

**CAL POLY POMONA FOUNDATION, INC.**

Financial Statements and Supplementary Schedules

June 30, 2004 and 2003

(With Independent Auditors' Report Thereon)

## Independent Auditors' Report

The Board of Directors  
Cal Poly Pomona Foundation, Inc.:

We have audited the accompanying statements of financial position of the Cal Poly Pomona Foundation, Inc. (a California State University Auxiliary Organization) (the Foundation) as of June 30, 2004 and 2003, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Cal Poly Pomona Foundation, Inc. as of June 30, 2004 and 2003, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 3, 2004 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

VICENTI, LLOYD & STUTZMAN, LLP

September 3, 2004

**CAL POLY POMONA FOUNDATION, INC.**

Statements of Financial Position

June 30, 2004 and 2003

<b>Assets</b>	<b>2004</b>	<b>2003</b>
	<hr/>	<hr/>
Current assets:		
Cash and cash equivalents:		
On hand and in commercial accounts	\$ 1,122,522	\$ 9,992,532
Cash equivalents	8,542,027	2,696,501
Total cash and cash equivalents	<hr/> 9,664,549	<hr/> 12,689,033
Marketable securities, at fair value (note 4)	11,067,183	233,014
Other short-term investments, at fair value (note 4)	2,133,127	5,706,448
Investments restricted as to use – debt service, at fair value (note 4)	444,015	961,443
	<hr/> 13,644,325	<hr/> 6,900,905
Receivables:		
Sponsored programs (note 2)	2,650,808	3,026,260
Contributions, net (note 5)	1,160,458	1,201,466
Other activities, net of allowance for doubtful accounts of \$150,757 for 2004 and \$67,854 for 2003	3,434,203	3,989,048
Total receivables, net	<hr/> 7,245,469	<hr/> 8,216,774
Inventories	1,406,831	1,910,647
Prepaid expenses and deferred charges	340,611	302,760
Total current assets	<hr/> 32,301,785	<hr/> 30,020,119
Property, plant and equipment		
Land	474,984	944,611
Buildings and improvements	33,273,633	31,334,922
Equipment, furniture and fixtures	7,764,103	7,490,199
Orchards	131,863	131,863
Construction in progress	976,925	3,149,767
	<hr/> 42,621,508	<hr/> 43,051,362
Less accumulated depreciation and amortization	(15,958,452)	(14,642,108)
Total property, plant and equipment	<hr/> 26,663,056	<hr/> 28,409,254
Other assets:		
Long-term investments restricted as to use – debt service, at fair value (note 4)	512,446	-
Long-term investments, at fair value (note 4)	8,482,499	9,821,974
Contributions receivable, net of current portion (note 5)	2,467,261	3,378,629
Total other assets	<hr/> 11,462,206	<hr/> 13,200,603
Total assets	<hr/> <u>\$ 70,427,047</u>	<hr/> <u>\$ 71,629,976</u>

See the accompanying notes to the financial statements.

**CAL POLY POMONA FOUNDATION, INC.**

Statements of Financial Position

June 30, 2004 and 2003

<b>Liabilities and Net Assets</b>	<b>2004</b>	<b>2003</b>
Current liabilities:		
Accounts payable	\$ 2,870,273	\$ 3,627,725
Accrued liabilities	2,193,825	1,562,168
Deferred income	1,583,760	1,268,861
Deposits held in custody for others (note 2)	214,391	335,999
Current portion of lease obligations (note 7)	78,103	66,013
Current portion of bonds and note payable (note 6)	755,000	730,000
Receipts in excess of expenditures on specific sponsored programs (note 2)	1,736,226	2,791,298
Total current liabilities	<u>9,431,578</u>	<u>10,382,064</u>
Noncurrent liabilities:		
Accrued liabilities (note 10)	5,057,720	3,733,938
Noncurrent portion of bonds and note payable (note 6)	8,105,000	8,860,000
Unitrust liability (note 2)	748,796	508,577
Lease obligations (note 7)	274,779	298,259
Total noncurrent liabilities	<u>14,186,295</u>	<u>13,400,774</u>
Total liabilities	<u>23,617,873</u>	<u>23,782,838</u>
Net assets (notes 2 and 3):		
Unrestricted	26,813,372	26,620,908
Temporarily restricted (note 11)	19,995,802	21,226,230
Total net assets	<u>46,809,174</u>	<u>47,847,138</u>
Total liabilities and net assets	<u>\$ 70,427,047</u>	<u>\$ 71,629,976</u>

See the accompanying notes to the financial statements.

**CAL POLY POMONA FOUNDATION, INC.**

Statement of Activities  
Year ended June 30, 2004

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
Revenues and support (note 8):			
Enterprise activities:			
Sales	\$ 28,146,429	\$	\$ 28,146,429
Commissions, fees, and other	359,541		359,541
Investment income (note 4)	4,741		4,741
Total enterprise activities	<u>28,510,711</u>		<u>28,510,711</u>
Sponsored program activities	<u>13,233,390</u>		<u>13,233,390</u>
Campus program activities:			
University program support	3,980,462		3,980,462
Contributions		3,079,825	3,079,825
Investment income (note 4)	49,487	465,414	514,901
Total campus program activities	<u>4,029,949</u>	<u>3,545,239</u>	<u>7,575,188</u>
General activities:			
Investment income (note 4)	546,479		546,479
Rental property	780,313		780,313
Administrative fees and other activities	464,941		464,941
Total general activities	<u>1,791,733</u>		<u>1,791,733</u>
Total revenues and support	<u>47,565,783</u>	<u>3,545,239</u>	<u>51,111,022</u>
Net assets released from restrictions	<u>3,485,791</u>	<u>(3,485,791)</u>	
Total revenues and support and net assets released from restrictions	<u>51,051,574</u>	<u>59,448</u>	<u>51,111,022</u>
Expenses and other changes (notes 2, 8, and 9):			
Enterprise activities:			
Food services	9,418,694		9,418,694
Bookstores	10,053,679		10,053,679
Kellogg West Conference Center & Lodge	1,836,471		1,836,471
University Village Housing	2,645,877		2,645,877
Continuing Education	2,805,305		2,805,305
Agricultural aid to instruction	1,339,372		1,339,372
Total enterprise expenses	<u>28,099,398</u>		<u>28,099,398</u>
Sponsored program activities:			
Direct expenses	11,732,193		11,732,193
Indirect expenses	1,501,197		1,501,197
Total sponsored program expenses	<u>13,233,390</u>		<u>13,233,390</u>
Campus program activities:			
University program support	6,889,012		6,889,012
Scholarships	423,889		423,889
Total campus program expenses	<u>7,312,901</u>		<u>7,312,901</u>
General expenses:			
Rental properties	571,834		571,834
Administrative	936,212		936,212
Total general expenses	<u>1,508,046</u>		<u>1,508,046</u>
Designated expenses (note 3)	<u>705,375</u>		<u>705,375</u>
Total expenses	50,859,110		50,859,110
Other changes – transfer of fixed assets (note 8)		1,289,876	1,289,876
Total expenses and other changes	<u>50,859,110</u>	<u>1,289,876</u>	<u>52,148,986</u>
Total change in net assets	192,464	(1,230,428)	(1,037,964)
Net assets at beginning of year	26,620,908	21,226,230	47,847,138
Net assets at end of year	<u>\$ 26,813,372</u>	<u>\$ 19,995,802</u>	<u>\$ 46,809,174</u>

See the accompanying notes to the financial statements.

**CAL POLY POMONA FOUNDATION, INC.**

Statement of Activities  
Year ended June 30, 2003

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
Revenues and support (note 8):			
Enterprise activities:			
Sales	\$ 28,809,466	\$	\$ 28,809,466
Commissions, fees, and other	946,221		946,221
Investment income (note 4)	50,915		50,915
Total enterprise activities	<u>29,806,602</u>		<u>29,806,602</u>
Sponsored program activities	<u>12,243,371</u>		<u>12,243,371</u>
Campus program activities:			
University program support	4,023,416		4,023,416
Contributions		3,321,632	3,321,632
Investment income (note 4)	52,398	477,673	530,071
Total campus program activities	<u>4,075,814</u>	<u>3,799,305</u>	<u>7,875,119</u>
General activities:			
Investment income (note 4)	838,394		838,394
Rental property	752,804		752,804
Administrative fees and other activities	523,219		523,219
Total general activities	<u>2,114,417</u>		<u>2,114,417</u>
Total revenues and support	<u>48,240,204</u>	<u>3,799,305</u>	<u>52,039,509</u>
Net assets released from restrictions	<u>1,850,101</u>	<u>(1,850,101)</u>	
Total revenues and support and net assets released from restrictions	<u>50,090,305</u>	<u>1,949,204</u>	<u>52,039,509</u>
Expenses and other changes (notes 2, 8, and 9):			
Enterprise activities:			
Food services	8,484,452		8,484,452
Bookstores	11,022,764		11,022,764
Kellogg West Conference Center & Lodge	1,727,990		1,727,990
University Village Housing	2,537,583		2,537,583
Continuing Education	3,996,630		3,996,630
Agricultural aid to instruction	1,378,409		1,378,409
Total enterprise expenses	<u>29,147,828</u>		<u>29,147,828</u>
Sponsored program activities:			
Direct expenses	10,819,148		10,819,148
Indirect expenses	1,345,142		1,345,142
Total sponsored program expenses	<u>12,164,290</u>		<u>12,164,290</u>
Campus program activities:			
University program support	5,649,536		5,649,536
Scholarships	665,043		665,043
Total campus program expenses	<u>6,314,579</u>		<u>6,314,579</u>
General expenses:			
Rental properties	606,357		606,357
Administrative	1,133,561		1,133,561
Total general expenses	<u>1,739,918</u>		<u>1,739,918</u>
Designated expenses (note 3)	<u>557,758</u>		<u>557,758</u>
Total expenses	<u>49,924,373</u>		<u>49,924,373</u>
Other changes – transfer of fixed assets (note 8)		1,077,169	1,077,169
Total expenses and other changes	<u>49,924,373</u>	<u>1,077,169</u>	<u>51,001,542</u>
Total change in net assets	165,932	872,035	1,037,967
Net assets at beginning of year (Note 13)	26,454,976	20,354,195	46,809,171
Net assets at end of year	<u>\$ 26,620,908</u>	<u>\$ 21,226,230</u>	<u>\$ 47,847,138</u>

See the accompanying notes to the financial statements.

**CAL POLY POMONA FOUNDATION, INC.**

Statements of Cash Flows

Years ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Cash flows from operating activities:		
Change in net assets	\$ (1,037,963)	\$ 1,037,967
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	2,197,292	1,925,446
Realized and unrealized gains and losses on investments, net	(348,006)	(186,872)
Loss on disposal of fixed assets	63,287	80,107
Transfer of fixed assets	1,289,876	1,077,169
Changes in operating assets and liabilities:		
Receivables	1,882,673	116,342
Inventories	503,816	253,595
Prepaid expenses and deferred charges	(37,851)	(118,266)
Accounts payable	(757,452)	(1,280,085)
Accrued liabilities	1,955,439	894,419
Deferred income	314,899	502,755
Deposits held in custody for others	(121,608)	10,136
Receipts in excess of expenditures on specific sponsored programs	<u>(1,055,072)</u>	<u>522,837</u>
Net cash provided by operating activities	<u>4,849,330</u>	<u>4,835,550</u>
Cash flows from investing activities:		
Purchases of fixed assets	(1,751,938)	(6,217,960)
Purchases of investments	(11,073,367)	(4,000,000)
Proceeds from sales and maturities of investments	<u>5,500,000</u>	<u>9,645,217</u>
Net cash used in investing activities	<u>(7,325,305)</u>	<u>(572,743)</u>
Cash flows from financing activities:		
Repayments of principal on capital lease obligations	(63,710)	(9,067)
Repayments of principal on bonds payable	(730,000)	(775,000)
Decrease in debt reserve funds	4,982	190,363
Change in unitrust liability	<u>240,219</u>	<u>416,674</u>
Net cash used in financing activities	<u>(548,509)</u>	<u>(177,030)</u>
Net increase (decrease) in cash and cash equivalents	(3,024,484)	4,085,777
Cash and cash equivalents, beginning of year	<u>12,689,033</u>	<u>8,603,256</u>
Cash and cash equivalents, end of year	\$ <u><u>9,664,549</u></u>	\$ <u><u>12,689,033</u></u>
Supplemental disclosure of cash flow information:		
Interest paid during the year	\$ <u><u>419,729</u></u>	\$ <u><u>442,538</u></u>
Noncash investing and financing activities:		
The Foundation entered into capital lease obligations for office equipment totaling \$ 23,082 in 2004 and \$354,407 in 2003.		

See the accompanying notes to the financial statements.

## CAL POLY POMONA FOUNDATION, INC.

### Notes to Financial Statements

June 30, 2004 and 2003

#### **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, including the development and administration of research and education grants and contracts; conducting enterprise activities including, food service, bookstores, conference center lodge, apartment style housing, continuing education and agricultural aid to instruction; the accumulation and management of endowment and student scholarship funds on behalf of the University; and the development and administration of faculty staff housing and a research park, special programs, and other activities.

#### **Note (2) Summary of Significant Accounting Policies**

##### **(a) Basis of Presentation**

The accompanying financial statements have been prepared using the accrual basis of accounting.

Revenues, gains, expenses, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Unrestricted net assets* – Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing the primary objectives of the Foundation.
- *Temporarily restricted net assets* – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time.
- *Permanently restricted net assets* – Net assets that are permanently restricted by donors for investment in perpetuity. The investment income generated from these funds is available for general support of the Foundation's programs and operations. There were no permanently restricted net assets as of June 30, 2004 and 2003.

##### **(b) Cash and Cash Equivalents**

Cash and cash equivalents consist primarily of fixed income securities of the United States government, corporate bonds with original maturities of three months or less when purchased, and investments in the State Treasurer's Local Agency Investment Fund and state investment pools.

##### **(c) Concentration of Credit Risk – Cash**

The Foundation maintains its cash balances at one financial institution and is exposed to credit risk for amounts exceeding federally insured limits (\$100,000) in the event of nonperformance by the financial institution. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk for cash and cash equivalents. Total amounts uninsured at June 30, 2004 and 2003 were \$1,335,859 and \$1,947,701, respectively.

**CAL POLY POMONA FOUNDATION, INC.**

Notes to Financial Statements

June 30, 2004 and 2003

**Note (2) Summary of Significant Accounting Policies (continued)**

**(d) Investments**

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with gains and losses included in the accompanying statements of activities as investment income.

Fair values of investments are based on quoted market prices. The Foundation does not require collateral or other security to support financial instruments subject to credit risk. However, it is the Foundation's policy to invest in only high-grade securities.

**(e) Contributions Receivable**

Contributions receivable expected to be received beyond one year are recorded at the net present value of anticipated future cash flows. The discount rate used during the years ended June 30, 2004 and 2003 was 6%.

**(f) Inventories**

Inventories, consisting primarily of textbooks and food supplies, are stated at the lower of cost (weighted average) or market.

**(g) Property, Plant, and Equipment**

Property, plant, and equipment are stated at cost or, if donated, at their estimated fair market value at the date of donation. Depreciation is provided using the straight-line method over the assets' estimated useful lives, which range from 3 to 30 years.

**(h) Deposits Held in Custody for Others**

Funds administered by the Foundation on behalf of University-affiliated auxiliary organizations are recorded as deposits held in custody for others and are recorded as a current liability. It is management's belief that the Foundation is acting as an agent for the transactions of these ancillary organizations. Accordingly, the financial activities of such organizations have not been recorded in the accompanying statements of activities.

**(i) 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 provide for the distribution of assets to the Foundation for the benefit of campus organizations. Remainder trust funds designated to the campus organizations are recorded as donations in the accompanying financial statements in the years received. The fair value of the trusts' assets has been included in the accompanying statements of financial position and a corresponding liability has been recorded to reflect the present value of required lifetime payments to the named beneficiaries.

**CAL POLY POMONA FOUNDATION, INC.**

Notes to Financial Statements

June 30, 2004 and 2003

**Note (2) Summary of Significant Accounting Policies (continued)**

**(j) *Sponsored Programs (Grants and Contracts)***

The Foundation serves as administrator for grants and contracts awarded to the Foundation on behalf of the University by government and private institutions. The Foundation recognizes income from these grants as sponsored programs revenue only to the extent that expenditures have been made for the purposes specified by the grant agreement. Program expenditures incurred by the Foundation which have not yet been reimbursed under the terms of the grant agreements are shown in the accompanying statements of financial position as "sponsored programs receivables." Amounts received by the Foundation in advance of expenditures are presented in the accompanying statements of financial position as liabilities captioned as "receipts in excess of expenditures on specific sponsored programs."

**(k) *Donor-Restricted Contributions***

Unconditional promises to give are recognized as contributions when received at the net present value of the amounts expected to be collected.

Contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net assets classes.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions.

**(l) *Expense Allocation***

Expenses that can be identified with a specific program or supporting service are charged directly to the related program or supporting service. Expenses that are associated with more than one program or supporting service are allocated based on an evaluation by the Foundation's management. Program service expenses, consisting of sponsored programs expenses, campus programs expenses, and enterprise activities, less the general and administrative allocation to enterprise activities, totaled \$46,885,907 and \$45,844,434 for the years ended June 30, 2004 and 2003, respectively.

**(m) *Estimates***

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

**CAL POLY POMONA FOUNDATION, INC.**

Notes to Financial Statements

June 30, 2004 and 2003

**Note (2) Summary of Significant Accounting Policies (continued)**

*(n) Income Taxes*

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and state franchise taxes under Section 23701(d) of the California Revenue and Taxation Code.

*(o) Reclassifications*

Certain June 30, 2003 amounts have been reclassified to conform with the June 30, 2004 presentation.

**Note (3) Designated Net Assets**

The following are the unexpended net asset balances that have been designated for specific purposes by the board of directors as of June 30:

	<u>2004</u>	<u>2003</u>
Agriculture state share reserve	\$ 75,000	\$ 75,000
Equipment replacement	3,378,166	2,786,616
Foundation emergency reserve	120,152	120,152
Indirect cost disallowance	184,481	140,273
Interim Design Center	567,715	692,716
Pine Tree Ranch reserve	21,657	11,991
Postretirement medical benefits	334,455	227,142
Venture capital/Real estate reserve	644,041	472,077
Other	<u>57,817</u>	<u>28,763</u>
	\$ <u>5,383,484</u>	\$ <u>4,554,730</u>

Expenditures of Board-designated program activities for the years ended June 30, 2004 and 2003 are summarized as follows:

	<u>2004</u>	<u>2003</u>
Athletic program	\$ 40,000	\$ 40,000
News and publications	167,941	152,765
Office of Development	78,229	23,594
Special Foundation grants	—	12,175
Public relations	<u>419,205</u>	<u>329,224</u>
	\$ <u>705,375</u>	\$ <u>557,758</u>

**CAL POLY POMONA FOUNDATION, INC.**

Notes to Financial Statements

June 30, 2004 and 2003

**Note (4) Investments**

Foundation investments are generally publicly traded debt and equity securities and are recorded at fair value. Investments consist of the following at June 30:

	<u>2004</u>	<u>2003</u>
Treasury notes	\$ 103,127	\$ 115,334
Commercial paper	10,512,499	15,413,088
Equity securities	<u>11,067,183</u>	<u>233,014</u>
Investments by type	<u>\$ 21,682,809</u>	<u>\$ 15,761,436</u>
	<u>2004</u>	<u>2003</u>
Marketable securities	\$ 11,067,183	\$ 233,014
Other short-term investments	2,133,127	5,706,448
Long-term investments	<u>8,482,499</u>	<u>9,821,974</u>
Current and noncurrent investments	<u>\$ 21,682,809</u>	<u>\$ 15,761,436</u>

Investment return for the years ended June 30, 2004 and 2003 is as follows:

	<u>2004</u>	<u>2003</u>
Net realized and unrealized gains and losses	\$ 348,006	\$ 109,934
Interest and dividend income	<u>718,115</u>	<u>1,309,446</u>
	<u>\$ 1,066,121</u>	<u>\$ 1,419,380</u>

**CAL POLY POMONA FOUNDATION, INC.**

Notes to Financial Statements

June 30, 2004 and 2003

**Note (4) Investments (continued)**

Investment return is allocated to various activities as follows in 2004 and 2003:

	<u>2004</u>	<u>2003</u>
Enterprise activities	\$ 4,741	\$ 50,915
Campus program activities	514,901	530,071
General activities	<u>546,479</u>	<u>838,394</u>
	<u>\$ 1,066,121</u>	<u>\$ 1,419,380</u>

The Foundation also maintains debt reserve funds required by its bond covenants. The debt reserve funds consist of the following at June 30:

	<u>2004</u>	<u>2003</u>
Cash equivalents	\$ 43,508	\$ 24,743
Corporate Debt Securities	400,507	400,643
U.S. government obligations	<u>512,446</u>	<u>536,057</u>
	<u>\$ 956,461</u>	<u>\$ 961,443</u>

**Note (5) Contributions Receivable**

Contributions receivable are expected to be received as follows at June 30, 2004 and 2003:

	<u>2004</u>	<u>2003</u>
Within one year	\$ 1,282,200	\$ 1,289,741
Within two to five years	2,635,680	3,342,345
After five years	<u>125,000</u>	<u>200,000</u>
	4,042,880	4,832,086
Less allowance for uncollectible contributions	(121,792)	(88,275)
Less discount to reflect contributions receivable at present value	<u>(293,369)</u>	<u>(163,716)</u>
	<u>\$ 3,627,719</u>	<u>\$ 4,580,095</u>

**CAL POLY POMONA FOUNDATION, INC.**

Notes to Financial Statements

June 30, 2004 and 2003

**Note (6) Bonds and Line of Credit**

A summary of bonds payable at June 30, 2004 and 2003 follows:

	<b>2004</b>	<b>2003</b>
Bonds collateralized by the unrestricted revenues of the Foundation – Series 2000 Bonds (b)	\$ 4,815,000	\$ 4,945,000
Bonds collateralized by the unrestricted revenues of the Foundation – Series 2002A Bonds (c)	4,045,000	4,645,000
	8,860,000	9,590,000
Less current portion	(755,000)	(730,000)
Noncurrent portion of bonds payable	\$ 8,105,000	\$ 8,860,000

- (a) In fiscal year 2001, the Foundation issued its Auxiliary Organization Bonds, Series 2000 in the amount of \$5,070,000 to finance a portion of the construction of three buildings to house the University’s continuing education complex. The continuing education complex, referred to as the Center for Technology and Training and Incubation Center (the CTTI), will also include two federally funded business incubators, classrooms, computer labs, commercial space for a Foundation bookstore and café, and other auxiliary activities. The Series 2000 Bonds are general obligations of the Foundation and are secured principally by the unrestricted revenues of the Foundation. The CTTI is located on land leased from the University. The bonds bear interest at varying rates averaging 5.4%; semiannual deposits are made into a debt reserve fund 45 days in advance of interest payments in an amount equal to the required interest payment plus one-half of the principal of the bonds becoming due in the immediate 12 months. The bonds are redeemable at the option of the Foundation on any interest payment date on or after February 1, 2011 through January 31, 2012 at 101% and at 100% from February 1, 2012 and thereafter. The principal balance of the bonds is due in 2025.
- (b) In fiscal year 2002, the Foundation issued its Auxiliary Organization Bonds, Series 2002A in the amount of \$5,295,000 to refund and defease the 1990B Series Bonds. The Series 2002A Bonds are general obligations of the Foundation and are secured principally by the unrestricted revenues of the Foundation. The bonds bear interest at varying rates averaging 4.3%; semiannual deposits are made into a debt reserve fund 45 days in advance of interest payments in an amount equal to the required interest payment plus one-half of the principal of the bonds becoming due in the immediate 12 months. The bonds are not subject to optional redemption. The principal balance of the bonds is due in 2010.

**CAL POLY POMONA FOUNDATION, INC.**

Notes to Financial Statements

June 30, 2004 and 2003

**Note (6) Bonds and Line of Credit (continued)**

- (c) In fiscal year 2004, the Foundation entered into an unsecured revolving line of credit for \$2,000,000 for purposes of working capital and to provide bridge financing for local real estate purchases of housing (limited to single-family residences) for faculty and staff of the University. The note is renewable annually and the outstanding principal balance bear interest at the bank's prime rate or 2.5% above the LIBOR rate. The line of credit matures in November 2004. There were no balances outstanding as of June 30, 2004 and June 30, 2003.

Future minimum principal payments on bonds are as follows:

Year ending June 30:	
2005	\$ 755,000
2006	780,000
2007	815,000
2008	835,000
2009	870,000
Thereafter	<u>4,805,000</u>
	<u>\$ 8,860,000</u>

Interest expense on the bonds payable totaled \$417,953 and \$442,538 for the years ended June 30, 2004 and 2003, respectively.

**Note (7) Leasing Commitments**

**Operating Leases As Lessee**

The Foundation has a food 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 Los Olivos Commons, based on 6% of gross annual sales of the residence hall food service facility. For the years ended June 30, 2004 and 2003, such amount totaled \$262,564 and \$267,340, respectively, which was included in rent expense.

Land and certain facilities used in the Foundation operations are leased for a nominal amount from both the State of California and the University. The leases are in effect with various termination dates between 2010 and 2025.

The Foundation has various non-cancelable operating lease agreements for office and conference space and office equipment, with terms ranging from 36 to 60 months.

**CAL POLY POMONA FOUNDATION, INC.**

Notes to Financial Statements

June 30, 2004 and 2003

**Note (7) Leasing Commitments (continued)**

Future minimum payments under non-cancelable operating lease agreements at June 30, 2004 are as follows:

Year ending June 30:		
2005	\$	71,001
2006		3,495
2007		436
		<hr/>
Total	\$	<u>74,932</u>

**Capital Leases As Lessee**

The Foundation has various non-cancelable capital lease agreements for office equipment with terms ranging from 41 to 60 months and interest ranging from 6.6% to 8.5%.

Future minimum payments under non-cancelable capital lease agreements at June 30, 2004 are as follows:

Year ending June 30:		
2005	\$	78,103
2006		79,854
2007		85,618
2008		91,819
2009		17,488
		<hr/>
Total	\$	<u>352,882</u>

**As Lessor**

Land, office and certain facilities are leased to the American National Red Cross, State of California and the University. 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 between 2005 and 2058.

Future minimum payments under non-cancelable operating lease agreements at June 30, 2004 are as follows:

Year ending June 30:		
2005	\$	852,492
2006		746,878
2007		359,370
2008		359,370
2009		359,370
Thereafter		18,118,238
		<hr/>
Total	\$	<u>20,795,718</u>

# CAL POLY POMONA FOUNDATION, INC.

## Notes to Financial Statements

June 30, 2004 and 2003

### Note (8) Transactions with the University and University Educational Trust

The Foundation and the University provide various services on each other's behalf. Such services are appropriately billed. At June 30, 2004 and 2003, receivables from other activities and due from the University are approximately \$1,717,855 and \$2,346,802, respectively. Accounts payable include approximately \$901,133 and \$949,932 due to the University at June 30, 2004 and 2003, respectively.

Amounts billed by the Foundation and included in revenues for the years ended June 30, 2004 and 2003 totaled approximately \$7,999,089 and \$6,569,617, respectively. Amounts billed to the Foundation and included in expenses for the years ended June 30, 2004 and 2003 totaled approximately \$4,481,087 and \$4,293,358 respectively.

During the year ended June 30, 2004 and 2003, the Foundation transferred fixed assets totaling \$1,289,876 and \$1,077,169, comprised of newly constructed buildings and renovations for various colleges to the University. The University assumed ownership and management of these facilities.

### Note (9) Pension Plan

The Foundation participates in a multi-employer defined benefit plan through the California Public Employees' Retirement System (PERS) which covers substantially all regular full-time employees of the Foundation. PERS 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 Governmental Accounting Standards Board. The effects of adopting the reporting provisions of the FASB on the financial statements as of June 30, 2004 versus the information provided by PERS have been determined to be immaterial to the Foundation's financial statements taken as a whole.

The Foundation's policy is to fund pension costs as incurred. No pension expense was recorded in the accompanying statements of activities for the year ended June 30, 2004. Due to a sluggish economy and lower returns in the equity markets, the contribution rate for the year ended June 2004 was 4.012% or \$287,234. The contribution rate will be 8.456% for fiscal year 2005 and is estimated to be 9.5% for fiscal year 2006. The following table sets forth the most recent information provided by PERS which is as of June 30, 2002 (the latest date for which information is available):

Present value of benefits:	
Active members	\$ 16,267,044
Transfers	1,809,138
Separated members	1,497,336
Receiving payments	<u>8,254,712</u>
Total	27,828,230
Present value of future employer normal costs	6,313,743
Present value of future employee contributions	<u>3,105,461</u>
Entry age normal accrued liability	<u>\$ 18,409,026</u>
Actuarial value of assets:	
Employer reserves	\$ 17,893,764
Active employee account balances	<u>2,836,734</u>
Total valuation assets	<u>\$ 20,730,498</u>

**CAL POLY POMONA FOUNDATION, INC.**

Notes to Financial Statements

June 30, 2004 and 2003

**Note (10) Other Postretirement Benefits**

In addition to the Foundation's multiemployer defined benefit pension plan, the Foundation sponsors a defined benefit health care plan that provides postretirement medical benefits to full-time employees who have at least 5 years of service and have attained age 50 while in service with the Foundation. The Foundation's policy is to fund a significant portion of the cost of medical benefits in amounts determined at the discretion of management. The Foundation's maximum contribution will increase by no more than 5% per year.

Because the Foundation has not yet determined if its postretirement prescription drug benefits are actuarially equivalent to the benefits that will be provided by the Medicare Prescription Drug, Improvement and Modernization Act of 2003 this disclosure does not include any adjustments to the Benefit Obligation or Benefit Cost. As further guidance on the calculation of actuarial equivalence is made available the Foundation intends to apply that guidance in the re-measurement of its Benefit Obligation and Benefit Cost.

The following table summarizes the Foundation's accrued postretirement benefit cost recorded in accrued liabilities in the accompanying statements of financial position:

	<u>2004</u>	<u>2003</u>
Benefit obligation at June 30	\$ 10,177,226	\$ 9,215,402
Fair value of plan assets at June 30	<u>—</u>	<u>—</u>
Funded status	<u>\$ (10,177,226)</u>	<u>\$ (9,215,402)</u>
Prepaid (accrued) benefit cost recognized in the statements of financial position	<u>\$ (5,057,720)</u>	<u>\$ (3,733,938)</u>
Assumptions as of June 30:		
Discount rate	6.50%	6.50%
Expected plan assets	N/A	N/A

For measurement purposes the 2004 annual assumed rate of increase in the per capita cost of covered benefits (i.e., health care cost trend rate) is 10%, decreasing gradually to 5.5% in 2009 and remaining at that level thereafter.

	<u>2004</u>	<u>2003</u>
Benefit cost	\$ 1,620,465	\$ 1,079,736
Employer contributions	294,530	273,891

## CAL POLY POMONA FOUNDATION, INC.

### Notes to Financial Statements

June 30, 2004 and 2003

#### Note (11) Commitments

During the 2002-03 fiscal year, the Foundation entered into two ground leases with the State of California, acting through the Board of Trustees of the California State University to begin development of a research park. The Foundation entered into a ground sublease with a future tenant of the research park and the Foundation agreed to develop and construct the common infrastructure to serve the tenants of the park. The research park is being developed by the Foundation on sixty-five acres of land at California State Polytechnic University, Pomona. The estimated current cost of the common infrastructure is approximately \$9.0 million. During the 2003-04 fiscal year, the Foundation agreed to finance the construction of certain capital costs with respect to the first phase infrastructure for the research park. The capital cost of the project is expected to be \$3,980,000 and should be completed by January 2005.

During the 2003-04 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) 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 will assist the Foundation by issuing its System Revenue Bonds, applying the proceeds of such Bonds to the construction and acquisition of the Project by the Board; and leasing the Project to the Foundation pursuant to the Capital Lease, subject to the following general terms and conditions: (i) the aggregate present value (using 7% as the discount factor) of all payments of the base rental payable by the Foundation under the Capital Lease shall not exceed \$35 million and the scheduled term of the Capital Lease shall not exceed 31 years from completion of the construction of the Project in September 2005.

#### Note (12) Temporarily Restricted Net Assets

Temporarily restricted net assets totaling \$19,995,802 and \$21,226,230 at June 30, 2004 and 2003, respectively, are restricted for campus programs activities.

#### Note (13) Restatement of Beginning Net Assets

During the fiscal year ended June 30, 2004, the Foundation reviewed its temporarily restricted campus program activities and determined those activities that were not subject to donor-imposed stipulations, were in fact unrestricted activities in accordance with Statement of Financial Accounting Standards No. 117, Financial Statements of not-for-Profit Organizations. Therefore, the Foundation restated its net assets as of June 30, 2002 and released these assets from temporarily restricted to unrestricted net assets.

Net assets of the Foundation as of June 30, 2002 have been restated as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Net assets as of June 30, 2002, as previously reported	\$ 24,534,288	\$ 22,274,883	\$ 46,809,171
Campus program net assets previously Reported as temporarily restricted	<u>1,920,688</u>	<u>(1,920,688)</u>	
Net assets at June 30, 2002, as restated	<u>\$ 26,454,976</u>	<u>\$ 20,354,195</u>	<u>\$ 46,809,171</u>

## CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements

June 30, 2004 and 2003

### **Note (14) Subsequent Events**

Subsequent to year end the Foundation signed a waiver and release acknowledging that the Foundation has been fully compensated as a tenant of certain unimproved real property for a price of \$3,267,938 which the Board of Trustees of the California State University, ("Board") which is the State of California acting in its higher education capacity on behalf of the California State Polytechnic University, Pomona closed escrow on an easement conveyance agreement by which the Board, agreed to grant the Alameda Corridor-East Construction Authority on behalf of the San Gabriel Valley Council of Governments, a California joint powers authority easements in and to certain unimproved real property consisting of approximately 7.72 acres of permanent easements and approximately 6.42 acres of temporary easements. The Board acknowledged and agreed that the acquisition price of payable at the close of escrow or August 17, 2004, is in full and final settlement and compensation for the rights and interests in the easements and any other project easements from the Board and all claims, damages or other entitlements to compensation that Board and Board's tenants, including the Foundation are forever waived and released by the Foundation.

In addition, the Foundation entered into and closed escrow on the purchase of two single-family residential houses for a total of approximately \$568,000 and upon the sale of one single-family residential house in support of the California State Polytechnic University, Pomona's mission to develop affordable faculty staff housing options to attract and retain employees for the University. Under the terms and conditions of the sale, the Foundation retained the land under a long-term lease and sold the single-family house to a faculty member with specific covenants, conditions and restrictions.

## Schedule 1

## CAL POLY POMONA FOUNDATION, INC.

## Statements of Net Assets

June 30, 2004 and 2003

Assets:	<u>2004</u>	<u>2003</u>
Current assets:		
Cash and cash equivalents	\$ 9,551,288	4,588,096
Short-term investments	13,757,586	15,001,842
Accounts receivable, net	6,085,011	7,015,308
Pledges receivable, net	1,160,458	1,201,466
Prepaid expenses and other assets	1,747,442	2,213,407
Total current assets	<u>32,301,785</u>	<u>30,020,119</u>
Noncurrent assets:		
Pledges receivable, net	2,467,261	3,378,629
Other long-term investments	8,994,945	9,821,974
Capital assets, net	26,663,056	28,409,254
Total noncurrent assets	<u>38,125,262</u>	<u>41,609,857</u>
Total assets	<u>\$ 70,427,047</u>	<u>\$ 71,629,976</u>
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 3,523,266	3,762,807
Accrued salaries and benefits payable	1,142,750	984,302
Accrued compensated absences	345,683	312,596
Deferred revenue	1,583,760	1,268,861
Capitalized lease obligations	78,103	66,013
Long-term debt obligations – current portion	755,000	730,000
Other liabilities	1,950,617	3,127,297
Total current liabilities	<u>9,379,179</u>	<u>10,251,876</u>
Noncurrent liabilities:		
Accrued compensated absences	52,399	130,188
Capitalized lease obligations	274,779	298,259
Long-term debt obligations	8,105,000	8,860,000
Other liabilities	5,806,516	4,242,515
Total noncurrent liabilities	<u>14,238,694</u>	<u>13,530,962</u>
Total liabilities	<u>23,617,873</u>	<u>23,782,838</u>

See the accompanying independent auditors' report.

## CAL POLY POMONA FOUNDATION, INC.

## Statements of Net Assets

June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Net assets:		
Invested in capital assets, net of related debt	17,803,056	18,454,982
Restricted for:		
Instruction	14,375,056	16,557,860
Other	5,620,746	4,668,370
Unrestricted	<u>9,010,316</u>	<u>8,165,926</u>
Total net assets	<u>46,809,174</u>	<u>47,847,138</u>
Total liabilities and net assets	<u>\$ 70,427,047</u>	<u>\$ 71,629,976</u>

See the accompanying independent auditors' report.

## Schedule 2

## CAL POLY POMONA FOUNDATION, INC.

## Statements of Revenues, Expenses, and Changes in Net Assets

Year ended June 30, 2004 and 2003

Revenues:	<u>2004</u>	<u>2003</u>
Operating revenues:		
Student tuition and fees	\$ 1,925,343	\$ 2,875,747
Grants and contracts, noncapital:		
Federal	8,965,790	7,506,326
State and local	2,638,905	3,066,310
Nongovernmental	1,628,695	1,670,735
Sales and services of educational activities	3,980,462	4,023,416
Sales and services of enterprise activities	26,580,627	26,879,940
Other operating revenues	1,245,254	1,276,023
Total operating revenues	<u>46,965,076</u>	<u>47,298,497</u>
Expenses:		
Operating expenses:		
Instruction	10,433,978	9,209,406
Research	4,059,544	3,922,280
Public service	301,612	291,711
Academic support	1,859,379	1,515,557
Student services	420,779	660,603
Institutional support	2,553,913	1,746,480
Operation and maintenance of plant	247,913	462,554
Student grants and scholarships	667,212	670,278
Enterprise activities	29,748,835	30,887,746
Total operating expenses	<u>50,293,165</u>	<u>49,366,615</u>
Operating loss	<u>(3,328,089)</u>	<u>(2,068,118)</u>
Nonoperating revenues (expenses):		
Gifts, noncapital	3,079,825	3,321,632
Investment income, net	1,207,512	1,419,380
Other nonoperating expenses	(1,997,212)	(1,634,927)
Net nonoperating revenues (expenses)	<u>2,290,125</u>	<u>3,106,085</u>
Change in net assets	(1,037,964)	1,037,967
Net assets:		
Net assets at beginning of year	47,847,138	46,809,171
Net assets at end of year	<u>\$ 46,809,174</u>	<u>\$ 47,847,138</u>

See the accompanying independent auditors' report.

## CAL POLY POMONA FOUNDATION, INC.

## Combining Statement of Financial Position

June 30, 2004

Assets	General	Designated	Enterprise activities	Sponsored programs	Campus programs	Total
Current assets:						
Cash and cash equivalents:						
On hand and in commercial accounts	\$ 1,041,767	\$ 1,400	\$ 69,570	\$ 1,600	\$ 8,185	\$ 1,122,522
Cash equivalents	7,792,447	212,169	526,009		11,402	8,542,027
Total cash and cash equivalents	8,834,214	213,569	595,579	1,600	19,587	9,664,549
Marketable securities, at fair value	9,918,538				1,148,645	11,067,183
Short-term investments, at fair value	2,030,000				103,127	2,133,127
Investments restricted as to use – debt service, at fair value			444,015			444,015
	11,948,538	-	444,015	-	1,251,772	13,644,325
Receivables:						
Sponsored programs				2,650,808		2,650,808
Contributions, net					1,160,458	1,160,458
Other activities, net of allowance for doubtful accounts	537,595	43,716	2,497,579		355,313	3,434,203
Total receivables, net	537,595	43,716	2,497,579	2,650,808	1,515,771	7,245,469
Inventories						
Prepaid expenses and deferred charges	267,656	1,500	67,578	375	3,502	340,611
Due (to) from other activities	(27,578,422)	10,302,277	1,928,316	369,380	14,978,449	-
Total current assets	(5,990,419)	10,561,062	6,918,179	3,022,163	17,790,800	32,301,785
Property, plant, and equipment:						
Land	227,283	3,701	212,000		32,000	474,984
Buildings and improvements	2,451,385		27,782,202	1,138,589	1,901,457	33,273,633
Equipment, furniture, and fixtures	710,472		6,664,763		388,868	7,764,103
Orchards			131,863			131,863
Construction in progress	373,488	21,943	173,888		407,606	976,925
	3,762,628	25,644	34,964,716	1,138,589	2,729,931	42,621,508
Less accumulated depreciation and amortization	(1,859,010)		(13,417,172)		(682,270)	(15,958,452)
Total property, plant, and equipment	1,903,618	25,644	21,547,544	1,138,589	2,047,661	26,663,056
Other assets:						
Long-term investments, at fair value	8,482,499		512,446			8,994,945
Contributions receivable, net of current portion					2,467,261	2,467,261
Total other assets	8,482,499	-	512,446	-	2,467,261	11,462,206
Total assets	\$ 4,395,698	\$ 10,586,706	\$ 28,978,169	\$ 4,160,752	\$ 22,305,722	\$ 70,427,047

See the accompanying independent auditors' report and the accompanying notes to the combining statement of financial position.

## CAL POLY POMONA FOUNDATION, INC.

## Combining Statement of Financial Position

June 30, 2004

	General	Designated	Enterprise activities	Sponsored programs	Campus programs	Total
<b>Liabilities and Net Assets</b>						
Current liabilities:						
Accounts payable	\$ 400,842	\$ 145,502	\$ 1,050,418	\$ 770,086	\$ 503,425	\$ 2,870,273
Accrued liabilities	1,214,834		328,573	515,851	134,567	2,193,825
Deferred income	731,583		852,177			1,583,760
Deposits held in custody for others					214,391	214,391
Current portion of lease obligations	3,951		3,424		70,728	78,103
Current portion of bonds and note payable			755,000			755,000
Receipts in excess of expenditures on specific sponsored programs				1,736,226		1,736,226
<b>Total current liabilities</b>	<b>2,351,210</b>	<b>145,502</b>	<b>2,989,592</b>	<b>3,022,163</b>	<b>923,111</b>	<b>9,431,578</b>
Noncurrent liabilities:						
Accrued liabilities		5,057,720				5,057,720
Noncurrent portion of bonds and note payable			8,105,000			8,105,000
Unitrust liability					748,796	748,796
Lease obligations			17,336		257,443	274,779
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>5,057,720</b>	<b>8,122,336</b>	<b>-</b>	<b>1,006,239</b>	<b>14,186,295</b>
<b>Total liabilities</b>	<b>2,351,210</b>	<b>5,203,222</b>	<b>11,111,928</b>	<b>3,022,163</b>	<b>1,929,350</b>	<b>23,617,873</b>
Net assets:						
Unrestricted	2,044,488	5,383,484	17,866,241	1,138,589	380,571	26,813,373
Temporarily restricted					19,995,802	19,995,802
<b>Total net assets</b>	<b>2,044,488</b>	<b>5,383,484</b>	<b>17,866,241</b>	<b>1,138,589</b>	<b>20,376,372</b>	<b>46,809,174</b>
<b>Total liabilities and net assets</b>	<b>\$ 4,395,698</b>	<b>\$ 10,586,706</b>	<b>\$ 28,978,169</b>	<b>\$ 4,160,752</b>	<b>\$ 22,305,722</b>	<b>\$ 70,427,047</b>

See the accompanying independent auditors' report and the accompanying notes to the combining statement of financial position.

**CAL POLY POMONA FOUNDATION, INC.**

Notes to Financial Statements

June 30, 2004 and 2003

The Foundation groups its assets, liabilities, revenue, and expenses into certain classifications within net assets. A description of each classification follows to more clearly present the Foundation's activities:

**(a) General**

General activities include management of all financial resources of the Foundation that are not required to be accounted for in other areas. Revenues are generated through investment of excess cash, rental of office space, and fees for administration and financial services.

**(b) Designated**

Designated represents the activity from appropriations of certain assets, which the Foundation's board of directors has set aside for specific purposes.

**(c) Enterprise Activities**

Enterprise activities represent transactions related to the Foundation's ongoing revenue producing, self-supporting activities, which are conducted in support of the University's activities. It is the Foundation's policy to allocate certain administration expenses from general activities to the enterprise operations. The enterprise activities account for the activities of the food service, bookstore, Kellogg West Conference Center and Lodge, University Village Housing, continuing education, and Agriculture Aid-to-Instruction Programs.

**(d) Sponsored Programs**

The Foundation provides fiscal services for grants and contracts received from outside sources on behalf of the University. These research activities enable the campus community to further study fields of interest with funding from government and private institutions.

**(e) Campus Programs**

Campus programs represent funds administered by the Foundation in support of University activities. The source of funds is derived from contributions, investment income and exchange transactions (i.e., memberships, ticket sales, outreach programs, advertising revenues, and cash sales). Program activities in which the Foundation acts as an agent on behalf of the University-Affiliated auxiliary organizations are recorded as assets and deposits held in custody for others in the accompanying statements of financial position.

## CAL POLY POMONA FOUNDATION, INC.

Combining Statement of Activities – Enterprise Activities

Year ended June 30, 2004

	Food services									
	Residential		Retail	Total food	Bookstores	Kellogg West	University	Continuing	Agriculture	Total
	dining	Vending	operations	services		Conference	Village		aid to	
					Center & Lodge	Housing	Education			
Sales	\$ 4,806,521	\$ 174,392	\$ 4,168,615	\$ 9,149,528	\$ 10,255,893	\$ 1,944,493	\$ 3,360,292	\$ 2,144,368	\$ 1,291,855	\$ 28,146,429
Cost of sales	1,565,275	-	1,473,641	3,038,916	7,537,171	7,982	-	-	311,199	10,895,268
Gross profit	3,241,246	174,392	2,694,974	6,110,612	2,718,722	1,936,511	3,360,292	2,144,368	980,656	17,251,161
Operating expenses:										
Salaries and wages	1,042,116	30,908	1,370,149	2,443,173	927,027	692,649	462,919	947,236	219,168	5,692,172
Employee benefits	437,672	13,406	627,876	1,078,954	353,992	325,249	192,159	290,147	62,594	2,303,095
Rent	315,564	5,426	163,863	484,853	4,202	41,858	7,309	184,592	2,710	725,524
Depreciation	148,096	6,444	341,168	495,708	186,276	144,403	674,803	308,090	21,945	1,831,225
Advertising	20,839	-	13,111	33,950	979	38,331	15,628	79,173	12,080	180,141
Repairs and maintenance	14,446	127	58,090	72,663	14,937	68,249	129,070	24,127	21,362	330,408
Utilities	157,210	-	113,579	270,789	59,173	122,943	368,441	63,837	16,632	901,815
Telephone	5,856	-	23,943	29,799	25,260	49,792	52,401	27,403	5,143	189,798
Postage and freight	2,491	14	1,947	4,452	44,568	2,682	1,706	38,980	8,406	100,794
Supplies	169,821	433	197,886	368,140	34,386	73,224	36,747	87,962	113,758	714,217
Services	292,779	53,321	(56,630) *	289,470	39,325	54,758	175,899	213,410	25,547	798,409
Feed	-	-	-	-	-	-	-	-	153,042	153,042
Interest	-	-	-	-	-	-	163,750	255,979	-	419,729
Insurance	5,090	-	24,122	29,212	12,252	20,918	41,705	62,194	12,518	178,799
Agriculture	-	-	-	-	-	-	-	-	246,268	246,268
Other	77,117	3,167	96,658	176,942	144,624	66,700	102,877	134,376	53,987	679,506
Total operating expenses	2,689,097	113,246	2,975,762	5,778,105	1,847,001	1,701,756	2,425,414	2,717,506	975,160	15,444,942
Income (loss) from operations	552,149	61,146	(280,788)	332,507	871,721	234,755	934,878	(573,138)	5,496	1,806,219
Other income	10	-	120,877	120,887	126,309	5,291	31,414	4,756	75,625	364,282
General and administrative	(311,522)	(11,335)	(278,817)	(601,674)	(669,507)	(126,733)	(220,461)	(87,798)	(53,016)	(1,759,189)
Change in net assets	\$ 240,637	\$ 49,811	\$ (438,728)	\$ (148,280)	\$ 328,523	\$ 113,313	\$ 745,831	\$ (656,180)	\$ 28,105	\$ 411,312

\* Represents allocation of food service management to other food service categories.

See the accompanying independent auditors' report.

## CAL POLY POMONA FOUNDATION, INC.

## Disaggregated Information

Years ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Real estate income	\$ 780,313	\$ 752,804
As of June 30 of the current year, disaggregated information on capital assets is as follows:		
Land and land improvements	\$ 606,847	\$ 1,076,474
Buildings and building improvements	32,607,306	30,668,594
Personal property:		
Equipment	7,764,102	7,490,199
Intangible assets	666,328	666,328
Construction, work in progress	976,925	3,149,767
Total	<u>\$ 42,621,508</u>	<u>\$ 43,051,362</u>
As of June 30 of the current year, disaggregated information on long-term debt is as follows:		
Revenue bonds	\$ 8,860,000	\$ 9,590,000
Capital leases	352,882	364,272
Interest rate range on outstanding long-term debt	<u>4.3% to 8.5%</u>	<u>4.3% to 5.4%</u>
As of June 30 of the current year, disaggregated information on investments is as follows:		
Local Agency Investment Fund	\$ 7,792,447	\$ 1,897,028
Debt equity securities	11,067,183	233,014
Fixed income	3,335,626	13,631,394
Other		
Total	<u>\$ 22,195,256</u>	<u>\$ 15,761,436</u>

See the accompanying independent auditors' report.