

CAL POLY POMONA FOUNDATION, INC.
Financial Statements and Supplementary Schedules
June 30, 2000 and 1999
(With Independent Auditors' Report Thereon)

Independent Auditors' Report

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

We have audited the statements of financial position of Cal Poly Pomona Foundation, Inc. (a California State University Auxiliary Organization) (the Foundation) as of June 30, 2000 and 1999 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 audits 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 Cal Poly Pomona Foundation, Inc. as of June 30, 2000 and 1999 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.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. Schedules 1 through 4 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 18, 2000 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.

August 18, 2000

CAL POLY POMONA FOUNDATION, INC.

Statement of Financial Position

June 30, 2000 and 1999

Assets	2000	1999
Current assets:		
Cash and cash equivalents:		
On hand and in commercial accounts	\$ 5,872,073	1,834,181
Cash equivalents (note 5)	4,366,484	5,749,975
Total cash and cash equivalents	10,238,557	7,584,156
Marketable securities, at market (note 5)	11,978,629	9,529,589
Other short-term investments, at market (note 5)	1,981,750	4,989,731
Investments restricted as to use – debt service, at market (note 5)	419,254	1,041,087
	14,379,633	15,560,407
Receivables:		
Sponsored programs (note 4)	2,959,951	2,322,842
Other activities	2,744,478	1,977,653
Less allowance for doubtful accounts	(76,213)	(126,162)
Total receivables, net	5,628,216	4,174,333
Inventories	2,440,917	2,073,504
Prepaid expenses and deferred charges	163,480	87,565
Total current assets	32,850,803	29,479,965
Property, plant and equipment (note 6):		
Land	247,701	247,701
Buildings and improvements	20,251,267	19,180,197
Equipment, furniture and fixtures	5,969,989	5,461,559
Orchards	117,729	117,729
Construction in progress	3,446,757	2,951,470
	30,033,443	27,958,656
Less accumulated depreciation and amortization	(11,636,134)	(10,470,220)
Total property, plant and equipment	18,397,309	17,488,436
Other assets:		
Long-term investments restricted as to use – debt service, at market (note 5)	772,515	—
Long-term investments, at market (note 5)	17,633,102	13,466,760
Total other assets	18,405,617	13,466,760
Total assets	\$ 69,653,729	60,435,161

CAL POLY POMONA FOUNDATION, INC.

Statement of Financial Position

June 30, 2000 and 1999

Liabilities and Net Assets	2000	1999
Current liabilities:		
Accounts payable	\$ 2,432,575	1,705,812
Accrued liabilities	2,993,506	2,485,572
Deferred income	783,228	831,211
Deposits held in custody for others (note 2)	36,058,091	30,301,460
Current portion of bonds and note payable (note 6)	775,000	685,000
Receipts in excess of expenditures on specific sponsored programs (note 4)	2,614,824	1,775,778
Total current liabilities	<u>45,657,224</u>	<u>37,784,833</u>
Noncurrent liabilities:		
Noncurrent portion of bonds and note payable (note 6)	5,515,000	6,290,000
Unitrust liability (note 9)	167,521	178,267
Lease obligations	11,460	—
Total noncurrent liabilities	<u>5,693,981</u>	<u>6,468,267</u>
Total liabilities	<u>51,351,205</u>	<u>44,253,100</u>
Commitments and contingencies (notes 7 and 8)		
Net assets:		
Unrestricted:		
Designated	3,584,270	3,290,074
Undesignated	14,718,254	12,891,987
Total net assets	<u>18,302,524</u>	<u>16,182,061</u>
Total liabilities and net assets	<u>\$ 69,653,729</u>	<u>60,435,161</u>

See accompanying notes to financial statements.

CAL POLY POMONA FOUNDATION, INC.

Statement of Activities

Years ended June 30, 2000 and 1999

	<u>2000</u>	<u>1999</u>
Changes in unrestricted net assets:		
Revenues and gains:		
Auxiliary activities:		
Sales	\$ 26,587,026	24,738,920
Commissions, fees and other	<u>523,377</u>	<u>835,153</u>
Total auxiliary activities	<u>27,110,403</u>	<u>25,574,073</u>
Sponsored programs revenue	<u>9,702,932</u>	<u>9,147,643</u>
General activities:		
Investment income, net of allocations (note 5)	328,511	228,703
Rental property	637,173	544,828
Administrative fees and other revenue	<u>393,515</u>	<u>395,817</u>
Total general activities	<u>1,359,199</u>	<u>1,169,348</u>
Total revenues and gains	<u>38,172,534</u>	<u>35,891,064</u>
Expenses:		
Auxiliary activities:		
Bookstores	9,609,966	9,613,095
Food services	7,310,031	6,832,374
Kellogg West Conference Center	1,608,041	1,584,007
Continuing Education	3,522,298	3,331,874
University Village	2,265,413	2,312,387
Agriculture Units	<u>712,431</u>	<u>598,660</u>
Total auxiliary activities	<u>25,028,180</u>	<u>24,272,397</u>
Sponsored programs expenses:		
Direct expenses	8,637,497	8,124,108
Indirect expenses	<u>1,065,435</u>	<u>1,023,535</u>
Total sponsored programs expenses	<u>9,702,932</u>	<u>9,147,643</u>
General expenses:		
Rental property expense	358,088	315,510
Administrative	<u>421,002</u>	<u>431,666</u>
Total general expenses	<u>779,090</u>	<u>747,176</u>
Designated expenses, net of interest earned (note 3)	<u>541,869</u>	<u>430,170</u>
Total expenses	<u>36,052,071</u>	<u>34,597,386</u>
Change in unrestricted net assets	2,120,463	1,293,678
Net assets at beginning of year	<u>16,182,061</u>	<u>14,888,383</u>
Net assets at end of year	\$ <u>18,302,524</u>	\$ <u>16,182,061</u>

See accompanying notes to financial statements.

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements

June 30, 2000 and 1999

(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 campus bookstore, food service, apartment style housing and conference center operations; the accumulation and management of endowment and student scholarship funds on behalf of the University; and the administration of various educationally related functions, special programs and other activities.

(2) Summary of Significant Accounting Policies

A summary of the Foundation's significant accounting principles applied in the preparation of the accompanying financial statements follows:

(a) *Basis of Accounting*

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

(b) *Basis of Presentation*

The financial statements of the Foundation have been presented in accordance with the *Auditing and Accounting Guide for Not-for-Profit Organizations* issued by the American Institute of Certified Public Accounts. The guide states that net assets and revenues, expenses, gains and losses should be classified based on the existence or absence of donor-imposed restrictions. All net assets that are not subject to donor-imposed restrictions are reported as unrestricted net assets. Accordingly, net assets of the Foundation and changes therein are classified and reported as unrestricted net assets.

(c) *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.

(d) *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, 2000 and 1999 were \$4,875,380 and \$1,552,428, respectively.

(e) *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.

(Continued)

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements

June 30, 2000 and 1999

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.

(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.

Included in building and improvements is gross bond issuance costs of approximately \$622,000 in 2000 and 1999, which are being amortized over the life of the bonds.

(h) Deposits Held in Custody for Others

Funds administered by the Foundation on behalf of the University academic and administrative units and other campus 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 units. Accordingly, the financial activities of such organizations have not been recorded in the accompanying statements of activities.

However, the Foundation does track the financial activities of such organizations which include donations and contributions for the years ended June 30, 2000 and 1999 of \$6,505,882 and \$7,660,935, respectively. The assets received and liabilities incurred in conjunction with these agency transactions are included in the accompanying statements of financial position as follows at June 30:

	2000	1999
Cash equivalents	\$ 2,829,582	2,263,897
Marketable securities	9,900,839	7,558,051
Long-term investments	30,697	36,120
Receivables	576,899	405,954
Inventories	6,079	6,474
Prepaid expenses and deferred charges	1,850	6,977
Due from other activities	19,002,786	16,876,800
Property, plant and equipment, net	4,394,869	3,875,658
Accounts payable	(444,811)	(495,766)
Accrued liabilities	(69,828)	(49,438)
Deferred income	(3,350)	(5,000)
Unitrust liability	(167,521)	(178,267)
Net deposits held in custody for others	\$ 36,058,091	30,301,460

(Continued)

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements

June 30, 2000 and 1999

(i) 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 and auxiliary activities, less the general and administrative allocation to auxiliary activities, totaled \$33,317,047 and \$32,126,972 for the years ended June 30, 2000 and 1999, respectively.

(j) Estimates

In preparing financial statements in conformity with generally accepted accounting principles, 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.

(k) 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.

(l) Reclassifications

Certain information from the prior year has been reclassified to conform with the current year presentation.

(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>2000</u>	<u>1999</u>
Agriculture state share reserve	\$ 75,000	75,000
Equipment replacement	2,020,722	1,586,977
Faculty/staff housing	15,000	15,000
Foundation emergency reserve	120,152	120,152
Indirect cost disallowance	130,936	130,936
Interim Design Center	1,104,506	1,168,218
Pine Tree Ranch operations	77,089	77,089
University projects initiative	—	54,144
Voorhis fellowship	32,425	30,766
Other	8,440	31,792
	<u>\$ 3,584,270</u>	<u>3,290,074</u>

(Continued)

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements

June 30, 2000 and 1999

Expenditures of Board-designated assets on activities, net of interest earned, for the years ended June 30, 2000 and 1999 are summarized as follows:

	<u>2000</u>	<u>1999</u>
Athletic program	\$ 40,000	40,000
News and publications	134,750	154,813
Office of Development	162,851	123,790
Public relations	210,954	78,170
Resident Dining equipment	—	34,868
Special Foundation grants	4,881	2,763
	<u>553,436</u>	<u>434,404</u>
Less interest earned	<u>(11,567)</u>	<u>(4,234)</u>
Net designated expenses	\$ <u>541,869</u>	<u>430,170</u>

(4) Grants and Contracts

The Foundation serves as administrator for grants and contracts awarded to the University by government and private institutions. Contractual and earned receivables totaled \$2,959,951 and \$2,322,842 at June 30, 2000 and 1999, respectively, and are shown in the accompanying statements of financial position as “sponsored programs receivables.” Amounts received by the Foundation in advance of expenditures totaling \$2,614,824 and \$1,775,778 at June 30, 2000 and 1999, respectively, are presented in the accompanying statements of financial position as liabilities captioned as “receipts in excess of expenditures on specific sponsored programs.”

(5) Investments and Cash Equivalents

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

	<u>2000</u>	<u>1999</u>
Corporate debt securities	\$ 6,417,874	6,528,288
Treasury notes	2,999,808	3,043,053
Commercial paper	10,197,170	8,885,150
Cash equivalents	4,366,484	5,749,975
Equity securities	11,978,629	9,529,589
	\$ <u>35,959,965</u>	<u>33,736,055</u>

(Continued)

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements

June 30, 2000 and 1999

	<u>2000</u>	<u>1999</u>
Cash equivalents	\$ 4,366,484	5,749,975
Marketable securities	11,978,629	9,529,589
Other short-term investments	1,981,750	4,989,731
Long-term investments	<u>17,633,102</u>	<u>13,466,760</u>
	\$ <u>35,959,965</u>	<u>33,736,055</u>

In accordance with Foundation policy, investment income on investments and loans to campus programs accounts is shown in the accompanying statements of activities, net of allocations to agency and designated accounts. Such allocations total \$1,807,961 and \$1,739,191 in 2000 and 1999, respectively.

	<u>2000</u>	<u>1999</u>
Net realized and unrealized gains and losses	\$ 49,301	149,331
Interest and dividend income	<u>2,087,171</u>	<u>1,818,563</u>
	\$ <u>2,136,472</u>	<u>1,967,894</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>2000</u>	<u>1999</u>
Cash equivalents	\$ 419,254	—
U.S. government obligations	772,515	—
Mutual funds	<u>—</u>	<u>1,041,087</u>
	\$ <u>1,191,769</u>	<u>1,041,087</u>

(6) Bonds and Note Payable

A summary of bonds and note payable at June 30, 2000 and 1999 follows:

	<u>2000</u>	<u>1999</u>
Bonds collateralized by the revenues generated by the student housing facility – Series 1990 B Bonds (a)	\$ 5,955,000	6,320,000
Five-year unsecured loan through the Student Loan Marketing Association (Sallie Mae) (b)	<u>335,000</u>	<u>655,000</u>
	6,290,000	6,975,000
Less current portion	<u>(775,000)</u>	<u>(685,000)</u>
Noncurrent portion of bonds and note payable	\$ <u>5,515,000</u>	<u>6,290,000</u>

(Continued)

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements

June 30, 2000 and 1999

- (a) In fiscal 1991, the Foundation issued Series 1990 B Bonds in the amount of \$8,000,000 to finance construction of a student housing facility (Phase II of II) which began in September 1991. The facility is located on land leased from the University. During fiscal 1994, the Foundation negotiated to restructure the conditions of the bonds. The remaining restructured bonds bear interest at varying rates averaging 6.8%; 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 collateralized by property and the revenues generated by the student housing facility. The bonds are redeemable at the option of the Foundation on any interest payment date on or after February 1, 2003 through August 1, 2003 at 102%; February 1, 2004 through August 1, 2004 at 101%; and at 100% from February 1, 2005 and thereafter.
- (b) In July 1996, the Foundation obtained a five-year loan through the Student Loan Marketing Association (Sallie Mae). This financing agreement was for \$1,500,000 with interest to be paid at a rate tied to the three-month Reuters LIBOR rate plus .75% (approximately 7.5% at June 30, 2000) not to exceed 10%. Annual principal payments are due in June of each year, and the financing agreement with Sallie Mae matures on July 1, 2001.

The following is a schedule of five-year maturities under the bonds and note payable at June 30, 2000:

Year ending June 30:	
2001	\$ 775,000
2002	470,000
2003	500,000
2004	530,000
2005	565,000
Thereafter	<u>3,450,000</u>
	\$ <u><u>6,290,000</u></u>

Interest expense on the bonds and note payable totaled \$459,025 and \$524,754 for the years ended June 30, 2000 and 1999, respectively.

(7) Commitments

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, 2000 and 1999, such amount totaled \$214,632 and \$182,755, 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 2031.

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CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements

June 30, 2000 and 1999

The Foundation has various noncancelable operating lease agreements for retail space used in the operation of an off-campus bookstore, office and conference space, and office equipment, with terms ranging from 24 to 60 months.

Future minimum payments under noncancelable operating lease agreements at June 30, 2000 are as follows:

Year ending June 30:		
2001	\$	192,393
2002		87,434
2003		16,575
2004		<u>11,752</u>
		308,154
Less subrental income		<u>(174,230)</u>
Total	\$	<u><u>133,924</u></u>

Rental expense, net of subrental income, totaled \$89,154 and \$129,294 for the years ended June 30, 2000 and 1999, respectively.

(8) Pension Plan

The Foundation participates in a multiemployer 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, 2000 versus the information provided by PERS have been determined to be immaterial to the Foundation's financial statements taken as a whole.

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CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements

June 30, 2000 and 1999

The Foundation's policy is to fund pension costs as incurred. No pension expense was recorded in the accompanying statement of activities for the years ended June 30, 2000 and 1999. The following table sets forth the most recent information provided by PERS which is as of June 30, 1998 (the latest date for which information is available):

Present value of benefits:	
Active members	\$ 10,511,683
Transfers	1,174,917
Vested terminations	922,019
Receiving payments	<u>5,610,216</u>
Total	18,218,835
Present value of future employer normal costs	3,936,440
Present value of future employee contributions	<u>2,367,174</u>
Entry age normal accrued liability	<u>11,915,221</u>
Actuarial value of assets:	
Employer reserves	15,274,895
Active employee account balances	<u>1,998,487</u>
Total valuation assets	<u>17,273,382</u>
Excess assets	<u>\$ 5,358,161</u>

(9) Unitrust Liability

The Foundation administers irrevocable charitable remainder trusts which 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 designated remainderman. Remainder trust funds designated to the Foundation are recorded as donations in the accompanying financial statements in the years received. At June 30, 2000 and 1999, there are no remainder trust funds designated to the Foundation. The remainder trust funds designated to campus organizations are recorded as an asset for the amount received and a corresponding liability in the agency classification in the accompanying statements of financial position.

(10) Transactions with the University

The Foundation and the University provide various services on each other's behalf. Such services are appropriately billed. At June 30, 2000 and 1999, receivables from other activities include approximately \$779,544 and \$446,067, respectively, due from the University, and accounts payable include approximately \$586,246 and \$531,939 due to the University at June 30, 2000 and 1999, respectively.

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CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements

June 30, 2000 and 1999

Amounts billed by the Foundation and included in revenues for the years ended June 30, 2000 and 1999 totaled approximately \$6,548,784 and \$5,852,660, respectively. Amounts billed to the Foundation and included in expenses for the years ended June 30, 2000 and 1999 totaled approximately \$3,033,403 and \$3,138,091, respectively.

(11) 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 attained age 50 while in service with the Foundation. The plan is contributory up to a predetermined cap. The Foundation's policy is to fund the cost of medical benefits in amounts determined at the discretion of management. The following table summarizes the Foundation's accrued postretirement benefit cost recorded in accrued liabilities in the accompanying statements of financial position:

	<u>2000</u>	<u>1999</u>
Accumulated postretirement benefit obligation:		
Retirees and dependents	\$ 1,641,952	1,523,916
Fully eligible active plan participants	1,944,975	1,693,384
Other active plan participants	161,629	359,967
	<u>3,748,556</u>	<u>3,577,267</u>
Unrecognized transition obligation	<u>(2,192,877)</u>	<u>(2,339,069)</u>
Accrued postretirement benefit cost	\$ <u>1,555,679</u>	<u>1,238,198</u>

Net periodic postretirement benefit cost included the following components:

	<u>2000</u>	<u>1999</u>
Service cost	\$ 120,429	111,508
Interest cost	277,079	264,918
Benefit payments made	(226,219)	(204,343)
Amortization of transition obligation over 20 years	<u>146,192</u>	<u>146,192</u>
Net periodic postretirement benefit cost	\$ <u>317,481</u>	<u>318,275</u>

The annual assumed rate of increase in the per capita cost of covered benefits (i.e., health care cost trend rate) is 3.5% and 3.0% for 2000 and 1999, respectively, and is assumed to increase gradually up to a maximum of 5% in subsequent years. The weighted-average discount rate used in determining the accumulated postretirement benefit obligation was 8% at June 30, 2000 and 1999.

(Continued)

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements

June 30, 2000 and 1999

(12) Subsequent Events

(a) *Transfer of Endowment Assets*

Subsequent to June 30, 2000, the Foundation transferred certain endowment assets totaling \$11,484,505 to Cal Poly Pomona, University Educational Trust (UET), a related organization. UET will assume ownership and investment management of these endowments, act as trustee and ensure that these monies are held and disbursed according to the donor restrictions. At June 30, 2000, such assets are included in cash and cash equivalents and marketable securities.

(b) *Bond Issuance*

In August 2000, the Foundation issued Series 2000 Bonds in the amount of \$5,070,000 for the purpose of financing a portion of the cost to construct three buildings to house the University's continuing education complex. The bonds bear interest at rates ranging from 4.25% to 5.50%. Serial bonds totaling \$2,150,000 are due annually beginning 2003 through 2015. Term bonds in amounts of \$1,265,000 and \$1,655,000 are due in 2020 and 2025, respectively.

CAL POLY POMONA FOUNDATION, INC.

Statement of Financial Position

June 30, 2000

Assets

Cash and cash equivalents	\$ 10,074,614
Cash and cash equivalents held by the CSU	163,943
Accounts receivable, net	4,838,630
Amounts receivable from the CSU	779,544
Amounts receivable from other auxiliary organizations	10,042
Investments	32,785,250
Inventories	2,440,917
Prepaid expenses and other assets	163,480
Property, plant and equipment, net	<u>18,397,309</u>
 Total assets	 \$ <u><u>69,653,729</u></u>

Liabilities and Net Assets

Liabilities:	
Accounts payable	\$ 1,831,761
Accrued salaries and benefits payable	2,428,129
Amounts payable to other auxiliary organizations	14,568
Amounts payable to the CSU	586,246
Accrued compensated absences	348,225
Depository accounts	36,058,091
Notes payable	6,290,000
Other liabilities	<u>3,794,185</u>
 Total liabilities	 51,351,205
 Unrestricted net assets	 <u>18,302,524</u>
 Total liabilities and net assets	 \$ <u><u>69,653,729</u></u>

See accompanying independent auditors' report.

CAL POLY POMONA FOUNDATION, INC.

Statement of Activities

Year ended June 30, 2000

Revenue		
s:		
Investment income	\$	328,511
Federal grants and contracts		4,992,441
State grants and contracts		1,535,284
Private gifts, grants and contracts		3,175,207
Sales and service of educational activities		4,470,206
Sales and service of auxiliary enterprises		22,640,197
Other		<u>1,030,688</u>
Total revenues		<u>38,172,534</u>
Expense		
s:		
Educational and general expenses:		
Instruction		11,741,067
Research		2,196,397
Institutional support		<u>1,277,673</u>
Total education and general expenses		<u>15,215,137</u>
Other expenses:		
Auxiliary enterprise expenses		20,377,909
Interest expense		<u>459,025</u>
Total other expenses		<u>20,836,934</u>
Total expenses		<u>36,052,071</u>
Net increase in net assets	\$	<u><u>2,120,463</u></u>

See accompanying independent auditors' report.