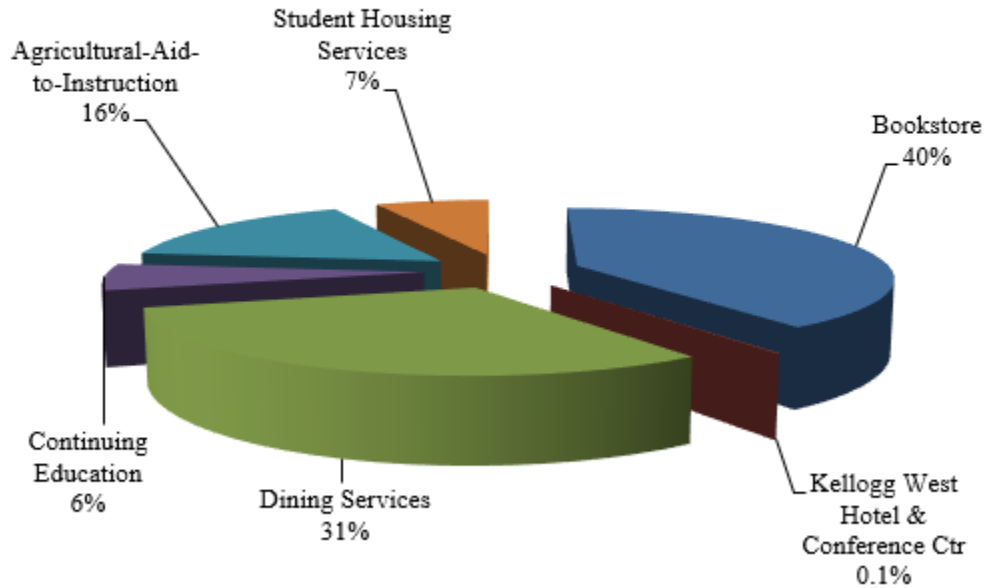


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Auxiliary enterprise operating revenues consist of the following programs:

Enterprise Revenues

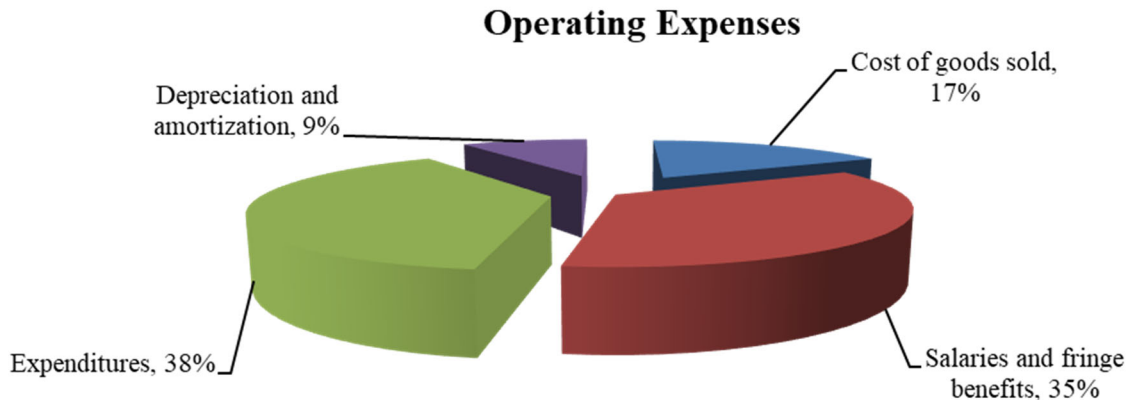


In July 2018, the Foundation entered into a master operating agreement and various supplemental operating agreements with the Trustees of the California State University on behalf of the University that expires in February 2025 and allow the Foundation to operate various activities including the above 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 mission.

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In fiscal year 2020-21, operating expenses consist of cost of goods sold of \$6.8 million, salaries and fringe benefits of \$13.7 million, payments to vendors of \$15.1 million, and depreciation and amortization of \$3.7 million.



In addition to their natural classifications, it is also informative to review operating expenses by function. A summary of the Foundation's expenses by functional classification for the fiscal years ended is as follows:

	2021 <u>(in thousands)</u>	2020 <u>(in thousands)</u>
Operating:		
Instruction	\$ 8,886	\$ 8,815
Research	6,670	6,982
Public service	87	224
Academic support	3,439	4,239
Student services	258	883
Institutional support	112	698
Operation and maintenance of plant	2	185
Administrative and real estate activities	10,482	10,978
Enterprise expenses	14,716	33,949
Depreciation and amortization	3,665	3,335
Total operating expenses	<u>\$ 48,317</u>	<u>\$ 70,288</u>

During fiscal year 2020-21, enterprise expenses decreased due to the reduced business hours, employee furloughs/layoffs, and the temporary closure of dining locations under the impact of the pandemic.

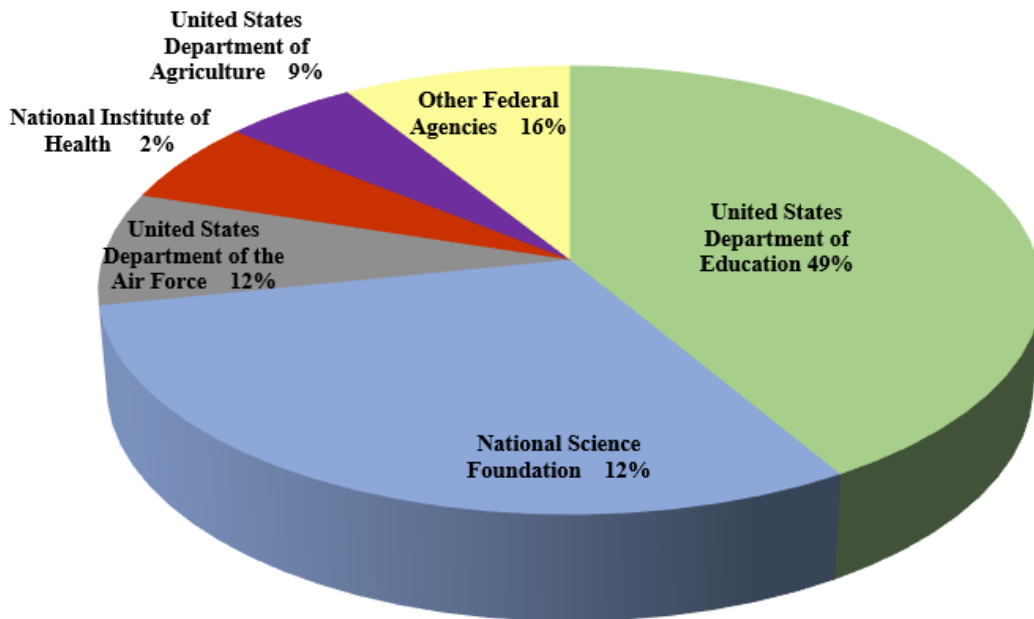
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The Foundation is the recipient of all externally-funded sponsored projects awarded on behalf of California State Polytechnic University, Pomona. For the last two years, University faculty and staff have secured over \$24.2 million in external funds representing 269 projects.

Federal grant and contract awards received represents 83% of the sponsored program activity and includes support from a variety of agencies including:

Federal Grant and Contract Revenue

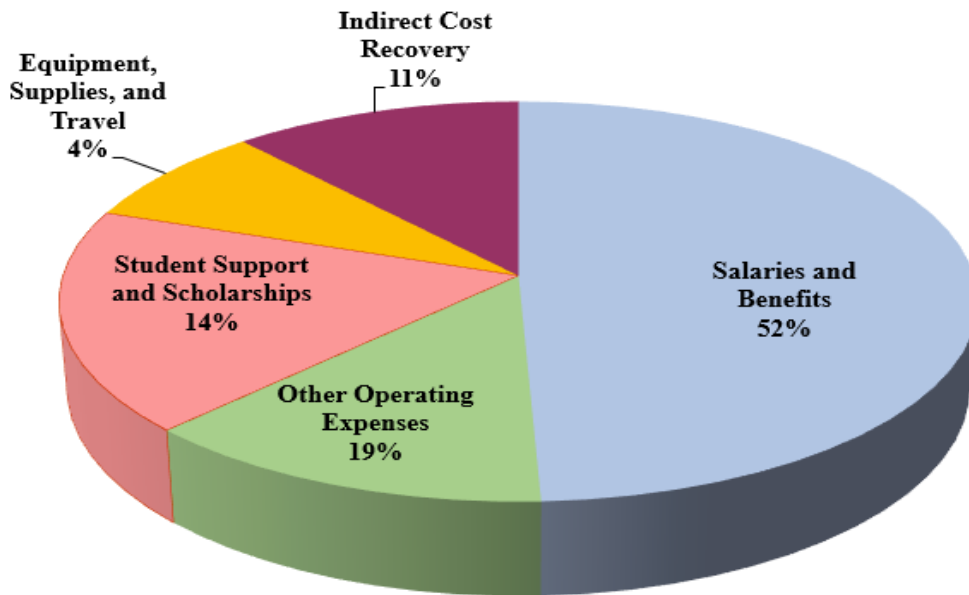


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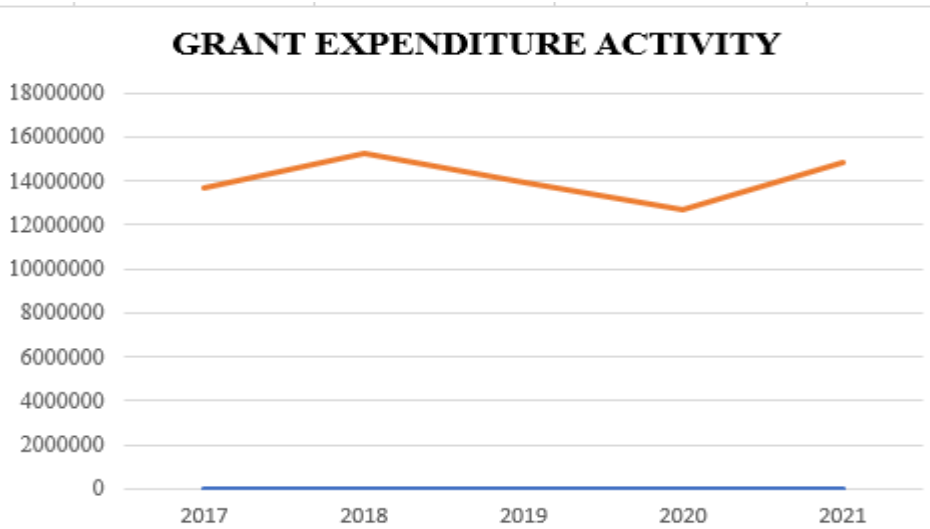
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During the last two fiscal years, grants and contracts expenditures totaled \$27 million consisting of federal grants and contracts of \$24.2 million, state grants and contracts of \$2.5 million, and non-governmental grants and contracts of \$2.3 million. Expenditures relating to grant and contract projects consisted of the following items:

Grant and Contract Expenditures



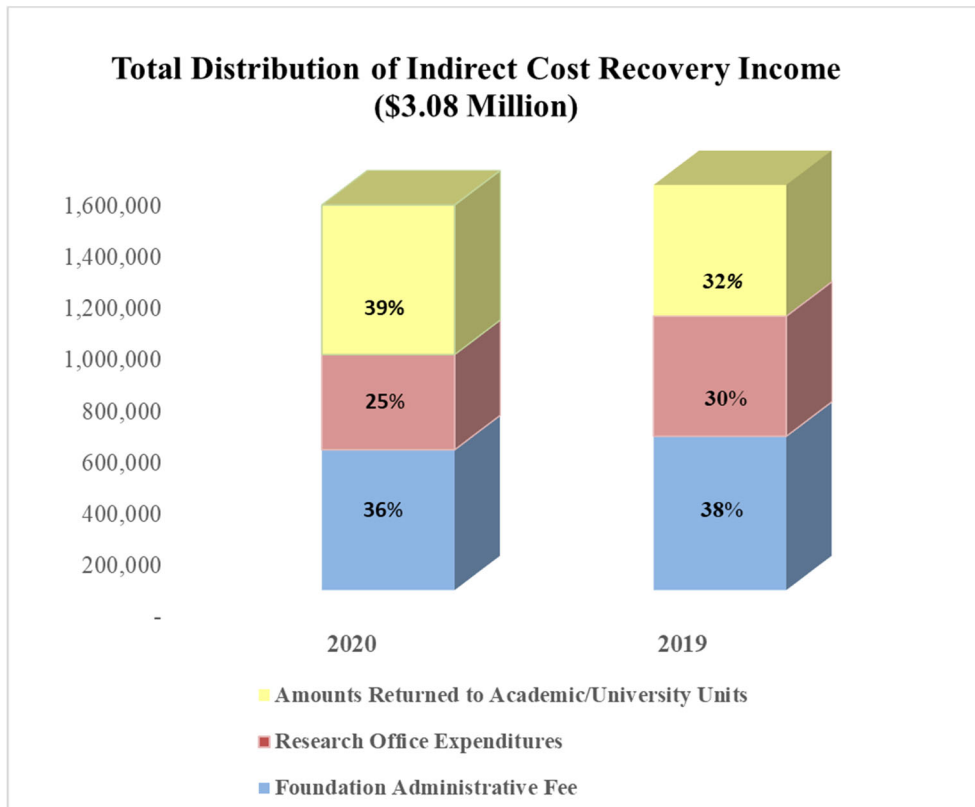
Over the past five years, the grant expenditure totals have ranged between \$13.7 million and \$14.8 million dollars.



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The total amount of indirect cost recovery income collected from grant and contract projects totaled \$1.5 million in fiscal year 2020-21 and 2019-20. 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.



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Factors Impacting Future Periods

The on-going pandemic has created instability within the higher education industry. It has also brought broad economic uncertainty. The pandemic has resulted in a significant disruption in Foundation operations, capital projects, and cash flows during the year making it challenging to measure the impact on future periods. Management continues to monitor and adjust to on-campus enrollment, the ability to engage in events/activities, housing capacity limitations, and other pandemic-related factors that impact operations.

Considering these circumstances, the Foundation's fiscal year 2021-22 proposed budgeted projections include the following Board-approved assumptions:

- Enrollment is budgeted at an increase of 1% to the prior two semesters.
- University Housing Services occupancy is budgeted at 50% of total capacity.
- University Village assumes fall occupancy rate of 50%, spring occupancy of 70% of total capacity.
- Fall on-campus foot traffic is budgeted at 35% of enrollment. Spring on-campus foot traffic at 65% of enrollment.
- No discretionary contribution will be made to the 2%@55 Plan to further reduce the net pension liability based on the 10-year amortization model, no additional contributions to the 2%@60 Plan and the 2%@62 Plan as those funds are currently fully funded.
- Events that were cancelled due to COVID-19 may be held again if they occur after September 2021. Fewer events will likely occur than in an average year.
- Overall inflation for general expenses is proposed to increase an average of 1.0%.
- Limited conference travel budgets with a higher proportion of virtual professional development.
- Staff are budgeted at full assignments for the year even though furloughs are not scheduled to end until July 26.
- The California minimum wage will increase from \$14 per hour to \$15 per hour, effective January 1, 2022 and exempt employees must earn at least twice the minimum wage of \$30 per hour.

CAL POLY POMONA FOUNDATION, INC.

Statement of Net Position

June 30, 2021

(with comparative totals for June 30, 2020)

Assets:	2021	2020
Current assets:		
Cash and cash equivalents	\$ 3,641,408	\$ 6,968,042
Short-term investments	30,215,074	26,723,683
Accounts receivable, net	5,274,264	4,086,888
Accounts receivable from the related parties	531,906	1,256,839
Inventories	1,501,046	1,996,071
Assets held for sale	330,246	402,900
Prepaid expenses and other assets	71,973	260,103
Total current assets	41,565,917	41,694,526
Noncurrent assets:		
Restricted cash and cash equivalents	80,853	117,938
Accounts receivable, net	2,927,068	3,207,609
Long-term investments	1,645,487	1,762,718
Capital assets, net	55,474,967	58,956,691
Total noncurrent assets	60,128,375	64,044,956
Total assets	101,694,292	105,739,482
Deferred outflows of resources:		
Unamortized loss on debt refunding	234,115	272,889
Net pension liability	2,858,766	3,826,379
Net OPEB liability	643,406	2,600,746
Total deferred outflows of resources	3,736,287	6,700,014

See accompanying notes to financial statements.

CAL POLY POMONA FOUNDATION, INC.

Statement of Net Position

June 30, 2021

(with comparative totals for June 30, 2020)

Liabilities:	<u>2021</u>	<u>2020</u>
Current liabilities:		
Accounts payable	2,341,776	2,031,003
Accounts payable to related parties	872,526	2,289,213
Accrued salaries and benefits payable	961,941	1,464,017
Accrued compensated absences, current portion	325,582	282,618
Unearned revenue	782,017	1,518,740
Capitalized lease obligations, current portion	1,460,000	1,380,000
Line of credit	-	2,000,000
Other liabilities	2,127,277	1,970,739
Total current liabilities	<u>8,871,119</u>	<u>12,936,330</u>
Noncurrent liabilities:		
Accrued compensated absences, net of current portion	394,319	472,974
Paycheck Protection Program loan	3,795,000	-
Capitalized lease obligations, net of current portion	39,460,831	41,152,592
Net pension liability	10,297,623	8,877,822
Net OPEB liability	6,498,588	7,370,343
Unitrust liability	897,815	707,015
Total noncurrent liabilities	<u>61,344,176</u>	<u>58,580,746</u>
Total liabilities	<u>70,215,295</u>	<u>71,517,076</u>
Deferred inflows of resources:		
Net pension liability	1,336,708	661,902
Unamortized gain on debt refunding	36,134	45,561
Net OPEB liability	319,904	1,058,122
Split interest agreements	831,894	700,802
Total deferred inflows of resources	<u>2,524,640</u>	<u>2,466,387</u>
Net Position:		
Net investment in capital assets	14,752,117	16,651,427
Restricted for:		
Expendable:		
Unrestricted	17,938,527	21,804,606
Total net position	<u>\$ 32,690,644</u>	<u>\$ 38,456,033</u>

See accompanying notes to financial statements.

CAL POLY POMONA FOUNDATION, INC.
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2021
(with comparative totals for the Year Ended June 30, 2020)

Revenues:	2021	2020
Operating revenues:		
Educational activities	\$ 4,817,760	\$ 6,804,900
Enterprise activities	14,763,366	38,403,888
Grants and contracts	13,927,996	12,706,663
Real estate activities	6,709,399	5,672,387
Total operating revenues	40,218,521	63,587,838
Expenses:		
Operating expenses:		
Educational activities	5,526,291	9,319,281
Enterprise activities	14,716,397	33,947,932
Grants and contract	13,927,996	12,706,663
Administrative and real estate activities	10,482,122	10,978,270
Depreciation and amortization	3,664,679	3,335,478
Total operating expenses	48,317,485	70,287,624
Operating loss	(8,098,964)	(6,699,786)
Nonoperating revenues (expenses):		
Investment income, net	4,448,249	1,110,035
Interest expense	(1,832,829)	(1,573,100)
Net assets transferred to Cal Poly Pomona Philanthropic Foundation	-	(144,022,591)
Other nonoperating revenues (expenses)	(281,845)	3,620,218
Net nonoperating revenues (expenses)	2,333,575	(140,865,438)
Decrease in net position	(5,765,389)	(147,565,224)
Net position:		
Net position at beginning of year	38,456,033	186,021,257
Net position at end of year	\$ 32,690,644	\$ 38,456,033

See accompanying notes to financial statements.

CAL POLY POMONA FOUNDATION

Statement of Cash Flows

Year Ended June 30, 2021

(with comparative information for the Year Ended June 30, 2020)

	2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Receipts from federal grants and contracts	\$ 10,640,013	\$ 9,750,940
Receipts from state and local grants and contracts	2,109,827	1,749,836
Receipts from nongovernmental grants and contracts	805,241	1,036,606
Payments to suppliers	(18,483,084)	(33,425,012)
Payments to employees	(13,523,055)	(21,735,747)
Payments for benefits	(4,637,770)	(8,736,937)
Sales and services of educational activities	6,158,096	9,708,704
Sales and services of enterprise activities	11,995,004	37,271,544
Other receipts	2,682,384	2,384,404
Net cash used by operating activities	(2,253,344)	(1,995,662)
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>		
Net borrowings on line of credit	(2,000,000)	(1,000,000)
Proceeds from Paycheck Protection Program loan	3,795,000	-
Other noncapital financing activities	(281,845)	363,262
Net cash provided (used) by noncapital financing activities	1,513,155	(636,738)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Acquisitions of capital assets	(395,301)	(4,323,474)
Proceeds from sale of capital assets	112,925	-
Principal paid on capital debt and lease	(1,380,000)	(990,000)
Interest paid on capital debt and lease	(2,035,243)	(1,775,510)
Net cash used by capital and related financing activities	(3,697,619)	(7,088,984)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Proceeds from sales and maturities of investments	2,310,385	16,434,122
Purchases of investments	(4,816,505)	(8,107,070)
Investment income	3,580,209	836,637
Net cash provided by investing activities	1,074,089	9,163,689
Net increase in cash and cash equivalents	(3,363,719)	(557,695)
Cash and cash equivalents at beginning of year	7,085,980	7,643,675
Cash and cash equivalents at end of year	\$ 3,722,261	\$ 7,085,980
Breakdown of ending cash balance:		
Cash and cash equivalents	\$ 3,641,408	\$ 6,968,042
Restricted cash and cash equivalents	80,853	117,938
	\$ 3,722,261	\$ 7,085,980

See accompanying notes to financial statements.

CAL POLY POMONA FOUNDATION

Statement of Cash Flows

Year Ended June 30, 2021

(with comparative information for the Year Ended June 30, 2020)

Reconciliation of operating gain to net cash provided by operating activities:

	<u>2021</u>	<u>2020</u>
Operating income	\$ (8,098,964)	\$ (6,699,786)
Adjustments to reconcile operating gain to net cash used by operating activities:		
Depreciation	3,664,679	3,335,478
Loss on sale of capital assets	368,421	-
Change in assets and liabilities:		
Accounts receivable, net	(181,902)	1,289,890
Prepaid expenses and other assets	486,809	997,820
Deferred outflows of resources	2,924,953	491,989
Accounts payable and amounts payable to the University	(1,105,914)	(355,586)
Accrued salaries and benefits	(502,076)	164,203
Accrued compensated absences	(35,691)	(87,641)
Unearned revenue	(736,723)	2,484
Net other postemployment benefits liability	(871,755)	(573,284)
Net pension liability	1,419,801	683,464
Other liabilities	347,338	(954,287)
Deferred inflows of resources	67,680	(290,406)
Net cash used by operating activities	\$ <u>(2,253,344)</u>	\$ <u>(1,995,662)</u>

Supplemental schedule of noncash transactions:

Acquisition of capital asset through capital lease obligations	\$ -	\$ 20,270,000
Amortization of bond premium	\$ (231,761)	\$ (231,760)
Amortization of loss on debt refundings	\$ 48,201	\$ 48,198
Transfers of capital assets to the University	\$ (281,845)	\$ (4,470,249)
Transfer of net assets to the Philanthropic Foundation	\$ -	\$ (144,022,591)
Assets expensed from Construction in Progress	\$ (158,670)	\$ -

See accompanying notes to financial statements.

CAL POLY POMONA FOUNDATION
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	<u>Bronco Bucks</u>
Assets:	
Current assets:	
Cash	\$ 311,539
Total current assets	<u>311,539</u>
Total assets	<u>311,539</u>
Liabilities:	
Current liabilities:	
Funds held for others	311,539
Total liabilities	<u>\$ 311,539</u>

See accompanying notes to financial statements.

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements

Year Ended June 30, 2021

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, the bookstore, 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 faculty/staff housing, a research park, including special programs, and other similar activities on behalf of the University.

During the year ended June 30, 2020, at the request of the University, the Foundation transferred, by gift, approximately \$144 million of restricted assets to Cal Poly Pomona Philanthropic Foundation (the Philanthropic Foundation). On July 1, 2019, the Philanthropic Foundation began operations previously performed by the Foundation, including management of campus programs, student scholarship and endowment funds.

Note (2) Summary of Significant Accounting Policies

(a) *Implementation of Government Accounting Standards Board (GASB) Statement No. 84*

As of July 1, 2020, the Foundation implemented GASB Statement No. 84, Fiduciary Activities. This Statement establishes new criteria for identifying fiduciary activities which, when met, require that the activities be reported in a fiduciary fund in the basic financial statements. A statement of fiduciary net position and a statement of changes in fiduciary net position are required to be presented for these activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds (formerly agency funds).

(b) *Financial Reporting Entity*

The Foundation is a legally separate tax-exempt component unit of the University. The University is part of the CSU system. Cost are allocated to specific activities where possible. Costs not identified with specific activities that relate to the full scope of the Foundation's activities are allocated to operational activities.

The Foundation's board appointments require approval from the University President, and as a result, the Foundation follows the reporting principles promulgated by the 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.

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements

Year Ended June 30, 2021

Note (2) Summary of Significant Accounting Policies, continued

(b) *Financial Reporting Entity, continued*

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.

(c) *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.

(d) *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.

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 and the assets are 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.

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements

Year Ended June 30, 2021

Note (2) Summary of Significant Accounting Policies, continued

(e) *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 12 months of the statement of net position date. Liabilities that reasonably can be expected, as part of normal Foundation business operations, to be liquidated within 12 months of the statement of net assets date are considered to be current. All other assets and liabilities are considered to be noncurrent.

(f) *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 in the financial statements.

(g) *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.

(h) *Accounts Receivable*

Accounts receivable include receivables due from federal, state and local governments for contract and grant reimbursements. Accounts receivables 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 account receivables using the allowance method. The allowance is based on the length of time the receivable has been outstanding.

(i) *Inventories*

Inventories are presented at the lower of cost and 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.

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements

Year Ended June 30, 2021

Note (2) Summary of Significant Accounting Policies, continued

(j) *Investments and Endowment 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.

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). The Foundation's endowment investment policy authorizes the investment of endowment funds in a range of investments to seek an average total annual return of 4.0% plus the percentage change in the greater Los Angeles area consumer price index.

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.

(k) *Capital Assets*

Capital assets are stated at cost or estimated historical cost if purchased or if donated, at estimated fair 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.

(l) *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 Foundation has a deferred loss on 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.

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements

Year Ended June 30, 2021

Note (2) Summary of Significant Accounting Policies, continued

(l) Deferred Outflows of Resources, continued

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, and differences between actual and expected 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.

(m) Unearned Revenue

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

(n) Other Liabilities

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

(o) Pension Obligation

For purposes of measuring the net pension obligation 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.

(p) Net OPEB Obligation

For purposes of measuring the net OPEB obligation 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.

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements
Year Ended June 30, 2021

Note (2) Summary of Significant Accounting Policies, continued

(q) 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.

(r) Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net assets 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, and differences between the estimated and actual return on pension and OPEB plan investments. In addition, deferred inflows related to the net pension liability resulted in differences between actual and expected actuarial experience in measuring plan liabilities and changes in its proportionate share of the net pension liability.

(s) 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 attributable to the acquisition, construction, or improvement of those assets.

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.

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements

Year Ended June 30, 2021

Note (2) Summary of Significant Accounting Policies, continued

(t) 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 net assets transfer to the Philanthropic Foundation.

(u) 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.

(v) 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, outflows, liabilities, inflows, revenues, and expenses in the accompanying basic financial statements. Actual results could differ from those estimates.

(w) Subsequent Events

The Foundation has evaluated subsequent events through September 24, 2021, which is the date the financial statements were available to be issued.

(x) Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation, including separating the deferred outflow of resources related to the net pension liability from the deferred inflow of resources related to the net pension liability. Reclassifications had no impact on net position.

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements

Year Ended June 30, 2021

Note (3) Cash, Cash Equivalents, and Investments

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.

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, 2021, 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, 2021:

Description	General Portfolio	Endowment Portfolio
Money Market Funds	X	X
Certificate of Deposits	X	X
Common and Preferred Stocks		X
US Government or Agency Obligations	X	X
International Bonds	X	
Mortgage Backed Securities	X	X
Corporate Debt	X	X
Repurchase Agreements	X	X
Mutual Funds (Debt or Equity)	X	X
Real Estate Investment Trusts		X
Real Estate	X	
Real Assets	X	X
Alternative Investments	X	
Hedge Funds		X
Private Equity		X

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements

Year Ended June 30, 2021

Note (3) Cash, Cash Equivalents, and Investments, continued

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 authorizes 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, 2021, all mutual funds invested in fixed income securities, with total fair value of \$4,207,794, and have a duration between one and four years, were included in general investments.

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:

<u>Investment Type</u>	<u>Rating (S&P/Moody's)</u>	<u>Fair Value</u>
Mutual Funds-Fixed Income	Note rated	\$ 4,207,794
Corporate Debt	High grade	\$ 404,109
Corporate Debt	Upper medium grade	\$ 284,435
Government Securities	High grade	\$ 1,479,137

Concentration of Credit Risk

The Foundation's general and endowment investment policies allow for no more than 5% of the asset class to be invested in any single equity or fixed income issuer, with the exception of U.S. Treasury and Agency securities and exposure to any industry sector is generally limited to 20% of the asset class. This is the risk of loss attributed to the magnitude of an entity's investment in a single issuer.

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements

Year Ended June 30, 2021

Note (3) Cash, Cash Equivalents, and Investments, continued

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, 2021, the Foundation was not exposed to concentration of credit risk as there were no investments in a single issuer in excess of 5%.

Fair Value Measurement

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.

The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels. Level 1 inputs are quoted prices (unadjusted) for identical investments in active markets at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an investment, either directly or indirectly. Level 3 inputs are unobservable inputs for an investment. The fair value hierarchy gives the highest priority to Level 1 inputs and 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, 2021 due to the relative short maturities of these instruments.

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements

Year Ended June 30, 2021

Note (3) Cash, Cash Equivalents, and Investments, continued

Fair Value Measurement, continued

	Assets at Fair Value				
	Total	Level 1	Level 2	Level 3	NAV
Mutual Funds:					
Domestic Fixed Income	\$ 4,150,476	\$ 4,150,476	\$ -	\$ -	\$ -
Global Fixed Income	57,318	57,318	-	-	-
Large Cap Equities	474,740	474,740	-	-	-
Small-Mid Cap Equities	285,780	285,780	-	-	-
Int'l & EM Equities	919,830	919,830	-	-	-
Exchange Traded Funds:					
Large Cap Equities	1,772,149	1,772,149	-	-	-
Small-Mid Cap Equities	663,792	663,792	-	-	-
International Equities	2,711,609	2,711,609	-	-	-
Treasury Bond	3,951,564	3,951,564	-	-	-
Fixed Income Debt Instruments:					
Corporate Debt	688,544	688,544	-	-	-
Treasury Securities	1,194,298	1,194,298	-	-	-
Federal Agency Obligations	284,839	284,839	-	-	-
Indexed Annuity	291,850	291,850	-	-	-
Alternative Investments:					
Private Equity	2,679,872	-	-	-	2,679,872
Hedge Funds	2,400,000	-	-	-	2,400,000
Local Agency Investment Fund	95,635	-	-	-	95,635
Equity Securities	9,238,265	9,238,265	-	-	-
	<u>\$ 31,860,561</u>	<u>\$ 26,685,054</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,175,507</u>

Fair value measurements on the Statement of Net Position consist of the following:

Short-term investments	\$ 30,215,074
Long-term investments	<u>1,645,487</u>
	<u>\$ 31,860,561</u>

As a practical expedient, certain financial instruments may be valued using NAV per share. NAV is the amount of net assets attributable to each share of outstanding capital stock at the end of the period.

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements

Year Ended June 30, 2021

Note (3) Cash, Cash Equivalents, and Investments, continued

Fair Value Measurement, continued

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021.

- a) Mutual funds are managed by separate investment management firms. These mutual funds are valued using quoted market prices for identical investments in active markets which approximate fair value.
- b) Exchange traded funds are valued at the closing price reported on the active market on which the individual securities are traded.
- c) Fixed income debt instruments are debt securities that are valued based on market prices in active markets.
- d) Indexed annuities are long-term insurance products with guaranteed payments backed by the claims-paying ability of the issuing insurance company. Index annuity products are valued by the issuing insurance company.
- e) Private Equities are master limited partnership multi-manager program investments valued using NAV per share.
- f) Hedge funds are managed by four separate investment management firms in either pooled master limited partnerships or mutual funds. Hedge Funds are valued using NAV per share.
- g) Local Agency Investment Fund (LAIF) is valued using NAV per share.
- h) Equity securities are valued at quoted market prices in active markets.

Investments Measured at NAV

Commitments and redemption schedules for those investments value based on NAV are as follows:

Description	Fair value	Unfunded commitments	Redemption frequency	Redemption notice period
Private Equity Funds - Commonfund	\$ 498,369	70,000	None	None
Private Equity Funds - Hamilton Lane	\$ 2,181,503	1,059,052	None	None
Hedge Funds				
Coatue Offshore	\$ 280,000	-	Quarterly	45 Calendar Days
Cooper Square Ltd - Class I	\$ 280,000	-	Quarterly	60 Days
Seg Partners Offsh Class	\$ 280,000	-	Quarterly	60 Days
Third Point	\$ 280,000	-	Quarterly	60 Days
Blackstone Reit	\$ 400,000	-	Monthly	3 days
Hp/Starboard Value Ltd Esc	\$ 280,000	-	Quarterly	90 Calendar Days + 5 Business Days
Partners Group Pe - P Esc	\$ 400,000	-	Quarterly	Tender Window Announcements
BX Private Credit Fund Esc	200,000	-	Quarterly	90 days
Local Agency Investment Fund	\$ 95,635	None	None	None

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements

Year Ended June 30, 2021

Note (3) Cash, Cash Equivalents, and Investments, continued

Investments Measured at NAV, continued

The Foundation has invested in the private equity funds, Commonfund, and contributed \$931,875 against its commitment of \$1 million in the general portfolio and received distributions of \$1,477,706 (since inception September 2007) and the market value is \$498,369 as of March 2021 (the latest valuation date).

The Foundation has invested in the private equity funds, Hamilton Lane, within the general investment portfolio. Since March 2017, the Foundation has contributed \$2,074,696 against its commitment of \$3,000,000 and has received distributions of \$252,494. The market value of the investment is \$2,181,503 as of June 30, 2021. The funds are managed by a general partnership and are not redeemable during the term of 12 years with a three year option to extend by the general partner.

Hedge Funds have historically provided a differentiated risk and rate-of-return profile than equities or fixed income and thus are expected to increase portfolio diversification and help smooth overall portfolio returns.

Investment Earnings

Net investment gains were \$4,448,249 for the year ended June 30, 2021, 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.

Note (4) Accounts Receivable

Accounts Receivables consisted of the following:

Real estate	\$ 2,727,508
Enterprise activities	1,308,809
Grants and contracts	3,441,872
Educational activities	778,076
Less allowance for uncollectible contributions	(54,933)
Subtotal accounts receivable	8,201,332
Due from related parties	531,906
Total accounts receivable, net	8,733,238
Total Accounts Receivable	\$ 8,733,238

CAL POLY POMONA FOUNDATION, INC.
Notes to Financial Statements
Year Ended June 30, 2021

Note (5) Capital Assets

The following provides a summary of changes in capital assets for the year ended June 30, 2021:

	Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021
Capital assets not being depreciated:				
Land	\$ 6,833,910	\$ 269,000	\$ -	\$ 7,102,910
Construction work in progress (CWIP)	168,171	261,292	401,900	27,563
Total capital assets not being depreciated	<u>7,002,081</u>	<u>530,292</u>	<u>401,900</u>	<u>7,130,473</u>
Capital assets being depreciated:				
Buildings and buildings improvements	87,722,901	100,392	5,000	87,818,293
Orchards	143,638	-	-	143,638
Infrastructure	8,651,467	-	-	8,651,467
Equipment, furniture, and vehicles	12,613,070	146,424	544,140	12,215,354
Total capital assets being depreciated	<u>109,131,076</u>	<u>246,816</u>	<u>549,140</u>	<u>108,828,752</u>
Total capital assets	<u>116,133,157</u>	<u>777,108</u>	<u>951,040</u>	<u>115,959,225</u>
Less accumulated depreciation for:				
Buildings and building improvements	44,553,193	2,774,393	3,167	47,324,419
Orchards	131,363	1,177	-	132,540
Infrastructure	2,576,203	216,253	-	2,792,456
Equipment	9,915,707	672,856	353,720	10,234,843
Total accumulated depreciation	<u>57,176,466</u>	<u>3,664,679</u>	<u>356,887</u>	<u>60,484,258</u>
Depreciable assets, net	<u>51,954,610</u>	<u>(3,417,863)</u>	<u>192,253</u>	<u>48,344,494</u>
Total capital assets, net	<u>\$58,956,691</u>	<u>\$ (2,887,571)</u>	<u>\$ 594,153</u>	<u>\$55,474,967</u>

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements

Year Ended June 30, 2021

Note (6) Line of Credit

The Foundation has an unsecured revolving line of credit that has been extended through June 2022. The note is subordinate to all existing and future indebtedness of the Foundation with the Trustees of the California State University. The maximum principal sum of up to \$6,000,000 may be advanced for operating purposes pursuant to the terms of the credit agreement. There was no outstanding principal at June 30, 2021. Each advance bears interest at LIBOR plus 1.5%, and any undrawn capacity is charged a rate of 0.50% or 15 basis points.

The Foundation may select LIBOR interest periods of one, three, or six months for each advance, or may select the one month LIBOR reset daily. The Foundation selected the one month LIBOR reset daily for all advances and the interest rate on June 30, 2021 was 0.1%. The Foundation shall maintain a zero balance on advances under the line of credit for a period of at least thirty (30) consecutive days during each 12-month period. The Foundation must maintain a minimum unrestricted liquidity of not less than \$6,000,000 when extended at any time. For purposes of this note, minimum unrestricted liquidity is the sum of the total cash, cash equivalents, and investments less amounts listed on the Statement of Net Position that are Restricted for Nonexpendable and Expendable purposes.

Note (7) Paycheck Protection Program Loan

On May 19, 2021, the Foundation was granted a loan (the "Loan") from Newtek Small Business Finance, LLC in the aggregate amount of \$3,795,000, pursuant to the Paycheck Protection Program (PPP) under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was enacted March 27, 2020. The Loan, which was in the form of a Note dated May 19, 2021 matures on May 19, 2025 and bears interest at a rate of 1% per annum, payable monthly commencing in July of 2022 under the updated guidance of the CARES Act. The Note may be prepaid by the Foundation at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other qualified debt obligations over a 24-week period starting on the date of loan funding, May 19, 2021. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

Future maturities are as follows for the year ending June 30:

2022	\$	-
2023		925,146
2024		974,538
2025		984,329
2026		910,987
		<u>910,987</u>
	\$	<u>3,795,000</u>

CAL POLY POMONA FOUNDATION, INC.
Notes to Financial Statements
Year Ended June 30, 2021

Note (8) Leasing Commitments

Operating Leases as Lessee

The Foundation has a dining service agreement with the Trustees of the California State University. The agreement is renegotiated annually and requires that the Foundation pay for the use of Vista Market and Denny's based on 6% of gross annual sales at these dining venues. For the year ended June 30, 2021 the amount totaled \$11,139, which was included in rent expense.

Land and certain facilities used in the Foundation operations are leased from the University. As consideration, the Foundation operates such land and certain facilities at no cost to the University and annually the Foundation provides specified funds as designated by the Board of Directors, subject to bond debt service requirements. The leases are in effect with various termination dates during the 2021 and 2047 fiscal years.

The Foundation has various non-cancelable operating lease agreements for office and conference space and office equipment, with terms of 60 months.

Future minimum payments under non-cancelable operating lease agreements at June 30, 2021 are as follows:

Year ending June 30:		
2022	\$	16,702
2023		7,439
2024		5,032
2025		1,413
2026		-
	\$	<u>30,586</u>

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements

Year Ended June 30, 2021

Note (8) Leasing Commitments, continued

Capital Leases as Lessee

Center for Training Technology and Incubation

During the 2006-07 fiscal year, the Foundation entered into a ground and facilities lease agreement (Capital Lease) with the State of California, acting through the Board of Trustees of the California State University (Board) to refund and defease a portion of the 2000 Series Bonds.

The Board assisted the Foundation by issuing its System Revenue Bonds in 2006-07 and applied the proceeds of such bonds to redeem the 2000 series bonds maturing on and after 2013 through 2025 callable on February 1, 2011. The Board leased the project to the Foundation pursuant to the Capital Lease, subject to the following general terms and conditions: (i) the maximum annual debt service under the Capital Lease is \$332,750 and the scheduled term of the Capital Lease is 18 years from March 2007 through May 2025.

During the fiscal year 2016-17, the Foundation entered into a Capital Lease with the State of California, acting through the Board to refund and defease the 2007 Series Bonds. The Board assisted the Foundation by issuing its System Revenue Bonds in fiscal year 2016-17 (Series 2017A&B) and applied the proceeds of such Bonds to redeem the 2007 series bonds maturing on and after 2017 through 2024. The Board leased the project to the Foundation pursuant to the Capital Lease, subject to the following general terms and conditions: (i) the maximum annual debt service under the Capital Lease is \$302,875 and the scheduled term of the Capital Lease is seven years from February 2017 through November 2024. The refunding generated a cash flow savings of \$306,116 and a net present value of \$289,963.

Proceeds received in excess of the debt are added to the maturity amount and amortized to interest expense over the life of the liability. The Series 2017A&B bonds included a premium of \$274,958, which is amortized using the straight-line method. Amortization for the Series 2017A&B Bonds recognized during fiscal year 2020-21 was \$33,328.

The difference between the reacquisition price and the net carrying amount on the Series 2007 refunded debt is deferred and amortized as a component of interest expense over the life of the new debt. Payments to the refunding escrow agent were less than the existing carrying value of the refunded debt by \$77,767. Amortization of \$9,426 was recognized during fiscal year 2020-21.

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements

Year Ended June 30, 2021

Note (8) Leasing Commitments, continued

Capital Leases as Lessee, continued

University Village

During fiscal year 2003-04, the Foundation entered into a Capital Lease with the State of California, acting through the Board and agreed to undertake the financing of certain capital costs with respect to the University Village Phase III construction by the Board of an additional 466 bed-spaces (the “Project”) at the University Village student housing complex located at California State Polytechnic University, Pomona. The Board assisted the Foundation by issuing its System Revenue Bonds series 2005A and applied the proceeds of such Bonds to the construction and acquisition of the Project by the Board. As noted below, these bonds were subsequently refunded and are considered in substance defeased and are no longer recorded on the financial statements.

During fiscal year 2013-14, the Foundation entered into a Capital Lease with the State of California, acting through the Board to refund and defease a portion of the 2005A Series Bonds. The Board assisted the Foundation by issuing its System Revenue Bonds in fiscal year 2013-14 (Series 2013A) and applied the proceeds of such Bonds to redeem the 2005A series bonds maturing on and after 2015 through 2027. The Board leased the project to the Foundation pursuant to the Capital Lease, subject to the following general terms and conditions: (i) the maximum annual debt service under the Capital Lease is \$1,443,375 and the scheduled term of the Capital Lease is 23 years from July 2013 through November 2035.

Proceeds received in excess of the debt are added to the maturity amount and amortized to interest expense over the life of the liability. The Series 2013A bonds included a premium of \$1,524,589, which is amortized using the straight-line method. Amortization for the Series 2013A Bonds recognized during fiscal year 2020-21 was \$110,879.

The difference between the reacquisition price and the net carrying amount on the Series 2005A refunded debt is deferred and amortized as a component of interest expense over the life of the new debt. Payments to the refunding escrow agent exceeded the existing carrying value of the refunded debt by \$520,246. Amortization of \$37,836 was recognized during fiscal year 2020-21.

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements
Year Ended June 30, 2021

Note (8) Leasing Commitments, continued

Capital Leases as Lessee, continued

During fiscal year 2014-15, the Foundation entered into a Capital Lease with the State of California, acting through the Board to refund and defease the remaining portion of the 2005A Series Bonds. The Board assisted the Foundation by issuing its System Revenue Bonds in 2014-2015 (Series 2014A) and applied the proceeds of such Bonds to redeem the 2005A series bonds maturing on and after 2027 through 2035. The Board leased the project to the Foundation pursuant to the Capital Lease, subject to the following general terms and conditions: (i) the maximum annual debt service under the Capital Lease is \$1,676,000 and the scheduled term of the Capital Lease is 22 years from July 2014 through November 2035. Proceeds received in excess of the debt are added to the maturity amount and amortized to interest expense over the life of the liability. The Series 2014A bonds included a premium of \$1,856,853, which is amortized using the straight-line method. Amortization of \$87,553 was recognized during fiscal year 2020-21 for Series 2014A bonds.

The difference between the reacquisition price and the net carrying amount on the Series 2005A refunded debt is deferred and amortized as a component of interest expense over the life of the new debt. Payments to the refunding escrow agent exceeded the existing carrying value of the refunded debt by \$19,891. Amortization of \$938 was recognized during fiscal year 2020-21.

Centerpointe

In January 2020, the Foundation completed construction of a new replacement dining commons. The Foundation contributed \$4 million of capital reserves towards the project and entered into a ground and facilities lease agreement for approximately \$20 million upon completion of the dining commons along with a master operating and various supplemental operating agreements.

The Board assisted the Foundation by issuing its System Revenue Bonds in 2017-2018 (Series 2017A). The Board leased the project to the Foundation pursuant to the Capital Lease, subject to the following general terms and conditions: (i) the maximum annual debt service under the Capital Lease is \$1,347,750 and (ii) the scheduled term of the Capital Lease is 28 years from January 2020 through May 2048.

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements

Year Ended June 30, 2021

Note (8) Leasing Commitments, continued

Capital Leases as Lessee, continued

Future minimum payments under non-cancelable capital lease agreements at June 30, 2021 were as follows:

Year ending June 30:

2022	\$	3,368,250
2023		3,363,500
2024		3,360,125
2025		3,362,750
2026		3,058,875
2027 - 2031		15,129,000
2032 - 2036		15,079,500
2037 - 2041		6,721,250
2042 - 2046		6,725,625
2047 - 2051		2,689,500
		<u>62,858,375</u>
Less amount representing interest		(23,963,375)
Add - Premium Bond		<u>2,025,831</u>
Present value of net Minimum lease payments	\$	<u><u>40,920,831</u></u>

CAL POLY POMONA FOUNDATION, INC.
Notes to Financial Statements
Year Ended June 30, 2021

Note (8) Leasing Commitments, continued

Operating Leases as Lessor

Land, office and certain facilities are leased to the American National Red Cross, Southern California Edison, the University, and other entities. Some of the leases are all-inclusive while other leases require the tenants to pay a pro-rata share of common area maintenance and are in effect with various termination dates during the 2021 and 2085 fiscal years.

Future minimum payments under non-cancelable operating lease agreements at June 30, 2021 are as follows:

Year ending June 30:	
2022	\$ 3,138,856
2023	1,854,433
2024	1,746,127
2025	1,637,088
2026	1,368,166
2027-2031	7,376,197
2032-2036	8,125,409
2037-2041	8,950,748
2042-2046	9,859,953
2047-2051	10,861,549
2052-2056	11,964,929
2057-2061	13,002,071
2062-2066	8,838,675
2067-2071	9,722,543
2072-2076	10,694,797
2077-2081	11,764,277
2082-2086	5,260,576
Total	\$ 126,166,394

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements

Year Ended June 30, 2021

Note (9) Long Term Liabilities

A schedule of changes in long-term liabilities for the year ended June 30, 2021 is shown below:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Amount due in one year
Capital Lease Obligations	\$ 42,532,592	\$ -	\$ 1,611,761	\$ 40,920,831	\$ 1,460,000
Compensated Absences	755,592	289,891	325,582	719,901	325,582
Net Pension Liability	8,877,822	1,419,801	-	10,297,623	-
Unitrust Liability	707,015	190,800	-	897,815	-
Net OPEB Liability	7,370,343	-	871,755	6,498,588	-
	<u>\$ 60,243,364</u>	<u>\$ 1,900,492</u>	<u>\$ 2,809,098</u>	<u>\$ 59,334,758</u>	<u>\$ 1,785,582</u>

Note (10) 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, 2021, receivables from other activities and due from the University are \$374,523. Accounts payable include \$424,631 due to the University at June 30, 2021.

Amounts paid by the Foundation during fiscal year 2020-21 totaled \$10,427,171. Amounts paid to the Foundation during fiscal year 2020-21 totaled \$10,526,202.

During fiscal year 2020-21, the Foundation transferred capital assets totaling \$281,845 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

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 billed to the Philanthropic Foundation for fiscal and administrative services for the year ended June 30, 2021 totaled \$505,433. Amounts paid by the Foundation during fiscal year 2020-21 totaled \$469,220. Amounts paid to the Foundation during fiscal year 2020-21 totaled \$2,015,364.

At June 30, 2021, accounts payable due to the Philanthropic Foundation totaled \$132. Accounts receivable due from the Philanthropic Foundation totaled \$141,500.

CAL POLY POMONA FOUNDATION, INC.
Notes to Financial Statements
Year Ended June 30, 2021

Note (10) Transactions with Related Parties, continued

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 2020-2021 totaled \$346,442. Amounts paid to the Foundation during fiscal year 2020-2021 totaled \$261,032.

At June 30, 2021, receivables from other activities and due from ASI are \$15,883. Accounts payable due from the Foundation to ASI at June 30, 2021 totaled \$447,763.

Note (11) 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 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.

As of June 30, 2021, the Foundation’s proportionate share of the net pension liability, pension expense and deferred inflows of resources and deferred outflows of resources for the above plans is as follows:

Pension Plan	Proportionate Share of Net Pension Liability	Deferred Outflow of Resources	Deferred Inflow of Resources	Proportionate Share of Pension Expense
CalPERS	\$ 10,297,623	\$ 2,858,766	\$ (1,336,708)	\$ 2,947,360

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.

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements
Year Ended June 30, 2021

**Note (11) Pension Plan – California Public Employees’ Retirement System (CalPERS),
continued**

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 non-duty 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, 2020, are summarized as follows:

	Miscellaneous Risk Pool		
	First Tier Plan	Second Tier Plan	PEPRA Misc Plan
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	6.908%	6.918%	6.750%
Required employer contribution rate	12.484%	8.794%	7.732%

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements

Year Ended June 30, 2021

**Note (11) Pension Plan – California Public Employees’ Retirement System (CalPERS),
continued**

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, 2021 are presented above and the total Foundation contributions were \$1,495,924.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

As of June 30, 2021, the Foundation reported net pension liabilities for its proportionate share of the Miscellaneous Risk Pool net pension liability totaling \$10,297,623. The net pension liability was measured as of June 30, 2020. 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, 2020, the Foundation’s proportion was 0.0033967.

For the year ended June 30, 2021, the Foundation recognized pension expense of \$2,947,360. At June 30, 2021, the Foundation reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 1,495,924	\$ -
Effect of changes in assumptions	-	102,190
Difference between actual and expected experience	738,342	-
Net difference between projected and actual earnings		
on pension plan investments	425,623	-
Effect of change in proportion	96,513	733,751
Differences between contributions and proportionate share of contributions	102,364	500,767
	\$ 2,858,766	\$ 1,336,708

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements

Year Ended June 30, 2021

**Note (11) Pension Plan – California Public Employees’ Retirement System (CalPERS),
continued**

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred
Inflows of Resources Related to Pensions, continued**

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, 2022.

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.

All other deferred inflows or 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, 2020 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:

Year Ending June 30:	Deferred Outflows (Inflows) of Resources
2021	\$ 1,660,099
2022	127,081
2023	(139,136)
2024	(125,986)
	<hr/>
	\$ 1,522,058
	<hr/>

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements

Year Ended June 30, 2021

**Note (11) Pension Plan – California Public Employees’ Retirement System (CalPERS),
continued**

Actuarial Methods and Assumptions

For the measurement period ended June 30, 2020, the total pension liability was determined by rolling forward the June 30, 2019 actuarial accounting valuation. The June 30, 2020 total pension liability was based on the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB 68
Actuarial Assumptions	
Discount rate	7.15%
Consumer price inflation	2.50%
Salary increases	Varies by Entry Age and Service
Mortality rate table	Derived using CalPERS' Membership Data for all Funds
Post retirement benefit	Contract COLA up to 2.50% until Purchasing Power Protection
Increase	Allowance Floor on Purchasing Power Applies.

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 20 years of mortality improvement using Scale BB published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the Plan’s asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for the Plan. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target allocation and best estimates of long-term expected real rate of return by asset class are summarized in the following table:

Asset Class	Policy Target Allocation	Real Return Years 1 - 10	Real Return Years 11+
Global equity	50.00%	4.80%	5.98%
Fixed income	28.00%	1.00%	2.62%
Inflation assets	0.00%	0.77%	1.81%
Private equity	8.00%	6.30%	7.23%
Real estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

CAL POLY POMONA FOUNDATION, INC.
Notes to Financial Statements
Year Ended June 30, 2021

**Note (11) Pension Plan – California Public Employees’ Retirement System (CalPERS),
continued**

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. 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 assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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:

Discount Rate	Net Pension Liability
1% decrease (6.15%)	\$ 16,444,466
Current discount rate (7.15%)	10,297,623
1% increase (8.15%)	5,218,662

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.

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements

Year Ended June 30, 2021

Note (12) Other Postretirement Benefits

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

Year Ended June 30, 2021

Note (12) Other Postretirement Benefits, continued

Eligibility and Benefits, continued

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.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The Foundation's contribution to and withdrawal from the defined benefit healthcare plan is annually approved by the Board of Directors. During the fiscal year ended June 30, 2021, the Foundation chose not to make contributions. The Foundation paid \$705,751 for retiree benefit expenses and withdrew \$1,531,858 from the VEBA to pay premiums on behalf of retirees in the fiscal year ending June 30, 2021.

The Foundation's annual OPEB cost (expense) is an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The actuarially determined contribution (ADC) is an amount actuarially determined by Actuarial Standards of Practice and applicable Federal and State laws. The ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

At June 30, 2021, the Foundation reported a net OPEB Liability of \$6,498,588 per the GASB Actuarial Report. The net OPEB Liability was measured as of June 30, 2020 and the total OPEB Liability used to calculate the net OPEB Liability was determined by an actuarial valuation as of that date. The total Plan Fiduciary Net Position (assets) as a percentage of the Total OPEB Liability is 58% or \$11,159,890 as of June 30, 2020.

CAL POLY POMONA FOUNDATION, INC.
Notes to Financial Statements
Year Ended June 30, 2021

Note (12) Other Postretirement Benefits, continued

At June 30, 2020, the measurement of the Total OPEB Liability, plan membership included fifty-six (56) active plan members and one hundred and two (102) retired members and beneficiaries receiving benefit for a grand total one hundred and fifty-eight (158) plan participants.

For the year ended June 30, 2021, the Foundation recognized OPEB expense of \$1,053,121. At June 30, 2021, the employer reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience in the measurement of the TOL	\$ 56,838	\$ 319,904
Changes in assumptions	405,523	-
Net difference between projected and actual earnings of OPEB plan investments	181,045	-
Contributions to OPEB plan after measurement date	-	-
Withdrawals from OPEB plan after measurement date	-	-
Total	<u>\$ 643,406</u>	<u>\$ 319,904</u>

Amounts reported as deferred outflows and inflows of resources related to OPEB resulting from employer contributions and withdrawals subsequent to the measurement date will be recognized as a net reduction of the net OPEB liability in the year ended June 30, 2021.

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

Year ending June 30:	Deferred Outflows (Inflows) of Resources
2021	\$ 160,306
2022	41,967
2023	72,159
2024	49,070
	<u>\$ 323,502</u>

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements

Year Ended June 30, 2021

Note (12) Other Postretirement Benefits, continued

Actuarial Assumptions

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.26%
Salary increases	3.25% annual increases
Healthcare cost trend rate (pre-65)	6.8% for 2020, decreasing .25% per year to an ultimate rate of 5.0% for 2028 and later years
Healthcare cost trend rate (post-65)	5.0%
Investment rate of return	6.5%, net of investment expenses
Morbidity Factors	CalPERS 2017 Study
Mortality Rate	CalPERS 2017 Study
Discount Rate	6.5%
Funding Policy	Annual contributions of \$1,000,000 to the VEBA Trust

For disabled retirees, we did not value disability due to the anticipated low incidents.

The long-term expected investment rate of return assumption for each major investment class in the Plan's portfolio are summarized in the following table:

Investment Class	Target Allocation	Strategy Expected Real Rate of Return	Secular Expected Real Rate of Return
Equity	43.00%	3.59%	6.78%
REITs	7.00%	2.80%	5.30%
Fixed Income	50.00%	0.80%	2.60%

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.

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements
Year Ended June 30, 2021

Note (12) Other Postretirement Benefits, continued

Sensitivity of the Net OPEB Liability to changes in the discount rate – The following presents the Foundation’s Net OPEB Liability if it were calculated using a discount rate that is 1% point lower (5.50%) or 1% point higher (7.50%) than the current rate:

Discount Rate	Liability	\$ Change	% Change
+1%	\$ 4,541,754	\$ (1,956,834)	-30%
Base	\$ 6,498,588	\$ -	-
-1%	\$ 8,868,945	\$ 2,370,357	36%

Sensitivity of the Net OPEB Liability to changes in the Trend rate – The following presents the Foundation’s Net OPEB Liability if it were calculated using a trend table that is 1% point lower or 1% point higher than the current rate:

Trend Rate	Liability	\$ Change	% Change
+1%	\$ 8,687,203	\$ 2,188,615	34%
Base	\$ 6,498,588	\$ -	-
-1%	\$ 4,557,362	\$ (1,941,226)	-30%

Note (13) Assets Held for Sale

The Foundation purchases faculty/staff housing in support of the University’s mission to develop affordable faculty/staff housing options to attract and retain employees for the University.

At June 30, 2021, total assets held for sale include one faculty/staff house. Fair values of assets measured on a nonrecurring basis held for sale at June 30, 2021 were \$330,246. Assets held for sale are recorded at cost which approximates fair value. Cost to sell and unrealized losses are immaterial and will not be recognized until the assets are sold.

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements

Year Ended June 30, 2021

Note (14) COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared a strain of coronavirus disease 2019 (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter-in-place orders. The Foundation experienced material operating losses during fiscal year 2019-20 of \$6,669,786, largely resulting from the economic impact of the pandemic on the Foundation's operations, including the move to remote instruction and decreases in enterprise sales. As a cost-saving measure, the Foundation reduced discretionary spending and implemented a series of furloughs and layoffs across all employee types. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of business closures, shelter-in-place orders, and the ultimate impact of the governmental initiatives. It is at least reasonably possible that this matter will negatively impact the Foundation. However, the financial impact and duration cannot be reasonably estimated at this time.

REQUIRED SUPPLEMENTARY INFORMATION

CAL POLY POMONA FOUNDATION, INC.
Schedule of the Foundation's Proportionate Share of the Net Pension Liability
for the California Public Employees Retirement Plan (Unaudited)
Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Foundation's proportion of the net pension liability	0.24413%	0.22170%	0.21743%	0.24325%	0.21200%	0.07771%	0.07957%
Foundation's proportionate share of the net pension liability (asset)	\$ 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	\$ 9,741,322	\$ 12,562,122	\$ 11,541,499	\$ 11,061,078	\$ 11,198,164	\$ 10,995,860	\$ 10,862,791
Foundation's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	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	85.4%	85.4%	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.

See independent auditors' report.

CAL POLY POMONA FOUNDATION, INC.
Schedule of Foundation Contributions
to the California Public Employees Retirement Plan (Unaudited)
Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,495,924	\$ 1,731,723	\$ 2,159,281	\$ 2,331,544	\$ 1,786,168	\$ 1,010,227	\$ 865,756
Contributions in relation to the contractually required contribution	<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>(1,010,227)</u>	<u>(865,756)</u>
Contribution deficiency (excess)	-	-	-	-	-	-	-
Foundation's covered-employee payroll	\$ 9,741,322	\$ 12,562,122	\$ 11,541,499	\$ 11,061,078	\$ 11,198,164	\$ 10,995,860	\$ 10,862,791

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.

See independent auditors' report.

CAL POLY POMONA FOUNDATION, INC.
Other Postemployment Benefits Plan (Unaudited)
Year Ended June 30, 2021

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2020	\$ 11,159,890	\$ 17,658,478	\$ 6,498,588	63.2%	\$ 2,699,762	240.7%
7/1/2019	\$ 9,773,833	\$ 17,144,176	\$ 7,370,343	57.0%	\$ 4,760,791	154.8%
7/1/2018	\$ 8,373,339	\$ 16,316,966	\$ 7,943,627	51.3%	\$ 4,010,771	198.1%
7/1/2017	\$ 7,332,228	\$ 13,861,946	\$ 6,529,718	52.9%	\$ 4,550,937	143.5%
7/1/2016	\$ 6,095,336	\$ 15,158,690	\$ 9,063,354	40.2%	\$ 5,532,266	163.8%
7/1/2015	\$ 5,480,443	\$ 14,679,147	\$ 9,198,704	37.3%	\$ 4,679,582	196.6%

Schedule of Employer Contributions

Year Ended June 30	Actuarially Determined Contribution	Contribution in Relation to Actuarially Required	Contribution Excess (Deficiency)	Covered Payroll	Percentage of Covered Payroll Contributed
2020	\$ 487,107	1,705,751	\$ 1,218,644	\$ 2,699,762	63.2%
2019	\$ 555,052	\$ 1,647,375	\$ 1,092,323	\$ 4,760,791	34.6%
2018	\$ 610,900	\$ 1,000,000	\$ 389,100	\$ 4,010,771	24.9%
2017	\$ 730,432	\$ 1,111,120	\$ 380,688	\$ 4,550,937	24.4%
2016	\$ 785,313	\$ 1,000,000	\$ 214,687	\$ 5,532,266	18.1%
2015	\$ 613,262	\$ 1,000,000	\$ 386,738	\$ 4,679,582	21.4%

See independent auditors' report.

CAL POLY POMONA FOUNDATION, INC.
Other Postemployment Benefits Plan (Unaudited)
Year Ended June 30, 2021

Year Ended June 30	2020	2019	2018	2017
<u>Total OPEB Liability</u>				
Service cost	\$ 187,854	\$ 182,673	\$ 142,277	\$ 148,176
Interest	1,104,006	1,051,769	894,698	1,051,372
Change of benefit terms	-	-	-	-
Differences between expected and actual experience	(86,309)	(745,620)	1,014,722	1,680,006
Change of assumptions	14,502	985,763	890,259	(3,591,876)
Benefit payments, including refunds of employee contributions	(705,751)	(647,375)	(486,936)	(584,422)
Net change in Total OPEB Liability	514,302	827,210	2,455,020	(1,296,744)
Total OPEB Liability - beginning	17,144,176	16,316,966	13,861,946	15,158,690
Total OPEB Liability - ending	\$ 17,658,478	\$ 17,144,176	\$ 16,316,966	\$ 13,861,946
<u>Plan Fiduciary Net Position</u>				
Contributions - employer	\$ 1,705,751	\$ 1,647,375	\$ 1,000,000	\$ 1,111,120
Contributions - employee	-	-	-	-
Net investment income	420,836	449,772	567,209	743,578
Benefits payments, including refunds of employee contributions	(705,751)	(647,375)	(486,936)	(584,422)
Administrative expense	(34,779)	(49,278)	(39,162)	(33,384)
Net Change in Fiduciary Net Position	1,386,057	1,400,494	1,041,111	1,236,892
Plan Fiduciary Net Position - beginning	9,773,833	8,373,339	7,332,228	6,095,336
Plan Fiduciary Net Position - ending	\$ 11,159,890	\$ 9,773,833	\$ 8,373,339	\$ 7,332,228
Net OPEB liability - ending	\$ 6,498,588	\$ 7,370,343	\$ 7,943,627	\$ 6,529,718
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	63.20%	57.01%	51.32%	52.89%
Covered employee payroll	\$ 2,699,762	\$ 4,760,791	\$ 4,010,771	\$ 4,550,937
Plan Net OPEB Liability as percentage of covered employee payroll	240.71%	154.81%	198.06%	143.48%

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.

See independent auditors' report.

CAL POLY POMONA FOUNDATION, INC.
Other Postemployment Benefits Plan (Unaudited)
Year Ended June 30, 2021

SCHEDULE OF OPEB EXPENSE (UNAUDITED)

Year Ended June 30	2020	2019	2018	2017
Service Cost	\$ 187,854	\$ 182,673	\$ 142,277	\$ 148,176
Interest on Total OPEB Liability	1,104,006	1,051,769	894,698	1,051,372
Recognized Differences between Expected and Actual Experience	278,084	561,023	803,029	483,733
Recognized Changes of Assumptions	115,599	(434,148)	(754,097)	(1,034,229)
Projected Earnings on OPEB Plan Investments	(666,174)	(574,680)	(491,754)	(443,647)
Recognized Differences between Projected and Actual Earnings	(1,027)	(50,095)	(75,077)	(59,986)
Administrative Expense	34,779	49,278	39,162	33,384
Aggregate OPEB Expense	\$ 1,053,121	\$ 785,820	\$ 558,238	\$ 178,803

Schedule is intended to show information for 10 years. Since 2017 is the first year for this presentation, no other data, prior to 2017 is available.

Year Ended June 30	2020	2019	2018	2017
Actuarially Determined Employer Contribution				
Service Cost	\$ 187,854	\$ 182,673	\$ 142,277	\$ 148,176
Amortization of unfunded liability	299,253	372,379	468,623	582,256
Recommended contribution	487,107	555,052	610,900	730,432
Contribution/benefit payments made	(1,705,751)	(1,647,375)	(1,000,000)	(1,111,120)
Contribution deficiency (excess)	\$ (1,218,644)	\$ (1,092,323)	\$ (389,100)	\$ (380,688)
Covered Employee Payroll	\$ 2,699,762	\$ 4,760,791	\$ 4,010,771	\$ 4,550,937
Contribution as a Percentage of Covered Employee Payroll	63.18%	34.60%	24.93%	24.42%

Schedule is intended to show information for 10 years. Since 2017 is the first year for this presentation, no other data, prior to 2017 is available.

CAL POLY POMONA FOUNDATION, INC.
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB INVESTMENT RETURNS (UNAUDITED)

Year Ended June 30	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	11.25%	5.03%	7.23%	10.06%

Schedule is intended to show information for 10 years. Since 2017 is the first year for this presentation, no other data, prior to 2017 is available.

See independent auditors' report.

SUPPLEMENTARY INFORMATION

CAL POLY POMONA FOUNDATION, INC.
Schedule of Net Position
June 30, 2021
(for inclusion in the California State University)

Assets:

Current assets:

Cash and cash equivalents	3,641,408
Short-term investments	30,215,074
Accounts receivable, net	5,806,170
Capital lease receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	1,903,265
	<hr/>
Total current assets	41,565,917

Noncurrent assets:

Restricted cash and cash equivalents	80,853
Accounts receivable, net	2,927,068
Capital lease receivable, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	-
Endowment investments	-
Other long-term investments	1,645,487
Capital assets, net	55,474,967
Other assets	-
	<hr/>
Total noncurrent assets	60,128,375
	<hr/>
Total assets	101,694,292

Deferred outflows of resources:

Unamortized loss on debt refunding	234,115
Net pension liability	2,858,766
Net OPEB liability	643,406
Others	-
	<hr/>
Total deferred outflows of resources	3,736,287

See independent auditors' report.

CAL POLY POMONA FOUNDATION, INC.
Schedule of Net Position
June 30, 2021
(for inclusion in the California State University)

Liabilities:	
Current liabilities:	
Accounts payable	3,214,302
Accrued salaries and benefits	961,941
Accrued compensated absences, current portion	325,582
Unearned revenues	782,017
Capital lease obligations, current portion	1,460,000
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	2,127,277
Total current liabilities	8,871,119
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	394,319
Unearned revenues	-
Grants refundable	-
Capital lease obligations, net of current portion	39,460,831
Long-term debt obligations, net of current portion	3,795,000
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Net other postemployment benefits liability	6,498,588
Net pension liability	10,297,623
Other liabilities	897,815
Total noncurrent liabilities	61,344,176
Total liabilities	70,215,295
Deferred inflows of resources:	
Service concession arrangements	-
Net pension liability	1,336,708
Net OPEB liability	319,904
Unamortized gain on debt refunding	36,134
Nonexchange transactions	-
Others	831,894
Total deferred inflows of resources	2,524,640
Net position:	
Net investment in capital assets	14,752,117
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	-
Unrestricted	17,938,527
Total net position	32,690,644

See independent auditors' report.

CAL POLY POMONA FOUNDATION, INC.
Schedule of Revenue, Expenses, and Changes in Net Position
Year Ended June 30, 2021
(for inclusion in the California State University)

Revenues:

Operating revenues:

Student tuition and fees, gross	-
Scholarship allowances (enter as negative)	-

Grants and contracts, noncapital:

Federal	11,012,928
State	2,109,827
Local	-
Nongovernmental	805,241
Sales and services of educational activities	4,817,760
Sales and services of auxiliary enterprises, gross	14,763,366
Scholarship allowances (enter as negative)	-
Other operating revenues	6,709,399

Total operating revenues 40,218,521

Expenses:

Operating expenses:

Instruction	8,886,311
Research	6,669,898
Public service	86,626
Academic support	3,439,191
Student services	258,182
Institutional support	111,637
Operation and maintenance of plant	2,442
Student grants and scholarships	-
Auxiliary enterprise expenses	25,198,519
Depreciation and amortization	3,664,679

Total operating expenses 48,317,485

Operating income (loss) (8,098,964)

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	4,448,249
Endowment income (loss), net	-
Interest expense	(1,832,829)
Other nonoperating revenues (expenses) - excl. interagency transfers	(281,845)

Net nonoperating revenues (expenses) 2,333,575

Income (loss) before other revenues (expenses) (5,765,389)

See independent auditors' report.

CAL POLY POMONA FOUNDATION, INC.
Schedule of Revenue, Expenses, and Changes in Net Position
Year Ended June 30, 2021
(for inclusion in the California State University)

State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
	-
Increase (decrease) in net position	(5,765,389)
Net position:	
Net position at beginning of year, as previously reported	38,456,033
Restatements	-
	-
Net position at beginning of year, as restated	38,456,033
	38,456,033
Net position at end of year	32,690,644
	32,690,644

See independent auditors' report.

CAL POLY POMONA FOUNDATION, INC.

Other Information

Year Ended June 30, 2021

(for inclusion in the California State University)

1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments

All other restricted cash and cash equivalents

80,853

Noncurrent restricted cash and cash equivalents

80,853

Current cash and cash equivalents

3,641,408

Total

\$ 3,722,261

See independent auditors' report.

CAL POLY POMONA FOUNDATION, INC.
Other Information
Year Ended June 30, 2021
(for inclusion in the California State University)

2.1 Composition of investments:

Investment Type	Current	Noncurrent	Total
Money market funds			-
Repurchase agreements			-
Certificates of deposit			-
U.S. agency securities	284,839		284,839
U.S. treasury securities	1,194,298		1,194,298
Municipal bonds			-
Corporate bonds	688,544		688,544
Asset backed securities			-
Mortgage backed securities			-
Commercial paper			-
Mutual funds	4,678,356	1,209,788	5,888,144
Exchange traded funds	8,955,265	143,849	9,099,114
Equity securities	9,238,265		9,238,265
Alternative investments:			
Private equity (including limited partnerships)	2,679,872		2,679,872
Hedge funds	2,400,000		2,400,000
Managed futures			-
Real estate investments (including REITs)			-
Commodities			-
Derivatives			-
Other alternative investment			-
Other external investment pools			-
CSU Consolidated Investment Pool (formerly SWIFT)			-
State of California Local Agency Investment Fund (LAIF)	95,635		95,635
State of California Surplus Money Investment Fund (SMIF)			-
Other investments:			
Index Annuity		291,850	291,850
			-
			-
			-
			-
Total Other investments	-	291,850	291,850
Total investments	30,215,074	1,645,487	31,860,561
Less endowment investments (enter as negative number)			-
Total investments, net of endowments	\$ 30,215,074	1,645,487	31,860,561

See independent auditors' report.

CAL POLY POMONA FOUNDATION, INC.

Other Information

Year Ended June 30, 2021

(for inclusion in the California State University)

2.2 Fair value hierarchy in investments:

Investment Type	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
Money market funds	\$ -				
Repurchase agreements	-				
Certificates of deposit	-				
U.S. agency securities	284,839	284,839			
U.S. treasury securities	1,194,298	1,194,298			
Municipal bonds	-				
Corporate bonds	688,544	688,544			
Asset backed securities	-				
Mortgage backed securities	-				
Commercial paper	-				
Mutual funds	5,888,144	5,888,144			
Exchange traded funds	9,099,114	9,099,114			
Equity securities	9,238,265	9,238,265			
Alternative investments:					
Private equity (including limited partnerships)	2,679,872				2,679,872
Hedge funds	2,400,000				2,400,000
Managed futures	-				
Real estate investments (including REITs)	-				
Commodities	-				
Derivatives	-				
Other alternative investment	-				
Other external investment pools	-				
CSU Consolidated Investment Pool (formerly SWIFT)	-				
State of California Local Agency Investment Fund (LAIF)	95,635				95,635
State of California Surplus Money Investment Fund (SMIF)	-				
Other investments:					
Index Annuity	291,850	291,850			
	-				
	-				
	-				
	-				
Total Other investments	\$ 291,850	291,850	-	-	-
Total investments	31,860,561	26,685,054	-	-	5,175,507

See independent auditors' report.

CAL POLY POMONA FOUNDATION, INC.

Other Information

Year Ended June 30, 2021

(for inclusion in the California State University)

2.3 Investments held by the University under contractual agreements:

Instruction: Amounts should agree with University's investments held on behalf of Discretely Presented Component Units.

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

See independent auditors' report.

CAL POLY POMONA FOUNDATION, INC.
Other Information
Year Ended June 30, 2021
(for inclusion in the California State University)

3.1 Composition of capital assets:

	Balance June 30, 2020	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2020 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2021
Non-depreciable/Non-amortizable capital assets:									
Land and land improvements	\$ 6,833,910				\$ 6,833,910	269,000			\$ 7,102,910
Works of art and historical treasures	-				-				-
Construction work in progress (CWIP)	168,171				168,171	261,292	(130,419)	(271,481)	27,563
Intangible assets:									
Rights and easements	-				-				-
Patents, copyrights and trademarks	-				-				-
Intangible assets in progress (PWIP)	-				-				-
Licenses and permits	-				-				-
Other intangible assets:	-				-				-
	-				-				-
	-				-				-
	-				-				-
Total Other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable capital assets	\$ 7,002,081	-	-	-	\$ 7,002,081	530,292	(130,419)	(271,481)	\$ 7,130,473
Depreciable/Amortizable capital assets:									
Buildings and building improvements	86,455,354				86,455,354	100,394	(265,021)	260,019	86,550,746
Improvements, other than buildings	143,638				143,638				143,638
Infrastructure	8,651,467				8,651,467				8,651,467
Leasehold improvements	-				-				-
Personal property:									
Equipment	12,613,070				12,613,070	134,962	(544,140)	11,462	12,215,354
Library books and materials	-				-				-
Intangible assets:									
Software and websites	-				-				-
Rights and easements	-				-				-
Patents, copyrights and trademarks	-				-				-
Licenses and permits	-				-				-
Other intangible assets:									
Interest Capital	1,267,547				1,267,547				1,267,547
	-				-				-
	-				-				-
	-				-				-
Total Other intangible assets:	1,267,547.0	-	-	-	1,267,547	-	-	-	1,267,547
Total intangible assets	1,267,547	-	-	-	1,267,547	-	-	-	1,267,547
Total depreciable/amortizable capital assets	109,131,076	-	-	-	109,131,076	235,356	(809,161)	271,481	108,828,752
Total capital assets	\$ 116,133,157	-	-	-	\$ 116,133,157	765,648	(939,580)	-	\$ 115,959,225

See independent auditors' report.

CAL POLY POMONA FOUNDATION, INC.
Other Information
Year Ended June 30, 2021
(for inclusion in the California State University)

Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)

Buildings and building improvements	(43,878,835)	(43,878,835)	(2,734,403)	3,167	(46,610,071)
Improvements, other than buildings	(131,363)	(131,363)	(1,177)		(132,540)
Infrastructure	(2,576,203)	(2,576,203)	(216,253)		(2,792,456)
Leasehold improvements	-	-			-
Personal property:					
Equipment	(9,915,707)	(9,915,707)	(672,856)	353,720	(10,234,843)
Library books and materials	-	-			-
Intangible assets:					
Software and websites	-	-			-
Rights and easements	-	-			-
Patents, copyrights and trademarks	-	-			-
Licenses and permits	-	-			-
Other intangible assets:					
Interest Capital	(674,358)	(674,358)	(39,990)		(714,348)
	-	-			-
	-	-			-
	-	-			-
	-	-			-
Total Other intangible assets:	(674,358)	(674,358)	(39,990)	-	(714,348)
Total intangible assets	(674,358)	(674,358)	(39,990)	-	(714,348)
Total accumulated depreciation/amortization	(57,176,466)	(57,176,466)	(3,664,679)	356,887	(60,484,258)
Total capital assets, net	<u>\$ 58,956,691</u>	<u>\$ 58,956,691</u>	<u>(2,899,031)</u>	<u>(582,693)</u>	<u>55,474,967</u>

3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense related to capital assets	\$ 3,664,679
Amortization expense related to other assets	-
Total depreciation and amortization	<u>\$ 3,664,679</u>

See independent auditors' report.

CAL POLY POMONA FOUNDATION, INC.
Other Information
Year Ended June 30, 2021
(for inclusion in the California State University)

4 Long-term liabilities:

	Balance June 30, 2020	Prior Period Adjustments/Reclassification s	Balance June 30, 2020 (Restated)	Additions	Reductions	Balance June 30, 2021	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ 755,592		755,592	289,891	(325,582)	\$ 719,901	\$ 325,582	\$ 394,319
2. Claims liability for losses and loss adjustment expenses	-		-			-		-
3. Capital lease obligations:								
Gross balance	40,275,000		40,275,000	-	(1,380,000)	38,895,000	1,460,000	37,435,000
Unamortized net premium/(discount)	2,257,592		2,257,592	-	(231,761)	2,025,831	-	2,025,831
Total capital lease obligations	\$ 42,532,592	-	42,532,592	-	(1,611,761)	40,920,831	1,460,000	39,460,831
4. Long-term debt obligations:								
4.1 Auxiliary revenue bonds (non-SRB related)	\$ -		-			-	-	-
4.2 Commercial paper	-		-			-		-
4.3 Notes payable (SRB related)	-		-			-		-
4.4 Others:								
PPP loan	-		-	3,795,000		3,795,000		3,795,000
	-		-			-		-
	-		-			-		-
	-		-			-		-
Total others	-		-	3,795,000	-	3,795,000	-	3,795,000
Sub-total long-term debt	\$ -	-	-	3,795,000	-	3,795,000	-	3,795,000
4.5 Unamortized net bond premium/(discount)	-		-			-	-	-
Total long-term debt obligations	-	-	-	3,795,000	-	3,795,000	-	3,795,000
Total long-term liabilities	\$ 43,288,184	-	43,288,184	4,084,891	(1,937,343)	\$ 45,435,732	1,785,582	\$ 43,650,150

See independent auditors' report.

CAL POLY POMONA FOUNDATION, INC.
Other Information
Year Ended June 30, 2021
(for inclusion in the California State University)

5 Capital lease obligations schedule:

	Capital lease obligations related to SRB			All other capital lease obligations			Total capital lease obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2022	1,100,000	920,750	2,020,750	360,000	987,500	1,347,500	1,460,000	1,908,250	3,368,250
2023	1,155,000	864,375	2,019,375	375,000	969,125	1,344,125	1,530,000	1,833,500	3,363,500
2024	1,210,000	805,250	2,015,250	395,000	949,875	1,344,875	1,605,000	1,755,125	3,360,125
2025	1,275,000	743,125	2,018,125	415,000	929,625	1,344,625	1,690,000	1,672,750	3,362,750
2026	1,030,000	685,500	1,715,500	435,000	908,375	1,343,375	1,465,000	1,593,875	3,058,875
2027 - 2031	5,800,000	2,597,750	8,397,750	2,550,000	4,181,250	6,731,250	8,350,000	6,779,000	15,129,000
2032 - 2036				3,265,000	3,458,125	6,723,125	10,660,000	4,419,500	15,079,500
2037 - 2041	7,395,000	961,375	8,356,375	4,190,000	2,531,250	6,721,250	4,190,000	2,531,250	6,721,250
2042 - 2046				-	5,385,000	6,725,625	5,385,000	1,340,625	6,725,625
2047 - 2051				-	2,560,000	129,500	2,560,000	129,500	2,689,500
Thereafter				-	-	-	-	-	-
Total minimum lease payments	\$ 18,965,000	7,578,125	26,543,125	19,930,000	16,385,250	36,315,250	38,895,000	23,963,375	62,858,375
Less: amounts representing interest									(23,963,375)
Present value of future minimum lease payments									38,895,000
Unamortized net premium (discount)									2,025,831
Total capital lease obligations									40,920,831
Less: current portion									(1,460,000)
Capital lease obligations, net of current portion									\$ 39,460,831

6 Long-term debt obligations schedule:

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
Year ending June 30:									
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	925,146	73,632	998,778	925,146	73,632	998,778
2024	-	-	-	974,538	24,240	998,778	974,538	24,240	998,778
2025	-	-	-	984,329	14,450	998,779	984,329	14,450	998,779
2026	-	-	-	910,987	4,561	915,548	910,987	4,561	915,548
2027 - 2031	-	-	-	-	-	-	-	-	-
2032 - 2036	-	-	-	-	-	-	-	-	-
2037 - 2041	-	-	-	-	-	-	-	-	-
2042 - 2046	-	-	-	-	-	-	-	-	-
2047 - 2051	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum payments	\$ -	-	-	3,795,000	116,883	3,911,883	3,795,000	116,883	3,911,883
Less: amounts representing interest									(116,883)
Present value of future minimum payments									3,795,000
Unamortized net premium (discount)									-
Total long-term debt obligations									3,795,000
Less: current portion									-
Long-term debt obligations, net of current portion									3,795,000

See independent auditors' report.

CAL POLY POMONA FOUNDATION, INC.
Other Information
Year Ended June 30, 2021
(for inclusion in the California State University)

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	1,238,673
Payments to University for other than salaries of University personnel	9,188,498
Payments received from University for services, space, and programs	10,526,202
Gifts-in-kind to the University from discretely presented component units	-
Gifts (cash or assets) to the University from discretely presented component units	281,845
Accounts (payable to) University (enter as negative number)	(424,631)
Other amounts (payable to) University (enter as negative number)	-
Accounts receivable from University (enter as positive number)	374,523
Other amounts receivable from University (enter as positive number)	-

8 Restatements

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

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

See independent auditors' report.

CAL POLY POMONA FOUNDATION, INC.
Other Information
Year Ended June 30, 2021
(for inclusion in the California State University)

9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	3,041,709	449,997	541,135	193,353		4,660,117		8,886,311
Research	2,561,429	448,177	219,784	78,531		3,361,977		6,669,898
Public service	(14,654)	25,310	53,554	19,136		3,280		86,626
Academic support	922,084	152,790	178,348	63,726		2,122,243		3,439,191
Student services	140,471	7,797	1,397	499		108,018		258,182
Institutional support	(19,625)	12,423	40,066	14,316		64,457		111,637
Operation and maintenance of plant	-	-	-	-		2,442		2,442
Student grants and scholarships								-
Auxiliary enterprise expenses	6,353,874	2,950,384	1,913,074	683,560		13,297,627		25,198,519
Depreciation and amortization							3,664,679	3,664,679
Total operating expenses	\$ 12,985,288	4,046,878	2,947,358	1,053,121	-	23,620,161	3,664,679	48,317,485

10 Deferred outflows/inflows of resources:

1. Deferred Outflows of Resources

Deferred outflows - unamortized loss on refunding(s)	234,115
Deferred outflows - net pension liability	2,858,766
Deferred outflows - net OPEB liability	643,406
Deferred outflows - others:	
Sales/intra-entity transfers of future revenues	
Gain/loss on sale leaseback	
Loan origination fees and costs	
Change in fair value of hedging derivative instrument	
Irrevocable split-interest agreements	

Total deferred outflows - others	-
Total deferred outflows of resources	\$ 3,736,287

2. Deferred Inflows of Resources

Deferred inflows - service concession arrangements	-
Deferred inflows - net pension liability	1,336,708
Deferred inflows - net OPEB liability	319,904
Deferred inflows - unamortized gain on debt refunding(s)	36,134
Deferred inflows - nonexchange transactions	
Deferred inflows - others:	
Sales/intra-entity transfers of future revenues	
Gain/loss on sale leaseback	
Loan origination fees and costs	
Change in fair value of hedging derivative instrument	
Irrevocable split-interest agreements	831,894

Total deferred inflows - others	831,894
Total deferred inflows of resources	\$ 2,524,640

See independent auditors' report.

CAL POLY POMONA FOUNDATION, INC.

Other Information

Year Ended June 30, 2021

(for inclusion in the California State University)

11 Other nonoperating revenues (expenses)

Other nonoperating revenues

Other nonoperating (expenses)

Total other nonoperating revenues (expenses)

(281,845)

\$ (281,845)

See independent auditors' report.

CAL POLY POMONA FOUNDATION, INC.

Schedule of Revenues, Expenses, and Changes in Net Position for the Debt Service Coverage Ratio

Year Ended June 30, 2021

Revenues:	<u>Unrestricted</u>	<u>Restricted</u>	<u>2021</u>
Operating revenues:			
Educational activities	\$ 4,817,760	\$ -	\$ 4,817,760
Enterprise activities	14,763,366	-	14,763,366
Grants and contracts	13,927,996	-	13,927,996
Real estate activities	6,709,399	-	6,709,399
Total operating revenues	<u>40,218,521</u>	<u>-</u>	<u>40,218,521</u>
Expenses:			
Operating expenses:			
Educational activities	5,526,291	-	5,526,291
Enterprise activities	14,716,397	-	14,716,397
Grants and contract	13,927,996	-	13,927,996
Administrative and real estate activities	10,482,122	-	10,482,122
Depreciation and amortization	3,664,679	-	3,664,679
Total operating expenses	<u>48,317,485</u>	<u>-</u>	<u>48,317,485</u>
Operating income	<u>(8,098,964)</u>	<u>-</u>	<u>(8,098,964)</u>
Nonoperating revenues (expenses):			
Investment income (loss), net	4,448,249	-	4,448,249
Interest expense	(1,832,829)	-	(1,832,829)
Other nonoperating revenues (expenses)	(281,845)	-	(281,845)
Net nonoperating revenues (expenses)	<u>2,333,575</u>	<u>-</u>	<u>2,333,575</u>
Income (loss) before other additions	<u>(5,765,389)</u>	<u>-</u>	<u>(5,765,389)</u>
Net position:			
Net position at beginning of year	38,456,033	-	38,456,033
Restricted net position reclassified to unrestricted	-	-	-
Net position at beginning of year, reclassified	<u>38,456,033</u>	<u>-</u>	<u>38,456,033</u>
Net position at end of year	<u>\$ 32,690,644</u>	<u>\$ -</u>	<u>\$ 32,690,644</u>
Add back depreciation and interest	\$ 5,497,508		
Transfer of assets to the University	<u>281,845</u>		
Net Income Available for Debt Service	<u>\$ 13,964</u>		
Debt Service			
2013	\$ 1,113,625		
2014	605,500		
2017	295,125		
2020	1,345,000		
Total Debt Service	<u>\$ 3,359,250</u>		
Debt Service Coverage Ratio	<u>0.004</u>		

Note: The net income available for debt service includes only the unrestricted activities and excludes the restricted activities i.e. gifts, grants, donations and contributions per the system revenue bond indenture

See independent auditors' report.

CAL POLY POMONA FOUNDATION, INC.

Schedule of Revenues, Expenses, and Changes in Net Position for the Debt Service Coverage Ratio

Year Ended June 30, 2020

Revenues:	<u>Unrestricted</u>	<u>Restricted</u>	<u>2020</u>
Operating revenues:			
Educational activities	\$ 6,804,900	\$ -	\$ 6,804,900
Enterprise activities	38,403,888	-	38,403,888
Grants and contracts	12,706,663	-	12,706,663
Real estate activities	5,672,387	-	5,672,387
Total operating revenues	<u>63,587,838</u>	<u>-</u>	<u>63,587,838</u>
Expenses:			
Operating expenses:			
Educational activities	9,319,281	-	9,319,281
Enterprise activities	33,947,932	-	33,947,932
Grants and contract	12,706,663	-	12,706,663
Administrative and real estate activities	10,978,270	-	10,978,270
Depreciation and amortization	3,335,478	-	3,335,478
Total operating expenses	<u>70,287,624</u>	<u>-</u>	<u>70,287,624</u>
Operating income	<u>(6,699,786)</u>	<u>-</u>	<u>(6,699,786)</u>
Nonoperating revenues (expenses)			
Investment income (loss), net	1,110,035	-	1,110,035
Interest expense	(1,573,100)	-	(1,573,100)
Net assets transferred to			
Cal Poly Pomona Philanthropic Foundation	-	(144,022,591)	(144,022,591)
Other nonoperating revenues (expenses)	3,620,218	-	3,620,218
Net nonoperating revenues (expenses)	<u>3,157,153</u>	<u>(144,022,591)</u>	<u>(140,865,438)</u>
Income (loss) before other additions	<u>(3,542,633)</u>	<u>(144,022,591)</u>	<u>(147,565,224)</u>
Net position:			
Net position at beginning of year	37,547,565	148,473,692	186,021,257
Restricted net position reclassified to unrestricted	2,579,822	(2,579,822)	-
Net position at beginning of year, reclassified	40,127,387	145,893,870	186,021,257
Net position at end of year	\$ <u>36,584,754</u>	\$ <u>1,871,279</u>	\$ <u>38,456,033</u>
Add back depreciation and interest	\$ 4,908,578		
Gain on adjusting transferred capital assets to FMV	(7,988,871)		
Transfer of assets to the University	4,368,653		
Net Income Available for Debt Service	\$ <u>(2,254,273)</u>		
Debt Service			
2013	\$ 1,112,875		
2014	605,500		
2017	296,625		
2020	1,013,500		
Total Debt Service	\$ <u>3,028,500</u>		
Debt Service Coverage Ratio	<u>(0.74)</u>		

Note: The net income available for debt service includes only the unrestricted activities and excludes the restricted activities i.e. gifts, grants, donations and contributions per the system revenue bond indenture

See independent auditors' report.

**INDEPENDENT AUDITORS' 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***

**INDEPENDENT AUDITORS' 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 Audit Committee
Cal Poly Pomona Foundation, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Cal Poly Pomona Foundation, Inc. (a nonprofit organization referred to as the Foundation), which comprise the statement of net position as of June 30, 2021, and the related statements of revenue, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 24, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 the 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control that we consider to be a significant deficiency.

2021-001 – Preparation of the SEFA and Grants and Contracts Reporting

Criteria: Per the Uniform Grant Guidance section 200.302 "Financial management (b) The financial management system of each non-Federal entity must provide for the following: (1) Identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received. Federal program and Federal award identification must include, as applicable, the Assistance Listings title and number, Federal award identification number and year, name of the Federal agency, and name of the pass-through entity, if any."

Reconciliations of amounts receivable and deferred revenue must also be performed timely and in accordance with revenue recognition standards.

**INDEPENDENT AUDITORS' 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, CONTINUED***

Condition: There were 6 awards for which expenditure amounts were not included in the SEFA provided by the client for audit. The total amount of expenditures was \$132,281. There were also 3 awards for which no CFDA or Assistance Listing number was included in the SEFA. The schedule provided by the client to reconcile grants receivable and deferred revenue did not reconcile to the trial balance or the SEFA and multiple versions of the reconciliation were provided until these errors were corrected.

Cause: The Grants and Contracts Manager was new to the position in the year ended June 30, 2021. Training had been provided for the regular monitoring and tracking of grant awards but not for the year end procedures.

Effect: This resulted in the audit team performing the major program determination twice to ensure that the major program selected remained appropriate. It also added additional time to the audit due to receiving multiple versions of an incorrect reconciliation.

Recommendation: We recommend that additional training be provided to the Grants and Contracts Manager on year end procedures as well as general compliance with federal awards.

Views of responsible officials: The Foundation will be using the services of independent consultants, established in the field, to do the necessary training on year end procedures with the Grants and Contracts Manager. In addition, they will be engaged to assist with enhancing the financial system's application to provide greater accuracy and efficiency in SEFA, and Grant and Contracts reporting.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Aldrich CPAs + Advisors LLP
San Diego, California
September 24, 2021