

CAL POLY POMONA FOUNDATION, INC.
CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA

Meeting of the Board of Directors, Number 360

September 23, 2014

2:00 pm – Andromeda Room @ Bronco Student Center Bldg. 35

AGENDA

ANNUAL MEETING

Roll Call

Page

I. **PRESIDENT'S REPORT**

J. Michael Ortiz, President

- A. Election and Appointment of 2014-15 Board Members:
(ATTACHMENT 360-I-A)

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Dr. Rebecca Gutierrez Keeton – appointment to Designated Director (Acting VP for Student Affairs)

Mr. James Cox – appointment to Designated Director-ASI President

Mr. Jared Tolbert – election to Student Director, ASI

II. **CONSENSUS ACTION ITEMS**

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

- A. Reading of Minutes 359 (05/22/14)
(ATTACHMENT 360-II-A)

J. Michael Ortiz
Board Chair

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- B. 2014-15 Board Meeting Schedule
(ATTACHMENT 360-II-B) A

G. Paul Storey
Executive Director

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- C. 2014-15 Board Committee Assignment
(ATTACHMENT 360-II-C) A

G. Paul Storey
Executive Director

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- D. Investment Report 4th Quarter 2013-14
(ATTACHMENT 360-II-D) A

David Prenovost
Senior Manager/CFO

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- E. Wells Fargo PCard Account Review
(ATTACHMENT 360-II-E)

David Prenovost
Senior Manager/CFO

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- F. Financial Highlights –Fiscal Year 2013-14
(ATTACHMENT 360-II-F)

David Prenovost
Senior Manager/CFO

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- G. 2013-14 External Child Care Ctr. Audit
(ATTACHMENT 360-II-G) A

David Prenovost
Senior Manager/CFO

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III. **ACTION ITEMS**

- A. Election of Officer-Vice Chair – 2014-2015
(ATTACHMENT 360-III-A)

G. Paul Storey
Executive Director

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- B. 2013-14 Financial and Single Audit Reports
(ATTACHMENT 360-III-B)

David Prenovost
Senior Manager/CFO

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- C. Endowment Spending Distribution Approval
(ATTACHMENT 360-III-C)

David Prenovost
Senior Manager/CFO

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- D. Innovation Village Phase V
(ATTACHMENT 360-III-D)

G. Paul Storey
Executive Director

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- E. KW Capital Budget Amendment-Collins College Expansion
(ATTACHMENT 360-III-E)

G. Paul Storey
Executive Director

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IV. DISCUSSION ITEMS

V. INFORMATION ITEMS

The following items provide information and reports by management staff to the committee. Staff and committee may engage in discussion on any item if requested by committee member or staff member.

A.	Kikka Replacement (ATTACHMENT 360-V-A)	G. Paul Storey Executive Director	219
B.	Executive Director's Report (ATTACHMENT 360-V-B)	G. Paul Storey Executive Director	220

VI. OPEN FORUM



Appointment of Designated Director-ASI President

James Cox is a senior biology student at Cal Poly Pomona. He has participated in various aspects of leadership on campus including bronco athletics, numerous clubs, and Associated Students Incorporated. He has also participated in statewide higher education advocacy efforts through the California State Student Association (CSSA). He is a member of Omega Psi Phi Fraternity Inc. –Phi Lambda Chapter, and has served as chaplain and keeper of records and seals. He has been appointed to serve as the student representative on the system-wide Admission Advisory Council which advises the chancellor about admission issues by reviewing system-wide admission policy and practices to ensure compliance with CSU Board of Trustees policy.

He plans on finishing his undergraduate career at the end of spring quarter, and wishes to pursue his master's degree.



Election of Student Director-ASI member

Jared Tolbert is going into his 3rd year at Cal Poly Pomona as an Animal Health Science Major. He plans on going to a Veterinary Graduate school and getting his Doctorate in Veterinary Medicine. His hobbies include dancing, reading, playing with animals, meditating, and attending music festivals. His involvement at Cal Poly includes: Encinitas Hall Council Marketing and Outreach chair, BEAT Volunteer, RISE participant and leader, Pi Kappa Phi Fraternity New Member Education Chair, Pi Kappa Phi New Member Educator, ASI Senator for the College of Agriculture, ASI Senator Pro Tempore, ASI Greek Council Senator, Vietnamese Dance Crew Dancer, and Animal Health Science and Technology Student Association Member.

CAL POLY POMONA FOUNDATION, INC.
California State Polytechnic University, Pomona

MINUTES OF MEETING NO. 359
OF THE
BOARD OF DIRECTORS
May 22, 2014

Pursuant to a written order by Dr. J. Michael Ortiz, delivered to each member of the Board of Directors on April 16, 2014, the Board of Directors of the CAL POLY POMONA FOUNDATION, INC. assembled and held a meeting on the campus of the California State Polytechnic University, Pomona, California, at 2:00 p.m. on May 22, 2014.

Present were; Dr. Marten denBoer, Ms. Susie Diaz, Ms. Rachel Dominguez, Dr. Winny Dong, Dr. Sep Eskandari, Dr. Doug Freer, Dr. Steven Garcia, Mr. Tom Goff, Mr. Devon Graves, Dr. Richard Lapidus, Ms. Christine Hall, Mr. John McGuthry, Dr. J. Michael Ortiz, Mr. James Priest, Dr. David Speak, Ms. Michelle Stoddard, Ms. Kathy Tully, and Ms. Cynthia Williams.

Absent were; Ms. Mei Lien Chang, Mr. Jack Kulp, Mr. Johndaniel Morales, Mr. Lowell Overton, Mr. Oliver Santos, and Mr. Mickey Segal

Mr. Ken Fisher, Ms. Anne McLoughlin, Mr. Dennis Miller, Mr. Aaron Neilson, Ms. Debra Poe, Mr. David Prenovost, and Mr. G. Paul Storey were invited guests.

Dr. Ortiz called the meeting to order at 2:05.

First order of business was the election of 2014-15 Board Members; Mr. W. James Priest - re-election to Community Member and Dr. Mahyar Amouzegar - election to Dean Director

A motion was made by Marten denBoer to accept the new Board Members and was seconded by John McGuthry and unanimously approved.

I. PRESIDENT'S REPORT

1. The current California state budget is not as taxing on the CSU system as in years past, although funds are still tight.
2. \$95 million has been requested from the state by the CSU system for an additional 2,500 students.
3. Our faculty continues to do a great job with our students and as a result Cal Poly Pomona graduates are ranked 74th out of 1312 institutions in a nationwide analysis in regards to return on investment.
4. We will soon be celebrating the successful completion of our \$150 million fund raising campaign and may even exceed it by several million.
5. The President recognized the Board for their service and support to Cal Poly Pomona. He noted that Paul Storey is recognized as an excellent Executive Director and the Cal Poly Foundation is one of the best Auxiliary Organizations in the CSU.

II. CONSENSUS ITEMS

- A. Reading of Board Meeting Minutes # 358.
- B. Financial Highlights 3rd Quarter 2013-14
- C. 2013-14 External & Financial Single Auditor Selection
- D. 2013-14 Child Care Auditor Selection
- E. Investment Report 3rd Quarter 2013-14

There were no questions or comments and Dr. Ortiz stated the Consensus Items are approved by consent.

III ACTION ITEMS

- A. Election of Officers – 2014-2015

Paul Storey explained that per the Cal Poly Pomona Foundation Bylaws, Dr. J. Michael Ortiz, chairperson of the Board, selected Dr. Steven Garcia, Dr. Richard Lapidus and Dr. Winny Dong to serve on the 2013-2014 Nominating Committee. The Nominating Committee met on May 13, 2014 and selected Chairman Dr. J. Michael Ortiz, Vice-Chair Dr. Douglas Freer and Secretary/Treasurer Ms. Rachel Dominguez for the slate of Board officers for 2014-2015.

A motion was made by Tom Goff to approve the slate of officers presented by the Nominating Committee for the fiscal year 2014-2015. The motion was seconded by Susie Diaz and approved, 18 Ayes, 0-Abstentions, 0-Nays.

B. Budget 2014-2015

Paul Storey presented the Cal Poly Pomona Foundation's proposed budget for 2014-15 and forecast for 2013-2014. The proposed operating budgets and forecast include: General Activities (Administration; Real Estate & Investments) Enterprise Activities (Bookstore/Dining Services/Kellogg West/Foundation Housing); Supplemental Programs (Research Office, Agriculture Units, Continuing Education, Restricted and Unrestricted Foundation Programs); Designated Gifts; Reserves and Capital Budgets; along with the Summary of Sources and Uses and Working Capital; Statement of Activities; Debt Service Coverage; and Long Term Cash Plan/Reserves.

The budget includes contributing a blended rate of 9.2% to the three pension Plans with CALPERS for a total of approximately \$886,000 and a 3% or approximately \$200,000 wage adjustment for eligible employees ("Eligible employees" are regular benefited employees paid from non-grant funds, who were hired prior to the beginning of this 2013-14 fiscal year and who have not had any pay adjustments due to promotions or job restructures during the 2013-14 fiscal year, and includes the two Officers of Foundation); and contribute \$1.0 million to the VEBA Trust.

Included in the proposed budget are capital expenditures of \$3.3 million and carryover of \$1.0 million for a total of \$4.36 million, principal debt payment of \$820,000 and contribution to reserves of \$2.52 million. The Designated Gift contribution to the University is \$1,777,109 and includes \$895,550 Presidents request, \$690,900 to University Advancement, \$110,000 for Research and Graduate Studies, \$65,000 Administrative Operating Endowment request, and Faculty Staff Café deficit of \$15,659. Over the past five years the Foundation Board has designated over \$6.1 million in cash for the benefit of the University.

A motion was made by Marten denBoer to approve the proposed operating and capital budgets for fiscal year 2014-15 for the General Activities, Enterprise Activities, Supplemental Programs, Designated Gifts and the Long-Range Cash Plan/Reserve. The motion was seconded by John McGuthry and approved, 18 Ayes, 0-Abstentions, 0-Nays.

C. 457 Plan Employee Conversion

Dennis Miller explained the PARS Vacation/Sick Leave Conversion Program allows the Foundation to provide eligible employees a supplemental retirement plan by converting a portion of their unused vacation and sick leave balances and contributing those funds directly into the individual employees PARS account on a tax-deferred basis. The budgeted amount for sick leave and vacation conversion is \$68,000 and \$60,000 respectively, totaling \$128,000.

It was noted that when an employee elects to convert unused vacation time there is no cost to Foundation since vacation amounts have already been earned and accrued. Also, when vacation and sick leave funds are converted the Foundation realizes a reduction in payroll taxes of approximately 9%, and a reduction in worker's compensation premiums.

A motion was made by Susie Diaz to approve the funding for the PARS Vacation/Sick Leave Conversion Plan. The motion was seconded by James Priest and approved, 18 Ayes, 0-Abstentions, 0-Nays.

IV. DISCUSSION ITEMS

None

V. INFORMATION ITEMS

A. Dining Services Satisfaction Survey Results

Aaron Neilson presented the Dining Services NACUFS Customer Satisfaction Survey results for the Cal Poly Pomona campus community. For the 1,500 respondents, 66% were commuters, faculty and staff, and 34% were resident students. Our year-over-year results continue to improve. We exceeded our overall satisfaction number by nearly 2% versus prior year following an increase of 4.3% from the previous survey. Foundation Dining far exceeded the overall satisfaction of our peers in the Pacific Region.

B. Village Housing Residential Experience Survey Results

Ken Fisher presented the results of the 2014 Village Housing Residential Experience survey results which were administered through the use of mobile technology during fall and winter quarters. The survey was redeveloped with more relevant questions and was administered to all available students with over 701 or 56% of the resident students completed the survey. The overall satisfaction for Village Housing is 97.8% for 2013-2014.

C. Foundation Summer 4/10 Schedule Update

Dennis Miller explained the Foundation will work the summer 4/10 schedule again starting June 16, 2014, basically following the university's 4/10 summer schedule with a few exceptions. The university will return to their regular work schedule at the end of August and the Foundation will return to their regular work schedule the third week of September. The Foundation will make arrangements to cover the University's five day work week in September.

D. Dining Service/Bookstore Summer and Fall Operating Hours

Paul Storey presented the Dining Services and Bookstore summer and fall hours of operation. These hours of operation provide the campus community with the best selection in a fiscally responsible manner.

E. Executive Director's Report

- a. Bronco Bookstore conducted a physical inventory at the end of April and discovered approximately \$18,000 in textbooks were missing. A police report has been taken and the Bookstore is evaluating their procedures.
- b. The Poly Trolley received first place in the National Association of College and University Food Services 2014 Loyal E. Horton Dining Awards.
- c. The walkway near building 4 going up to Kellogg West and Collins College will be improved over the summer.

OPEN FORUM

Dr. Ortiz and Paul Storey extended thanks and recognition to the Board Members whose terms are ending; Dr. Richard Lapidus' term as Dean Director has ended after 3 years of service, Ms. Christine Hall's term as ASI President has ended and Mr. Johndaniel Morales' term as Student Director has ended.

Meeting adjourned at 3:35 p.m.

Respectfully submitted,


Rachel Dominguez
Secretary/Treasurer

CAL POLY POMONA FOUNDATION, INC.

Quality Service Supporting Quality Education

2014-2015 Committee Assignments

Finance Committee

Dr. Steven Garcia, *Chair*
Mr. James Cox
Dr. Marten denBoer
Ms. Rachel Dominguez
Dr. Rebecca Gutierrez Keeton
Mr. Jack Kulp
Mr. John McGuthry
Mr. Oliver Santos
Mr. Mickey Segal
Dr. David Speak
Ms. Michelle Stoddard
*Mr. Darwin Labordo

Personnel Committee

Dr. Steven Garcia, *Chair*
Dr. Mahyar Amouzegar
Mrs. Mei Lien Chang
Ms. Susie Diaz
Dr. Winny Dong
Dr. Sep Eskandari
Mr. Devon Graves
Mr. James Priest
Ms. Cynthia Williams
*Ms. Sharon Reiter

Audit Committee

Mr. James Priest, *Chair*
Mr. Devon Graves
*Mr. Darwin Labordo
*Ms. Joice Xiong

Nominating Committee

Mr. John McGuthry
Ms. Michelle Stoddard
Ms. Rachel Dominguez

Investment Committee

Mr. Thomas Goff, *Chair*
Dr. Steven Garcia
Ms. Kathy Tully
Dr. Mahyar Amouzegar
Mr. Jared Tolbert
*Mr. Darwin Labordo

Program Committee

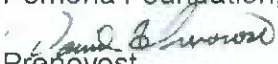
Dr. Rebecca Gutierrez Keeton, *Chair*
Dr. Winny Dong
Ms. Susie Diaz
Dr. Sep Eskandari
Mr. Jared Tolbert
Mr. John McGuthry
Mr. Lowell Overton
Ms. Michelle Stoddard
Ms. Cynthia Williams
*Mr. Frank Ewers

Executive Committee

Dr. J. Michael Ortiz, *Chair*
TBD-Vice Chair
Ms. Rachel Dominguez
Mr. James Cox
Dr. David Speak
Mr. Oliver Santos

Memorandum



Date: August 25, 2014
To: Board of Directors
Cal Poly Pomona Foundation, Inc.
From: 
David F. Pfenovost
Senior Managing Director/CFO

Subject: INVESTMENT HIGHLIGHTS – Fourth Quarter 2013-14

GENERAL INVESTMENT PORTFOLIO

The General Investment Portfolio (Portfolio) has a current market value of \$39.2 million at June 30, 2014, please see Asset Class ranges and target worksheet as well as Graystone's report of funds managed for asset allocation and performance.

Per the Foundation's Policy # 133, only the annualized yield is distributed; the annualized yield was 1.35% and the scholarship programs received \$44,735 and the Foundation programs received \$354,383.

The Foundation has received capital call notices and has contributed \$203,750 against its commitment of \$250,000 to Capital Partners IV and \$565,125 against its commitment of \$750,000 to Capital Private Equity Partners VII. The value of the Non-Marketable Investments is \$828,965 as of March 31, 2014, please see Common Fund Private Programs Investment report for further details.

The Alternative Investment in Innovation Way Infrastructure is \$2.3 million and for the fiscal year 2013-14 was charged \$42,520 per the terms of the investment. This alternative investment repaid \$300,000 in the first quarter of fiscal year 2014-15.

ENDOWMENT INVESTMENT PORTFOLIO

The Endowment Investment Portfolio (Portfolio) has a market value of \$86.6 million at June 30, 2013; please see Graystone's report for asset allocation and performance.

Recommended Action: The Foundation's Endowment and General Investment Policies 130 and 131 requires a comprehensive quarterly report of the investment portfolios performance be provided to the Investment Committee and Board of Directors at a regularly scheduled meeting. Foundation management believes that the quarterly investment reports are in compliance with the investment policies and recommends the quarterly investment reports be approved by the Board of Directors.

PASSED AND ADOPTED THIS 23rd DAY OF SEPTEMBER 2014.

By: 
Rachel Dominguez, Secretary
Board of Directors

Cal Poly Pomona Foundation

Capital Markets Commentary

June 30, 2014

Graystone Consulting

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Capital Markets Observations: Q2-2014 Recap

Factors driving the capital markets and influencing asset values in the recent quarter...

- Global capital markets appear to be back on track, after enduring a meandering detour in the first half of 2014.
 - Entering Q2, investor sentiment remained tentative, but the methodical **accumulation of positive data points reassured market observers that US economic growth was back on course** after a temporary weather-related pause. For instance, US non-farm payrolls averaged a monthly gain of 272,000 in Q2 and the jobless rate dropped to 6.1%. Meanwhile, non-US markets also stabilized, supported by various monetary and other policy initiatives. However, growth potential could remain muted due to a lack of *re-leveraging* (see p. 6).
 - Even though Fed Chair Yellen distanced herself from her recent blunt remarks about raising interest rates, the Fed is still moving towards a well-telegraphed policy shift. With the Fed's bond-buying program set to expire in October, **market expectations have centered on March/April 2015 as the probable lift-off date for interest rate hikes**. In June, St Louis Fed President Bullard assured investors that the US economy is now on solid footing and can tolerate higher rates. Meanwhile, both the European Central Bank (ECB) and the Bank of Japan continue to offer policy support by adding to global liquidity. Indeed, ECB President Draghi offered a new round of policies in June.
 - The disruptive market rotation that closed Q1 extended into April, causing volatility and losses among high-priced Internet and biotech securities, but growth-sensitive risk assets slowly recovered and established a leadership role as Q2 unfolded.
 - By late June, the Energy and Technology sectors were pacing the markets along with US small-cap securities, Emerging Markets and Frontier Markets. Meanwhile, high-quality US bonds again posted gains in Q2 due mostly to steady foreign demand, but the bond strength showed signs of fading by late June due to a growing awareness that Fed Policy changes are up ahead.

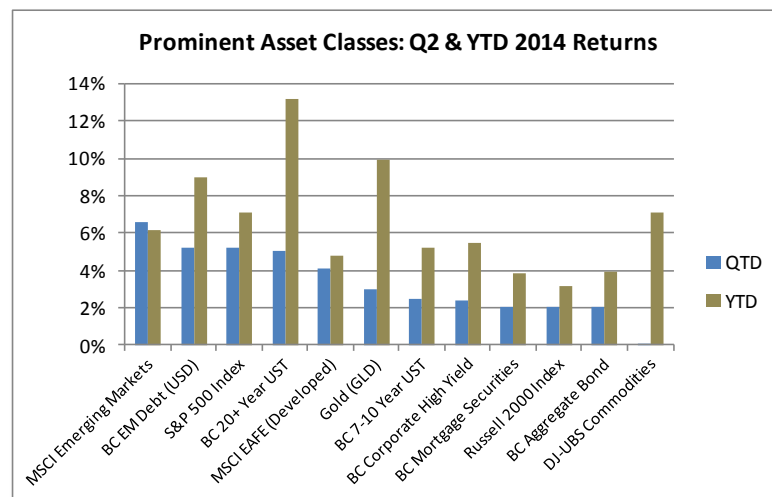


Fed Chair Janet Yellen settled into her role at the FRB. She appears set to guide the Fed to a policy shift in 2015 – higher interest rates – but overall policy should remain accommodative.

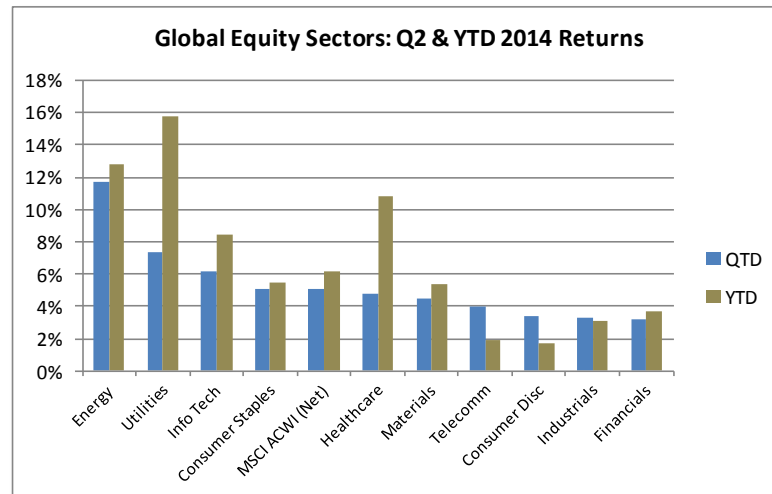
Capital Markets Performance Summary: Q2-2014

Global capital markets appear to be back on track, after enduring a meandering detour to begin 2014...

Global Asset Class Returns	QTD	YTD	1 Year Return	1 Year Risk
MSCI Emerging Markets	6.60%	6.14%	14.31%	11.81%
BC EM Debt (USD)	5.24%	8.99%	11.04%	6.30%
S&P 500 Index	5.23%	7.14%	24.61%	9.07%
BC 20+ Year UST	5.06%	13.19%	6.57%	8.08%
MSCI EAFE (Developed)	4.09%	4.78%	23.57%	10.56%
Gold (GLD)	2.96%	9.88%	7.71%	16.42%
BC 7-10 Year UST	2.49%	5.20%	3.15%	4.51%
BC Corporate High Yield	2.41%	5.46%	11.73%	2.82%
BC Mortgage Securities	2.09%	3.81%	6.13%	2.28%
Russell 2000 Index	2.05%	3.19%	23.64%	12.62%
BC Aggregate Bond	2.04%	3.93%	4.37%	2.29%
DJ-UBS Commodities	0.08%	7.08%	8.21%	8.50%



Global Equity Sectors (ACWI)	QTD	YTD	1 Year Return	1 Year Risk
Energy	11.71%	12.81%	28.35%	11.65%
Utilities	7.40%	15.77%	22.98%	9.35%
Info Tech	6.21%	8.42%	31.03%	7.98%
Consumer Staples	5.10%	5.49%	14.50%	10.60%
MSCI ACWI (Net)	5.04%	6.18%	22.95%	9.27%
Healthcare	4.81%	10.78%	28.48%	9.46%
Materials	4.46%	5.38%	22.41%	9.23%
Telecomm	3.97%	1.95%	18.12%	9.91%
Consumer Disc	3.44%	1.68%	20.74%	11.89%
Industrials	3.31%	3.14%	24.45%	10.50%
Financials	3.20%	3.74%	19.07%	10.52%



Note: 1-year risk reflects standard deviation of monthly returns.

Sources: FactSet, Graystone Consulting 6/30/2014

Capital Markets Highlights: Q2-2014

US & Global Equities

- US equities marched higher as economic data stabilized. Japan and Europe reported mixed data, but policy initiatives provided support. The S&P 500 gained 5.2%. Japan and Europe gained 6.7% and 3.3%, respectively.
- Energy was the top-performing global sector based on a positive demand outlook, attractive valuations, rising crude prices, and investor preferences for cyclical exposures. S&P 500, Russell 2000, and ACWI energy sectors gained 12.1%, 10.6%, and 11.4% respectively.
- Emerging Markets rallied 6.6% in Q2, but remain bifurcated as observers debate the strength of fundamentals. India gained 12.7% on positive election results and *dislocated* Russia rebounded 10.7%. Positive EM fund flows signaled improving investor sentiment.

Commodities & Real Assets

- In the ongoing search for yield, cash-flow generating real assets surged in Q2. The Alerian MLP Index gained 14.2%. Dow Jones US and international real estate funds gained 7.0% and 8.8%, respectively.
- Diversified commodities were flat in Q2. Agriculture commodities declined 10.0%, but economically-sensitive energy (+4.4%) and base metals (+8.5%) gained with an improving global growth assessment. Meanwhile, precious metals gained in response to rising inflation and escalating geopolitical tensions. Gold was up 3.0% in Q2.

Global & Specialty Fixed Income

- High-quality US bonds continued to defy expectations as intermediate and long-duration interest rates moved lower. From a global perspective, US Treasuries (UST) continue to offer a relative yield advantage, resulting in steady demand from foreign buyers. The UST 10-year closed Q2 at a yield of 2.53%. German and Japanese 10-year bonds yielded 1.25% and 0.55%, respectively.
- The BC Aggregate Bond Index gained 2.0% in Q2, but long-duration USTs gained 5.1%. Investment-grade corporates gained 2.7%. High-yield bonds gained 2.4% as credit spreads remained at pre-crisis lows of +353.
- Non-US sovereign debt gained as central banks provided ongoing liquidity. The Citigroup WGBI gained 2.3%. EM debt attracted positive fund flows and gained 5.2%.

Hedge Funds & Alternative Strategies

- The HFRX Global Hedge Fund Index gained 0.7% in Q2. Directional hedge funds struggled early in Q2 during the market rotation that caused losses in momentum securities. In response, many funds reduced risk exposures, resulting in muted gains as Q2 unfolded.
- Event Driven strategies gained 1.6% in Q2 and continue to benefit from corporate activity including M&A, debt restructurings, activist investing, and other situations.
- Macro/CTA funds continued to lag with a gain of 0.3%.

Sources: Russell Investments, FactSet, MSCI Barra, Barclays Capital, S&P Capital IQ, Bespoke Investment Group, HFRI

The information contained herein has been taken from sources¹¹ deemed reliable, but there is no guarantee of its complete accuracy.

Current Capital Markets Viewpoints

Current market views that shape our portfolio positioning and performance expectations:

- Global GDP outlook appears stable, but growth levels remain muted due to a lack of *re-leveraging* by consumers and corporations. This could restrain growth potential, but also extend the cycle by limiting near-term recession risk.
 - **US private sector growth has been steady and should strengthen through the balance of 2014**, supported by positive trends in employment and housing, which resumed in Q2 as weather conditions improved. Consumers have deleveraged; corporations have been slow to invest, but after an increase in both stock repurchases and M&A activity, an acceleration in corporate capital spending (CAPEX) is now expected.
 - **Developed Markets have stabilized and indicators suggest continued (if uneven) improvement**. Europe's austerity measures have expired, but loan growth is still modest as banks sit on reserves and repair capital bases. Nonetheless, growth and productivity are slowly improving, and Draghi initiated a new series of expansive liquidity programs in Q2. Meanwhile, Japan's recovery stalled in early 2014, but "bad news is good news" as investors anticipate cuts in corporate tax rates and other structural reforms to promote growth.
 - **Emerging Markets continue to show divergent economic outcomes** due to a myriad of concerns (e.g. inflation, growth potential, debt levels, currency values, monetary policy). Index valuations remain cheap by historical measures, but hide a more nuanced picture: Many large state-owned enterprises (SOEs) trade at single-digit multiples due to shrinking businesses, while many smaller private companies – with better growth fundamentals – trade at much higher valuations. Positive fund flows in Q2 suggest sentiment has bottomed.
- Corporate balance sheets & profitability remain solid, especially in the US with signs of improvement in Europe and Japan. **Equity valuations remain reasonable, but are now more fully valued with above-average prices for certain market segments**. Risk assets offer opportunities, but a more discriminating approach could be in order.
- **Interest rates seem poised to move higher in the US** due to the expected shift in Fed Policy, but rate increases could be limited due to foreign demand and the increasingly accommodative policies of the ECB and BoJ. Our base-case anticipates a gradual normalization process with rates trending higher towards the end of 2014 and into 2015.

Portfolio Positioning Insights

Compelling opportunities are currently limited, but this could change as data points emerge...

- Macro policy factors remain a key source of short-term market volatility, but underlying economic and corporate fundamentals have been trending positively and could exert greater influence throughout 2014.
 - We continue to favor **risk-based assets over safe-haven assets**, including equities over interest-rate sensitive bonds. Within equities, we favor growth-oriented cyclicals over defensive/yield-oriented sectors. Across asset classes, we favor **active and less market-dependent event driven strategies**.
 - **US equities present favorable risk/reward** based on relative stability and consistency, but higher valuations make the US a bit less compelling. **Europe's recovery is continuing at an uneven pace**, supported by ECB policy initiatives, but sentiment has improved and valuations are now less compelling due to recent gains. **Japan is less expensive with ongoing policy support** and could be more sensitive to a global recovery.
 - **Emerging Markets offer long-term growth potential, but the current environment remains uncertain**. Capturing such opportunities requires a selective methodology. We favor an active/non-index approach, targeting preferred EM revenue sources and all-cap privately-run businesses, including Frontier Markets. Recent behavior suggests EM sentiment has bottomed, leading to a potentially favorable environment with positive fund flows. (As an aside, EM revenue exposure can be derived via DM-based global companies.)
 - In fixed-income, we continue to favor **credit risk over interest rate-risk**, but credit spreads have tightened and risk/reward is less compelling. High-yield allocations must be monitored – and possibly trimmed where overweights exist. We favor long/short & event-driven credit strategies that provide unique *off-the-run* exposures. We remain underweight high-quality bonds, holding them for their defensive attributes, but as rates move higher, such *portfolio protection* and diversification should become more attractively priced.
 - Real assets – commodities, real estate, infrastructure, MLPs, natural resources – are expected to provide diversification and inflation protection. Inflation has been muted, but remains a long-term risk. Our real asset allocations favor a mix of assets **growing cash flows with capital appreciation potential**.

Graystone House Views – July 2014

On the topics of US economic strength and a potential shift to higher interest rates:

“Yes, it’s a dovish committee, but I don’t think investors should be pricing in an even more dovish committee than what we’ve already got... I am starting to think the economy could tolerate at least a little bit of the central bank getting back to a more normal stance.”

- James Bullard, President, St. Louis Federal Reserve Bank, June 26, 2014

Topic	Current Outlook	Other Considerations
US Expansion	<ul style="list-style-type: none"> ▪ Economic growth validated in Q2, supported by employment gains ▪ Equity valuations modestly above average; credit spreads at pre-crisis levels; preferred risk exposures tied to company-specific factors 	<ul style="list-style-type: none"> ▪ Inflation pressures mounting as PCEPI approaches key 2% level, but global competitiveness still a positive ▪ Limits to market-wide gains in an extended expansion; more selective approach is favored going forward
European Recovery	<ul style="list-style-type: none"> ▪ Economic/profits recovery moving at an uneven pace; continued policy support and liquidity from the ECB ▪ Some prices ahead of fundamentals 	<ul style="list-style-type: none"> ▪ Core Europe (Germany and UK) is most stable, but more fully valued ▪ Distressed periphery (Spain, Italy), most volatile, but most upside
Japan Recovery	<ul style="list-style-type: none"> ▪ Domestic economy stabilizing after increases to consumption tax ▪ BoJ targeting a revival in consumer demand and spending; domestic businesses assumed to benefit 	<ul style="list-style-type: none"> ▪ Deflationary challenges persist (i.e. aging population, savings culture) ▪ Abenomics could lead to long-term growth initiatives that benefit shareholders (e.g. corporate tax cuts, rotation from bonds to equities)

Graystone House Views – July 2014

Topic	Current Outlook	Other Considerations
Emerging Markets	<ul style="list-style-type: none"> ▪ Bifurcated based on growth potential, inflation, currency factors, fiscal/monetary policies ▪ China has the willingness and financial strength to implement growth initiatives if needed ▪ Uncertainties persist, but surveys and recent positive fund flows suggest EM sentiment may have bottomed in Q1 	<ul style="list-style-type: none"> ▪ Overall index valuations remain inexpensive, but attractive growth assets are more fully valued ▪ Structural reforms in China point to long-term productivity gains and capital markets efficiencies ▪ Index betas could lead an initial liquidity-driven recovery phase, but active, non-index exposures are preferred over the long-term
High-Quality Fixed Income	<ul style="list-style-type: none"> ▪ Expect higher interest rates in 2014, but Fed policies remain supportive; maintain high-quality bonds for defensive purposes only 	<ul style="list-style-type: none"> ▪ Favor complex and less efficient strategies (i.e. MBS, ABS), interest rate hedges wherever possible
Credit Spread Strategies	<ul style="list-style-type: none"> ▪ Favor credit risk over interest rate risk; economic expansion continues with below-average default rates, but trimming overweights to HY 	<ul style="list-style-type: none"> ▪ Spreads continue to tighten, so gradually reduce exposures; favor off-the-run securities, hedged credit & relative value arbitrage trades
Event Driven Strategies	<ul style="list-style-type: none"> ▪ Lower correlations support bottom-up fundamental analysis; company-specific factors as drivers of return ▪ Increased corporate activity via M&A, spin-offs, restructurings, etc. 	<ul style="list-style-type: none"> ▪ Noticeable rotation from credit situations to equity positions in US ▪ European activity appears to be gaining momentum; seeing modestly increased asset sales by banks

Important Disclosures

To the extent the investments depicted herein represent international securities, you should be aware that there may be additional risks associated with international investing, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes, and differences in financial and accounting standards. These risks may be magnified in emerging markets. International investing may not be for everyone. Small capitalization companies may lack the financial resources, product diversification and competitive strengths of larger companies. In addition, the securities of small capitalization companies may not trade as readily as, and be subject to higher volatility than, those of larger, more established companies.

All mutual fund products and exchange traded funds are sold by prospectus, which contains more complete information about the fund. Please contact your Financial Advisor for copies. Please read the prospectus and consider the fund's objectives, risks, charges and expenses carefully before investing. The prospectus contains this and other information about the fund.

Bonds are subject to interest rate risk. When interest rates rise bond prices fall; generally the longer a bond's maturity, the more sensitive it is to this risk. Bonds may also be subject to call risk, which allows the issuer to retain the right to redeem the debt, fully or partially, before the scheduled maturity date. Proceeds from sales prior to maturity may be more or less than originally invested due to changes in market conditions or changes in the credit quality of the issuer.

Investing in alternative investments is speculative, not suitable for all clients, and intended for experienced and sophisticated investors who are willing to bear the high economic risks of the investment, which can include:

- loss of all or a substantial portion of the investment due to leveraging, short-selling or other speculative investment practices;
- lack of liquidity in that there may be no secondary market for the fund and none expected to develop;
- volatility of returns;
- restrictions on transferring interests in the fund;
- potential lack of diversification and resulting higher risk due to concentration of trading authority with a single advisor;
- absence of information regarding valuations and pricing;
- delays in tax reporting;
- less regulation and higher fees than mutual funds; and
- advisor risk.

Although the statements and data in this report have been obtained from, and are based upon, sources that the Firm believes to be reliable, we do not guarantee their accuracy, and any such information may be incomplete or condensed. All opinions included in this report constitute the presenters judgment as of the date of this report and are subject to change without notice. This report is for informational purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security. Past performance is not a guarantee of future results.

Actual returns would be reduced by expenses that may include management fees and costs of transactions. Expected return and risk (standard deviation) calculations are based on historical data for periods indicated.

The views expressed herein are those of the author and do not necessarily reflect the views of Morgan Stanley Wealth Management or its affiliates. All opinions are subject to change without notice. Neither the information provided nor any opinion expressed constitutes a solicitation for the purchase or sale of any security. Past performance is no guarantee of future results.

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Cal Poly Pomona Foundation

Investment Results as of June 30, 2014

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Cal Poly Pomona Foundation

Executive Summary

Type of Fund	Endowment
Time Horizon	Perpetuity
Investment Horizon	Over 10 Years
Target Return	Greater Los Angeles Area CPI + 5%
Normal Policy Allocation	40% S&P 500 / 30% EAFE / 30% BC Aggregate

Asset Allocation Guidelines

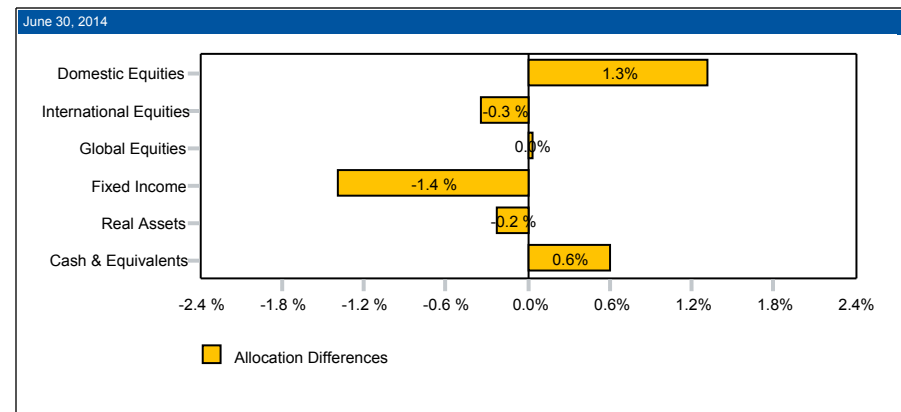
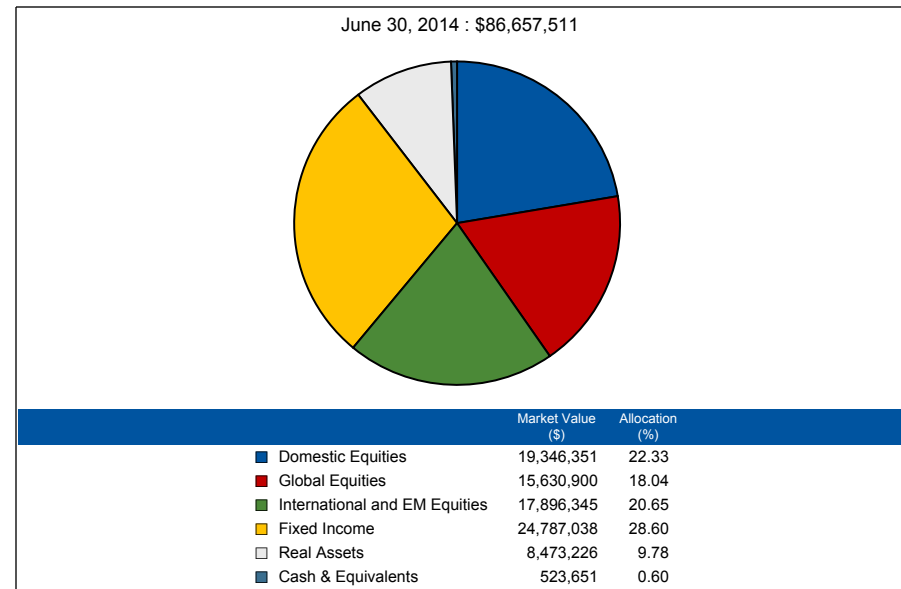
Asset Class	Allocation
Total Equities	60.0%
Domestic Equity	30.0%
International Equity	30.0%
Fixed Income includes MBS	30.0%
Domestic and International	30.0%
Real Assets	10.0%
Cash Equivalents	0.0%

**Cal Poly Pomona Foundation
Balances and Asset Allocation
June 30, 2014**



	Total Fund	
	(\$)	%
All/Large Cap Equities	15,706,487	18.12
Touchstone All Cap Growth	7,848,689	9.06
Aristotle Large Cap Value	7,857,798	9.07
Small/Mid Cap Equities	3,639,864	4.20
Keeley SMID Value*	1,777,361	2.05
Apex SMID Cap Growth*	1,862,503	2.15
International and EM Equities	17,896,345	20.65
William Blair International Growth	6,484,287	7.48
Harbor International Equity	6,421,412	7.41
DuPont Emerging Markets	4,990,646	5.76
Global Equities	15,630,900	18.04
First Eagle	7,833,822	9.04
Delaware Focus Global Growth	7,797,078	9.00
Total Public Equities	52,873,595	61.01
Domestic Fixed Income	18,437,854	21.28
PIMCO Total Return*	3,694,756	4.26
Met West Total Return	3,720,231	4.29
JP Morgan Strategic Income	6,806,563	7.85
Nuveen Symphony Credit Opportunities	4,216,305	4.87
Global Fixed Income	6,349,184	7.33
Brandywine Global Fixed Income	3,222,998	3.72
Templeton Global Bond Fund	3,126,186	3.61
Total Fixed Income	24,787,038	28.60
Real Assets	8,473,226	9.78
PIMCO AAAA	4,182,243	4.83
RS Global Natural Resources	4,290,983	4.95
Cash & Equivalents	523,651	0.60
Cash Holding Account	523,651	0.60
Cal Poly Pomona Foundation Total Fund	86,657,511	100.00

*Value includes dividend accruals not shown on statement



	Market Value (\$)	Allocation (%)	Target (%)
Domestic Equities	19,346,351	22.33	21.00
International Equities	17,896,345	20.65	21.00
Global Equities	15,630,900	18.04	18.00
Fixed Income	24,787,038	28.60	30.00
Real Assets	8,473,226	9.78	10.00
Cash & Equivalents	523,651	0.60	0.00
Total Fund	86,657,511	100.00	100.00

Cal Poly Pomona Foundation
Asset Allocation & Performance
As of June 30, 2014

	Allocation		Performance(%)										
	Market Value (\$)	%	Quarter To Date	Fiscal YTD	1 Year	3 Years	5 Years	Since Inception	Fiscal Year 2013	Fiscal Year 2012	Fiscal Year 2011	Fiscal Year 2010	Inception Date
Cal Poly Pomona Foundation Total Fund	86,657,511	100.00	3.52	15.80	15.80	8.21	12.68	8.68	10.95	-1.38	23.96	15.63	10/01/2008
Cal Poly Pomona Blended Benchmark			3.94	18.08	18.08	10.28	12.88	9.10	13.42	0.15	22.26	11.75	
Difference			-0.42	-2.28	-2.28	-2.07	-0.20	-0.42	-2.47	-1.53	1.70	3.88	
70% S&P 500 / 30% BC Aggregate			4.28	18.33	18.33	12.90	14.83	10.44	13.96	6.74	22.30	13.41	10/01/2008
Public Equities	52,873,595	61.01	3.97	21.41	21.41	9.89	15.25	9.52	15.49	-5.35	33.64	14.65	10/01/2008
MSCI AC World Net			5.04	22.97	22.97	10.26	14.28	9.12	16.58	-6.49	30.13	11.77	
Difference			-1.07	-1.56	-1.56	-0.37	0.97	0.40	-1.09	1.14	3.51	2.88	
Domestic Equities	19,346,351	22.33	4.48	28.21	28.21	15.67	18.76	12.01	20.83	-0.09	34.77	13.27	10/01/2008
Russell 3000			4.87	25.22	25.22	16.46	19.33	12.28	21.49	3.84	32.37	15.72	
Difference			-0.39	2.99	2.99	-0.79	-0.57	-0.27	-0.66	-3.93	2.40	-2.45	
Touchstone Westfield All Cap Growth	7,848,689	9.06	4.49	30.37	30.37	N/A	N/A	17.49	24.92	N/A	N/A	N/A	08/01/2011
Russell 3000 Gr			4.86	26.74	26.74	N/A	N/A	17.11	17.58	N/A	N/A	N/A	
Difference			-0.37	3.63	3.63	N/A	N/A	0.38	7.34	N/A	N/A	N/A	
Aristotle Large Cap Value	7,857,798	9.07	4.88	28.11	28.11	N/A	N/A	23.22	N/A	N/A	N/A	N/A	06/01/2013
S&P 500			5.24	24.62	24.62	N/A	N/A	21.01	N/A	N/A	N/A	N/A	
Difference			-0.36	3.49	3.49	N/A	N/A	2.21	N/A	N/A	N/A	N/A	
Keeley SMID Value	1,777,361	2.05	3.10	23.34	23.34	N/A	N/A	19.45	36.08	N/A	N/A	N/A	08/01/2011
Russell 2500 VI			4.19	24.94	24.94	N/A	N/A	18.04	26.87	N/A	N/A	N/A	
Difference			-1.09	-1.60	-1.60	N/A	N/A	1.41	9.21	N/A	N/A	N/A	
Apex SMID Cap Growth	1,862,503	2.15	4.01	30.48	30.48	N/A	N/A	19.31	25.33	N/A	N/A	N/A	08/01/2011
Russell 2500 Gr			2.89	26.26	26.26	N/A	N/A	16.91	24.02	N/A	N/A	N/A	
Difference			1.12	4.22	4.22	N/A	N/A	2.40	1.31	N/A	N/A	N/A	
Global Equities	15,630,900	18.04	3.80	16.29	16.29	N/A	N/A	9.58	12.09	N/A	N/A	N/A	08/01/2011
MSCI AC World Net			5.04	22.97	22.97	N/A	N/A	11.19	16.58	N/A	N/A	N/A	
Difference			-1.24	-6.68	-6.68	N/A	N/A	-1.61	-4.49	N/A	N/A	N/A	
First Eagle	7,833,822	9.04	3.39	17.81	17.81	N/A	N/A	10.07	12.08	N/A	N/A	N/A	08/01/2011
MSCI AC World Net			5.04	22.97	22.97	N/A	N/A	11.19	16.58	N/A	N/A	N/A	
Difference			-1.65	-5.16	-5.16	N/A	N/A	-1.12	-4.50	N/A	N/A	N/A	

*Cal Poly Pomona Blended Benchmark consists of 40% S&P 500/30% EAFE/30% BC Aggregate

Cal Poly Pomona Foundation
Asset Allocation & Performance
As of June 30, 2014

	Allocation		Performance(%)										
	Market Value (\$)	%	Quarter To Date	Fiscal YTD	1 Year	3 Years	5 Years	Since Inception	Fiscal Year 2013	Fiscal Year 2012	Fiscal Year 2011	Fiscal Year 2010	Inception Date
Delaware Focus Global Growth	7,797,078	9.00	4.23	N/A	N/A	N/A	N/A	10.67	N/A	N/A	N/A	N/A	10/01/2013
MSCI AC World Net			5.04	N/A	N/A	N/A	N/A	13.95	N/A	N/A	N/A	N/A	
Difference			-0.81	N/A	N/A	N/A	N/A	-3.28	N/A	N/A	N/A	N/A	
International and EM Equities	17,896,345	20.65	3.58	17.93	17.93	4.08	11.62	7.37	10.83	-13.73	30.71	17.59	10/01/2008
MSCI AC World ex US Net			5.02	21.75	21.75	5.74	11.11	7.28	13.65	-14.56	29.73	10.42	
Difference			-1.44	-3.82	-3.82	-1.66	0.51	0.09	-2.82	0.83	0.98	7.17	
William Blair International Growth	6,484,287	7.48	3.90	20.00	20.00	8.51	13.77	9.17	17.33	-9.26	27.92	16.64	10/01/2008
MSCI EAFE Net			4.08	23.57	23.57	8.10	11.77	7.40	18.63	-13.83	30.36	5.92	
Difference			-0.18	-3.57	-3.57	0.41	2.00	1.77	-1.30	4.57	-2.44	10.72	
Harbor International	6,421,412	7.41	3.34	21.48	21.48	6.97	13.52	8.38	14.10	-11.69	35.68	13.50	10/01/2008
MSCI EAFE Net			4.08	23.57	23.57	8.10	11.77	7.40	18.63	-13.83	30.36	5.92	
Difference			-0.74	-2.09	-2.09	-1.13	1.75	0.98	-4.53	2.14	5.32	7.58	
DuPont Emerging Markets	4,990,646	5.76	3.48	10.79	10.79	N/A	N/A	-2.11	-3.37	N/A	N/A	N/A	08/01/2011
MSCI EM Net			6.59	14.31	14.31	N/A	N/A	-0.25	2.87	N/A	N/A	N/A	
Difference			-3.11	-3.52	-3.52	N/A	N/A	-1.86	-6.24	N/A	N/A	N/A	
Fixed Income	24,787,038	28.60	1.96	5.57	5.57	4.86	6.94	7.57	3.43	5.60	5.49	14.98	10/01/2008
BC Aggregate			2.04	4.37	4.37	3.67	4.85	5.37	-0.69	7.47	3.90	9.50	
Difference			-0.08	1.20	1.20	1.19	2.09	2.20	4.12	-1.87	1.59	5.48	
PIMCO Total Return	3,694,756	4.26	2.36	4.47	4.47	3.06	5.55	6.52	-1.19	6.04	5.38	13.59	10/01/2008
BC Aggregate			2.04	4.37	4.37	3.67	4.85	5.37	-0.69	7.47	3.90	9.50	
Difference			0.32	0.10	0.10	-0.61	0.70	1.15	-0.50	-1.43	1.48	4.09	
Met West Total Return	3,720,231	4.29	2.15	5.92	5.92	N/A	N/A	5.73	4.76	N/A	N/A	N/A	08/01/2011
BC Aggregate			2.04	4.37	4.37	N/A	N/A	3.21	-0.69	N/A	N/A	N/A	
Difference			0.11	1.55	1.55	N/A	N/A	2.52	5.45	N/A	N/A	N/A	
JP Morgan Strategic Income	6,806,563	7.85	0.11	2.22	2.22	N/A	N/A	3.52	5.68	N/A	N/A	N/A	08/01/2011
BC Aggregate			2.04	4.37	4.37	N/A	N/A	3.21	-0.69	N/A	N/A	N/A	
Difference			-1.93	-2.15	-2.15	N/A	N/A	0.31	6.37	N/A	N/A	N/A	

*Cal Poly Pomona Blended Benchmark consists of 40% S&P 500/30% EAFE/30% BC Aggregate

Cal Poly Pomona Foundation
Asset Allocation & Performance
As of June 30, 2014

	Allocation		Performance(%)										
	Market Value (\$)	%	Quarter To Date	Fiscal YTD	1 Year	3 Years	5 Years	Since Inception	Fiscal Year 2013	Fiscal Year 2012	Fiscal Year 2011	Fiscal Year 2010	Inception Date
Brandywine Global Fixed Income	3,222,998	3.72	4.34	7.67	7.67	N/A	N/A	5.87	3.80	N/A	N/A	N/A	08/01/2011
Citi WGBI UnH			2.27	6.85	6.85	N/A	N/A	0.82	-4.50	N/A	N/A	N/A	
Difference			2.07	0.82	0.82	N/A	N/A	5.05	8.30	N/A	N/A	N/A	
Templeton Global Bond Fund	3,126,186	3.61	2.66	7.05	7.05	N/A	N/A	4.38	7.84	N/A	N/A	N/A	08/01/2011
Citi WGBI UnH			2.27	6.85	6.85	N/A	N/A	0.82	-4.50	N/A	N/A	N/A	
Difference			0.39	0.20	0.20	N/A	N/A	3.56	12.34	N/A	N/A	N/A	
Nuveen Symphony Credit Opportunities	4,216,305	4.87	2.18	N/A	N/A	N/A	N/A	7.95	N/A	N/A	N/A	N/A	10/01/2013
CS Leveraged Loan VL			1.45	N/A	N/A	N/A	N/A	4.65	N/A	N/A	N/A	N/A	
Difference			0.73	N/A	N/A	N/A	N/A	3.30	N/A	N/A	N/A	N/A	
Real Assets	8,473,226	9.78	5.52	6.07	6.07	N/A	N/A	4.38	3.29	N/A	N/A	N/A	08/01/2011
RS Global Natural Resources	4,290,983	4.95	7.13	N/A	N/A	N/A	N/A	7.42	N/A	N/A	N/A	N/A	10/01/2013
S&P NAM Natural Resources			13.17	N/A	N/A	N/A	N/A	22.28	N/A	N/A	N/A	N/A	
Difference			-6.04	N/A	N/A	N/A	N/A	-14.86	N/A	N/A	N/A	N/A	
PIMCO AAAA	4,182,243	4.83	3.92	6.93	6.93	N/A	N/A	4.77	3.29	N/A	N/A	N/A	08/01/2011
S&P 500			5.24	24.62	24.62	16.59	18.84	N/A	20.60	5.45	30.69	14.43	01/01/1961
BC Aggregate			2.04	4.37	4.37	3.67	4.85	7.92	-0.69	7.47	3.90	9.50	01/01/1976
HFRI FoF Composite			N/A	N/A	N/A	N/A	N/A	N/A	7.26	-4.51	6.68	4.68	01/01/1990

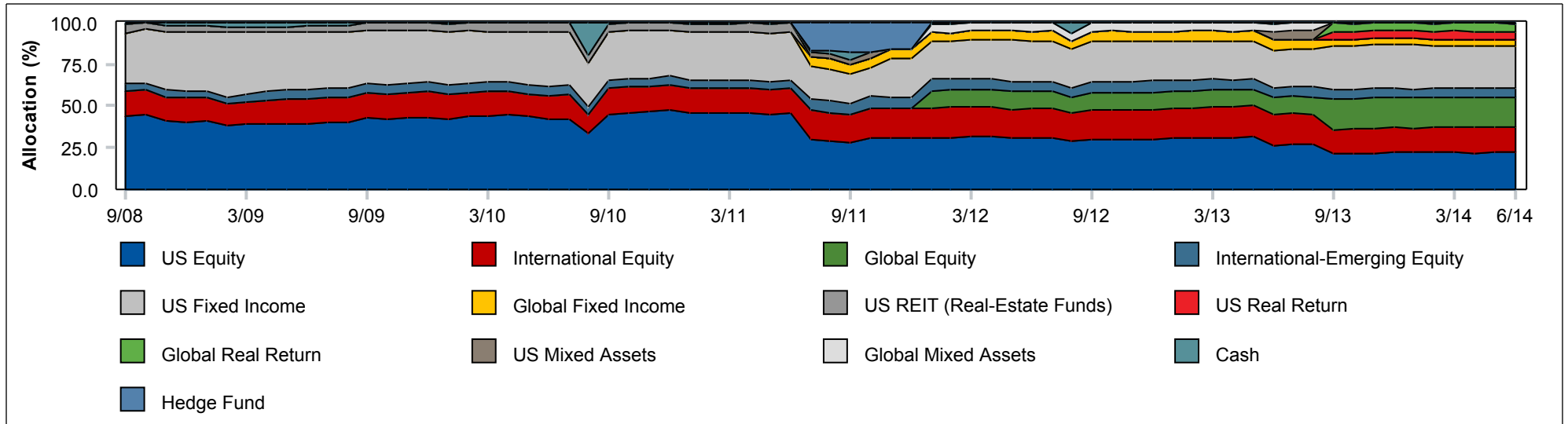
*Cal Poly Pomona Blended Benchmark consists of 40% S&P 500/30% EAFE/30% BC Aggregate

**Cal Poly Pomona Foundation
Performance and Asset Allocation History
June 30, 2014**

	Current Quarter	Fiscal YTD	Fiscal Year 2013	Fiscal Year 2012	Oct 2008 To Dec 2008	Since Inception	Inception Date
Cal Poly Pomona Foundation Total Fund							10/01/2008
Beginning Market Value	83,426,753	69,290,107	55,579,506	49,983,520	31,161,294	31,161,294	
Net Contributions	290,352	5,871,633	7,024,252	6,269,492	-475,941	27,823,012	
Fees/Expenses	-35,126	-146,319	-119,298	-120,966	-51,340	-773,914	
Income	252,631	2,576,070	2,423,285	1,213,128	630,728	9,423,429	
Gain/Loss	2,722,902	9,066,020	4,382,362	-1,765,668	-5,921,902	19,023,690	
Ending Market Value	86,657,511	86,657,511	69,290,107	55,579,506	25,342,839	86,657,511	

	Current Quarter	Fiscal YTD	Fiscal Year 2013	Fiscal Year 2012	Oct 2008 To Dec 2008	Since Inception	Inception Date
Cal Poly Pomona Foundation Total Fund	3.52	15.80	10.95	-1.38	-17.44	8.68	10/01/2008
Cal Poly Pomona Blended Benchmark	3.94	18.08	13.42	0.15	-13.59	9.10	10/01/2008
70% S&P 500 / 30% BC Aggregate	4.28	18.33	13.96	6.74	-13.99	10.44	10/01/2008

Asset Allocation Over Time



*Cal Poly Pomona Blended Benchmark consists of 40% S&P/30% EAFE/30% BC Aggregate

Disclosures

Index Definitions

Lehman Aggregate Bond Index

Lehman Aggregate Bond Index is an index comprised of approximately 6,000 publicly traded bonds including U.S. Government, mortgage-backed, corporate, and Yankee bonds with an approximate average maturity of 10 years. An investment cannot be made directly in a market index.

MSCI EAFE® Index (Europe, Australasia, Far East)

The MSCI EAFE® Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the US & Canada. As of May 2005 the MSCI EAFE Index consisted of the following 21 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom. An investment cannot be made directly in a market index.

Russell 1000® Index

Russell 1000® Index measures the performance of the 1,000 largest companies in the Russell 3000 Index, which represents approximately 92% of the total market capitalization of the Russell 3000 Index. An investment cannot be made directly in a market index.

Russell 1000® Growth Index

Russell 1000® Growth Index measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. An investment cannot be made directly in a market index.

Russell 1000® Value Index

Russell 1000® Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. An investment cannot be made directly in a market index.

Russell 2000® Index

Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 8% of the total market capitalization of the Russell 3000 Index. An investment cannot be made directly in a market index.

Russell 2000® Growth Index

Russell 2000® Growth Index measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values. An investment cannot be made directly in a market index.

Russell 2000® Value Index

Russell 2000® Value Index measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. An investment cannot be made directly in a market index.

Russell 2500™ Index

Russell 2500™ Index measures the performance of the 2,500 smallest companies in the Russell 3000 Index, which represents approximately 16% of the total market capitalization of the Russell 3000 Index. An investment cannot be made directly in a market index.

Russell 2500™ Growth Index

Russell 2500™ Growth Index measures the performance of those Russell 2500 companies with higher price-to-book ratios and higher forecasted growth values. An investment cannot be made directly in a market index.

Russell 2500™ Value Index

Russell 2500™ Value Index measures the performance of those Russell 2500 companies with lower price-to-book ratios and lower forecasted growth values. An investment cannot be made directly in a market index.

Russell 3000® Index

Russell 3000® Index measures the performance of the 3,000 largest U.S. companies based on total market capitalization, which represents approximately 98% of the investable U.S. equity market. An investment cannot be made directly in a market index.

Russell Midcap® Index

Russell Midcap® Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 25% of the total market capitalization of the Russell 1000 Index. An investment cannot be made directly in a market index.

Russell Midcap® Growth Index

Russell Midcap® Growth Index measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values. The stocks are also members of the Russell 1000 Growth index. An investment cannot be made directly in a market index.

Russell Midcap® Value Index

Russell Midcap® Value Index measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth values. The stocks are also members of the Russell 1000 Value index. An investment cannot be made directly in a market index.

Standard & Poor's 500 Index

S&P 500 Index is an unmanaged, market value-weighted index of 500 stocks generally representative of the broad stock market. An investment cannot be made directly in a market index.

Important Disclosures

To the extent the investments depicted herein represent international securities, you should be aware that there may be additional risks associated with international investing, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes, and differences in financial and accounting standards. These risks may be magnified in emerging markets. International investing may not be for everyone. Small capitalization companies may lack the financial resources, product diversification and competitive strengths of larger companies. In addition, the securities of small capitalization companies may not trade as readily as, and be subject to higher volatility than, those of larger, more established companies.

Bonds are subject to interest rate risk. When interest rates rise bond prices fall; generally the longer a bond's maturity, the more sensitive it is to this risk. Bonds may also be subject to call risk, which allows the issuer to retain the right to redeem the debt, fully or partially, before the scheduled maturity date. Proceeds from sales prior to maturity may be more or less than originally invested due to changes in market conditions or changes in the credit quality of the issuer.

Investing in alternative investments is speculative, not suitable for all clients, and intended for experienced and sophisticated investors who are willing to bear the high economic risks of the investment, which can include:

- loss of all or a substantial portion of the investment due to leveraging, short-selling or other speculative investment practices;
- lack of liquidity in that there may be no secondary market for the fund and none expected to develop;
- volatility of returns;
- restrictions on transferring interests in the fund;
- potential lack of diversification and resulting higher risk due to concentration of trading authority with a single advisor;
- absence of information regarding valuations and pricing;
- delays in tax reporting;
- less regulation and higher fees than mutual funds; and
- advisor risk.

Although the statements of fact and data in this report have been obtained from, and are based upon, sources that the Firm believes to be reliable, we do not guarantee their accuracy, and any such information may be incomplete or condensed. All opinions included in this report constitute the Firm's judgment as of the date of this report and are subject to change without notice. This report is for informational purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security. Past performance is not a guarantee of future results.

Actual returns would be reduced by expenses that may include management fees and costs of transactions. Expected return and risk (standard deviation) calculations are based on historical data for periods indicated.

International investing may not be suitable for every investor and is subject to additional risks, including currency fluctuations, political factors, withholding, lack of liquidity, the absence of adequate financial information, and exchange control restrictions impacting foreign issuers. These risks may be magnified in emerging markets.

Mutual fund investments are subject to market risk, including the possible loss of principal. They are sold by prospectus only. The prospectus contains the investment objectives, risks, fees, charges and expenses, and other information regarding the mutual fund and variable annuity contract and its underlying investments, which should be carefully considered before investing. Prospectuses are available through your Financial Advisor or at www.smithbarney.com. Read the prospectus carefully before you invest.

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The analysis is based on published investment manager rate of return data, capital market indices, custom (benchmarks, indices and universes), as well as software developed by Zephyr Associates. Investment manager rate of return data includes: Effron Plan Sponsor Network Database. Capital markets index data includes: Capital market indices (supplied by Zephyr), Canadian indices (supplied by Zephyr), Salomon Brothers Fixed Income indices, Morgan Stanley Capital International indices, and Dow Jones Global indices.

Zephyr StyleADVISOR uses principles of William Sharpe's theory of returns-based style analysis. Returns-based style analysis assists in identifying investment style without examining the individual security holdings of a portfolio. StyleADVISOR regresses the historical returns of the individual manager(s) against different style indices to identify the pattern of returns that the fund is most closely correlated to. SSB does not recommend the use of returns-based style analysis without the supporting fundamental research of the fund (research attribution reports).

The underlying data is believed to be reliable but accuracy and completeness cannot be assured. While the historical rates of return described in this report are believed to accurately reflect the overall nature of the portfolio, the constituent securities have not been reviewed. This evaluation is for informational purposes only and is not intended to be an offer, solicitation or recommendation with respect to the purchase or sale of any security or a recommendation of the services provided by any money management organization. Past results are not necessarily indicative of future performance.

Investors should consider the investment objectives, risks, charges, fees and expenses of the mutual fund carefully before investing. The prospectus contains more complete information about these factors and other information about the investment company. Read the prospectus carefully before you invest.

Cal Poly Pomona Foundation – General Investment Portfolio

Investment Results as of June 30, 2014

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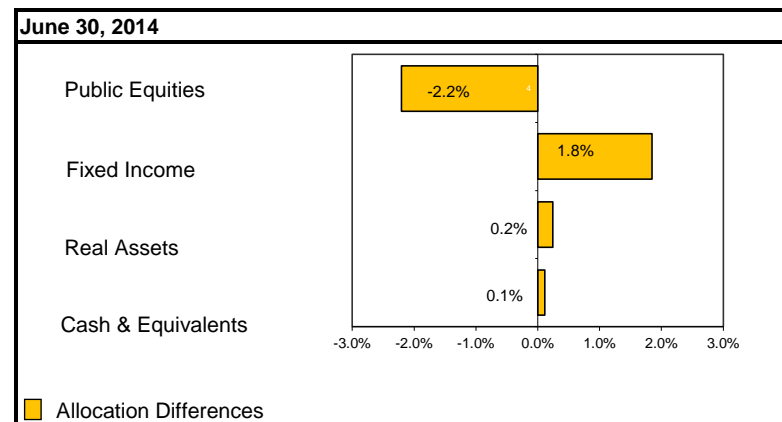
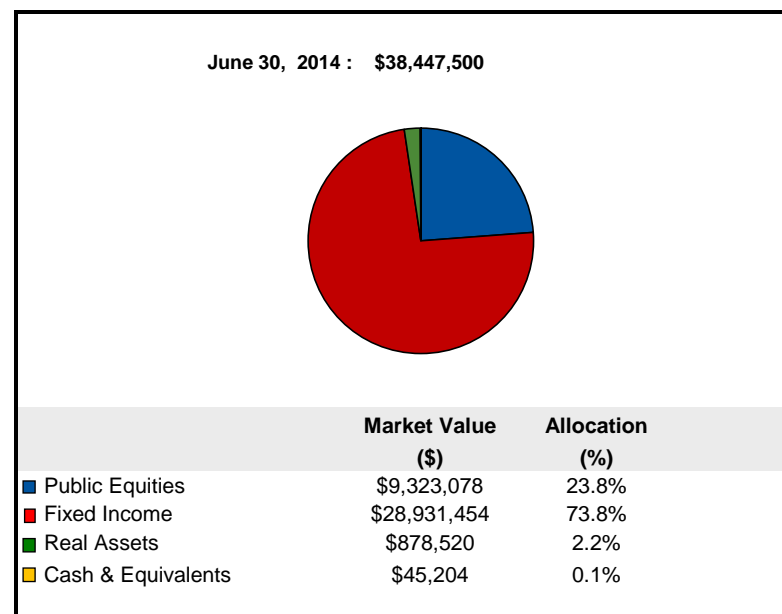
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Cal Poly Pomona Foundation - General Investment Portfolio
Balances and Asset Allocation
as of June 30, 2014

	Total Fund (\$)	(%)
Domestic Equities	\$3,145,321	8.0%
Touchstone Westfield All Cap Growth	\$1,273,448	3.3%
Aristotle Large Cap Value	\$1,321,391	3.4%
Apex SMID Cap Growth	\$274,613	0.7%
Keeley SMID Cap Value	\$275,868	0.7%
International and EM Equities	\$3,395,133	8.7%
Harbor International Value	\$1,451,332	3.7%
William Blair International Growth	\$1,459,797	3.7%
Dupont Emerging Markets	\$484,004	1.2%
Global Equities	\$2,782,624	7.1%
First Eagle Global	\$1,391,804	3.6%
Delaware Focused Global Growth	\$1,390,820	3.5%
Public Equities	\$9,323,078	23.8%
Fixed Income	\$28,931,454	73.8%
Doubleline Total Return	\$2,344,726	6.0%
JP Morgan Strategic Income	\$1,718,085	4.4%
Brandywine Global Opportunistic	\$1,234,928	3.2%
Nuveen Symphony Credit Opportunity	\$590,785	1.5%
PIMCO Low Duration	\$23,042,930	58.8%
Real Assets	\$878,520	2.2%
Barclays Ipath DJP UBS Commodities	\$137,977	0.4%
REMS Real Estate Value Opportunity	\$179,048	0.5%
Nuveen Symphony Credit Opportunity	\$239,555	0.6%
PIMCO All Asset All Authority	\$176,924	0.5%
RS Natural Global Resources	\$145,017	0.4%
Cash and Equivalents	\$45,204	0.1%
Cash and Equivalents	\$45,204	0.1%
General Investment Portfolio	\$39,178,257	100.0%



	Market Value (\$)	Allocation (%)	Target (%)
Public Equities	\$9,323,078	23.8%	26.0%
Fixed Income	\$28,931,454	73.8%	72.0%
Real Assets	\$878,520	2.2%	2.0%
Cash & Equivalents	\$45,204	0.1%	0.0%

The information contained herein was prepared by the undersigned for informational purposes only and does not represent an official statement of your account at the Firm. Please refer to your monthly statements for a complete record of your transactions, holdings and balances. Graystone Consulting is a business of Morgan Stanley Smith Barney.

Cal Poly Pomona Foundation - General Investment Portfolio
Asset Allocation & Performance
As of June 30, 2014

	Allocation		Performance(%)					
	Market Value (\$)	Quarter To Date	Fiscal YTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
General Investment Portfolio	39,178,257	1.75	4.02	4.02	N/A	N/A	2.25	03/01/2013
Cal Poly Pomona Blended Benchmark*		2.27	4.13	4.13	N/A	N/A	1.87	
Difference		-0.52	-0.11	-0.11	N/A	N/A	0.38	
Public Equities	9,323,078	3.95	N/A	N/A	N/A	N/A	3.95	04/01/2014
MSCI AC World Net		5.04	N/A	N/A	N/A	N/A	5.04	
Difference		-1.09	N/A	N/A	N/A	N/A	-1.09	
Domestic Equities	3,145,321	4.48	N/A	N/A	N/A	N/A	4.48	04/01/2014
Russell 3000		4.87	N/A	N/A	N/A	N/A	4.87	
Difference		-0.39	N/A	N/A	N/A	N/A	-0.39	
Touchstone Westfield All Cap Growth	1,273,448	4.47	N/A	N/A	N/A	N/A	4.47	04/01/2014
Russell 3000 Gr		4.86	N/A	N/A	N/A	N/A	4.86	
Difference		-0.39	N/A	N/A	N/A	N/A	-0.39	
Aristotle Large Cap Value	1,321,391	4.89	N/A	N/A	N/A	N/A	4.89	04/01/2014
Russell 1000 VI		5.10	N/A	N/A	N/A	N/A	5.10	
Difference		-0.21	N/A	N/A	N/A	N/A	-0.21	
Apex SMID Cap Growth	274,613	4.03	N/A	N/A	N/A	N/A	4.03	04/01/2014
Russell 2500 Gr		2.89	N/A	N/A	N/A	N/A	2.89	
Difference		1.14	N/A	N/A	N/A	N/A	1.14	
Keeley SMID Cap Value	275,868	3.07	N/A	N/A	N/A	N/A	3.07	04/01/2014
Russell 2500 VI		4.19	N/A	N/A	N/A	N/A	4.19	
Difference		-1.12	N/A	N/A	N/A	N/A	-1.12	
International and EM Equities	3,395,133	3.59	N/A	N/A	N/A	N/A	3.59	04/01/2014
MSCI AC World ex US Net		5.02	N/A	N/A	N/A	N/A	5.02	
Difference		-1.43	N/A	N/A	N/A	N/A	-1.43	
Harbor International Value	1,451,332	3.32	N/A	N/A	N/A	N/A	3.32	04/01/2014
MSCI AC World ex US Net		5.02	N/A	N/A	N/A	N/A	5.02	
Difference		-1.70	N/A	N/A	N/A	N/A	-1.70	

*Inception to 2/28/2014 100% Barclays Int. Gov't Credit. 3/31/2014 to Present 72% Barclays Int. Gov't Credit, 26% MSCI ACWI, 2% Real Assets Benchmark

**65% ACWI / 35% WGBI (Subject to change)

Cal Poly Pomona Foundation - General Investment Portfolio
Asset Allocation & Performance
As of June 30, 2014

	Allocation		Performance(%)					
	Market Value (\$)	Quarter To Date	Fiscal YTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
William Blair International Growth	1,459,797	3.89	N/A	N/A	N/A	N/A	3.89	04/01/2014
MSCI EAFE Net		4.08	N/A	N/A	N/A	N/A	4.08	
Difference		-0.19	N/A	N/A	N/A	N/A	-0.19	
DuPont Emerging Markets	484,004	3.45	N/A	N/A	N/A	N/A	3.45	04/01/2014
MSCI EM Net		6.59	N/A	N/A	N/A	N/A	6.59	
Difference		-3.14	N/A	N/A	N/A	N/A	-3.14	
Global Equities	2,782,624	3.78	N/A	N/A	N/A	N/A	3.78	04/01/2014
MSCI AC World Net		5.04	N/A	N/A	N/A	N/A	5.04	
Difference		-1.26	N/A	N/A	N/A	N/A	-1.26	
First Eagle Global	1,391,804	3.36	N/A	N/A	N/A	N/A	3.36	04/01/2014
MSCI AC World Net		5.04	N/A	N/A	N/A	N/A	5.04	
Difference		-1.68	N/A	N/A	N/A	N/A	-1.68	
Delaware Focused Global Growth	1,390,820	4.20	N/A	N/A	N/A	N/A	4.20	04/01/2014
MSCI AC World Net		5.04	N/A	N/A	N/A	N/A	5.04	
Difference		-0.84	N/A	N/A	N/A	N/A	-0.84	
Fixed Income	28,974,020	1.00	3.14	3.14	N/A	N/A	1.60	03/01/2013
BC Gov/Cr Intm		1.23	2.86	2.86	N/A	N/A	0.94	
Difference		-0.23	0.28	0.28	N/A	N/A	0.66	
Short-Term Portfolio Strategy	28,974,020	1.00	3.14	3.14	N/A	N/A	1.60	03/01/2013
BC Gov/Cr Intm		1.23	2.86	2.86	N/A	N/A	0.94	
Difference		-0.23	0.28	0.28	N/A	N/A	0.66	
Real Assets	881,158	4.14	N/A	N/A	N/A	N/A	4.14	04/01/2014
Real Assets Blended Benchmark**		4.07	N/A	N/A	N/A	N/A	4.07	
Difference		0.07	N/A	N/A	N/A	N/A	0.07	
Real Assets Portfolio	881,158	4.14	N/A	N/A	N/A	N/A	4.14	04/01/2014
Real Assets Blended Benchmark**		4.07	N/A	N/A	N/A	N/A	4.07	
Difference		0.07	N/A	N/A	N/A	N/A	0.07	

*Inception to 2/28/2014 100% Barclays Int. Gov't Credit. 3/31/2014 to Present 72% Barclays Int. Gov't Credit, 26% MSCI ACWI, 2% Real Assets Benchmark

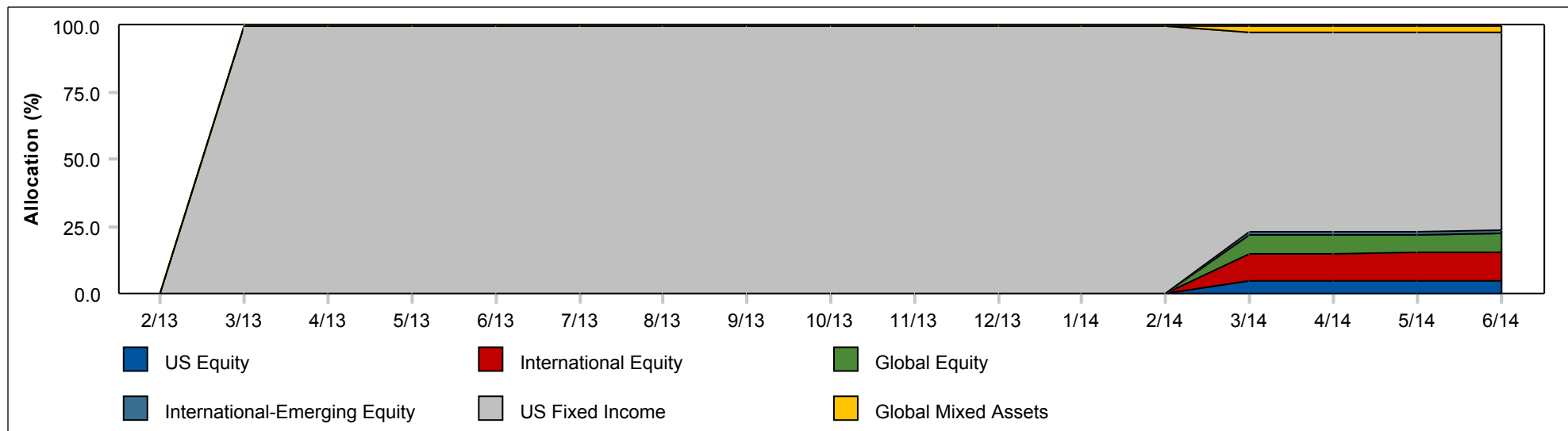
**65% ACWI / 35% WGBI (Subject to change)

**Cal Poly Pomona Foundation - General Investment Portfolio
Performance and Asset Allocation History
June 30, 2014**

	Current Quarter	Fiscal YTD	Since Inception	Inception Date
General Investment Portfolio				03/01/2013
Beginning Market Value	38,447,500	26,122,666	24,301,287	
Net Contributions	56,099	11,817,106	13,972,646	
Fees/Expenses	-21,392	-62,440	-79,509	
Income	162,756	533,707	848,854	
Gain/Loss	533,293	767,217	134,979	
Ending Market Value	39,178,257	39,178,257	39,178,257	

	Current Quarter	Fiscal YTD	Since Inception	Inception Date
General Investment Portfolio	1.75	4.02	2.25	03/01/2013
Cal Poly Pomona Blended Benchmark	2.27	4.13	1.87	03/01/2013

Asset Allocation Over Time



*Inception to 2/28/2014 100% Barclays Int. Gov't Credit. 3/31/2014 to Present 72% Barclays Int. Gov't Credit, 26% MSCI ACWI, 2% Real Assets Benchmark

Portfolio Summary

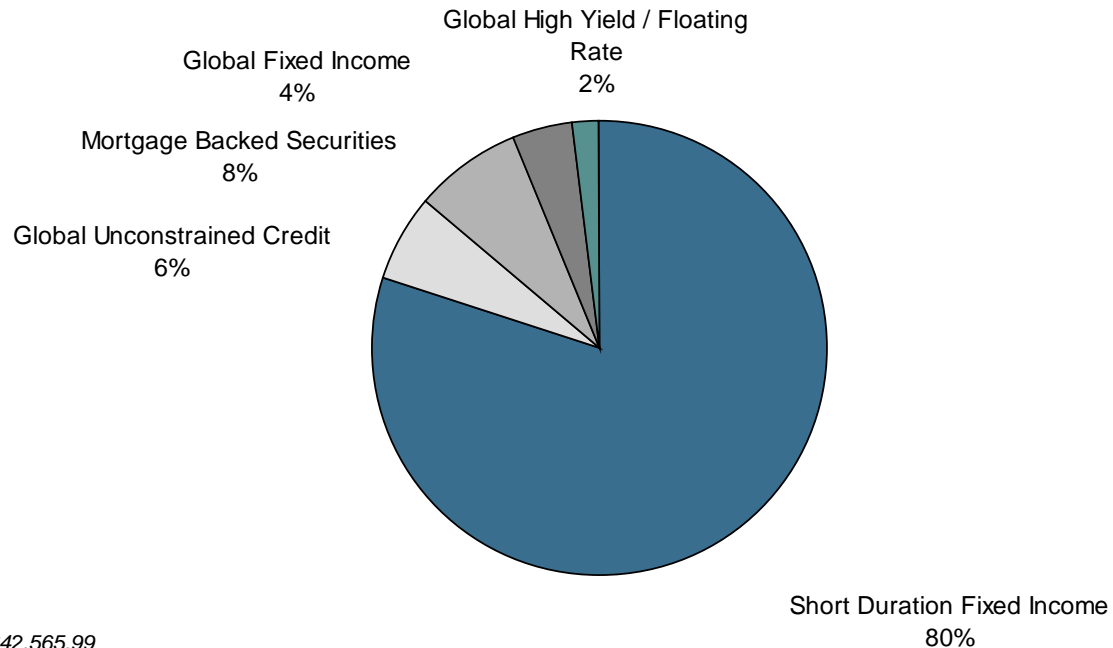
Asset Class	Investment Manager	Allocation	Values as of 6/30/14	Average Credit Quality	Duration (Years)	Yield
Short Duration Fixed Income	PIMCO Low Duration Fixed Income	80.00%	23,042,930	A-	2.83	1.50%
Global Unconstrained Credit	JP Morgan Strategic Income Opportunities	6.00%	1,718,085	A	-0.29	1.94%
Mortgage Backed Securities	Doubleline Total Return	8.00%	2,344,726	A	3.35	4.73%
Global Fixed Income	Brandywine Global Opportunistic Fixed Income	4.00%	1,234,928	A	6.87	4.65%
Global High Yield / Floating Rate	Nuveen Symphony Credit Opportunity Fund	2.00%	590,785	B+	2.90	5.65%
Totals*		100.00%	28,974,020	A-	2.85	1.99%

Barclays US 1-3 Year Treasury Index

1.89 **0.35%**

Barclays Intermediate Government/Credit Index

3.83 **1.70%**

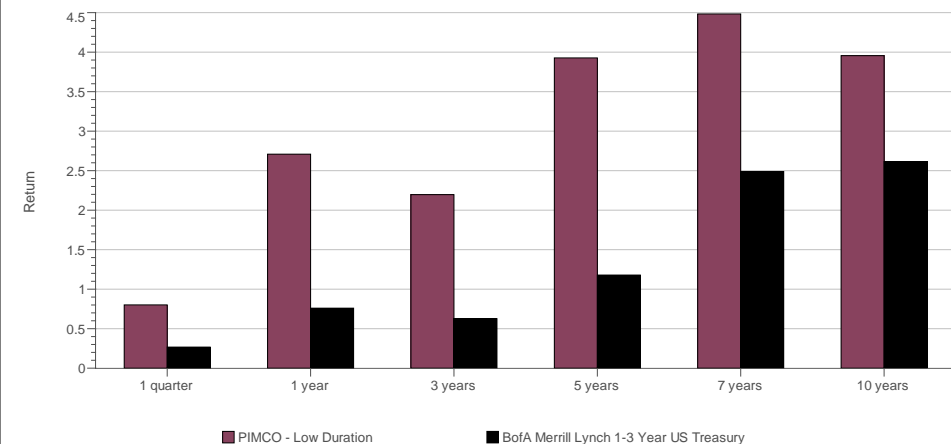


*Account contained a cash balance of \$42,565.99
 Yield and duration totals are weighted averages.
 Source: Investment Managers
 Data as of 6/30/14

Cal Poly Pomona - Fixed Income Fund Analysis

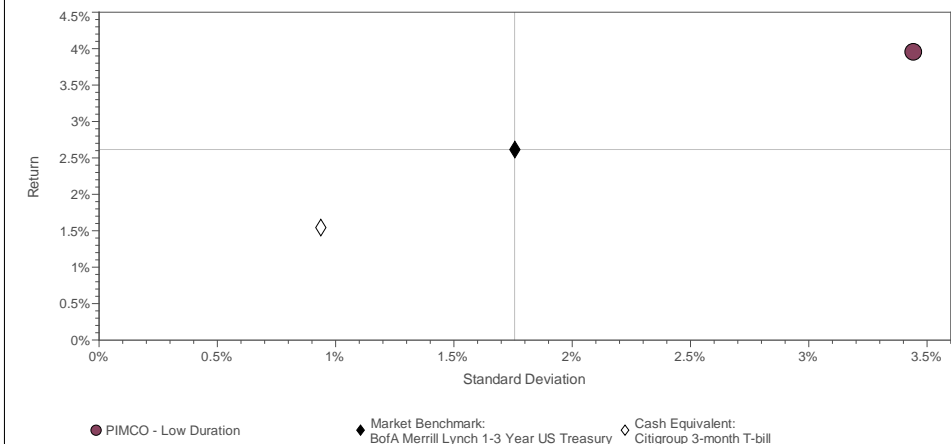
Manager vs Benchmark: Return

July 2004 - June 2014 (not annualized if less than 1 year)



Risk / Return

July 2004 - June 2014 (Single Computation)



10-year Statistics

July 2004 - June 2014: Summary Statistics

	Return	Excess Return	Standard Deviation	Sharpe Ratio	Information Ratio	Alpha	Beta	Maximum Drawdown	Up Capture	Down Capture
PIMCO - Low Duration	3.96%	1.34%	3.44%	0.70	0.38	3.04%	0.36	-4.13%	119.37%	-404.90%
BofA Merrill Lynch 1-3 Year US Treasury	2.62%	0.00%	1.76%	0.61	0.00	0.00%	1.00	-0.86%	100.00%	100.00%

Fiscal Year Returns

July 2004 - June 2014 (12-Month Moving Windows, Computed Monthly)

	Jun 2014	Jun 2013	Jun 2012	Jun 2011	Jun 2010	Jun 2009	Jun 2008	Jun 2007	Jun 2006	Jun 2005
PIMCO - Low Duration	2.71%	1.23%	2.66%	4.32%	8.88%	4.26%	7.54%	4.45%	1.11%	2.67%
BofA Merrill Lynch 1-3 Year US Treasury	0.76%	0.33%	0.79%	1.34%	2.69%	4.39%	7.30%	5.07%	1.83%	1.87%

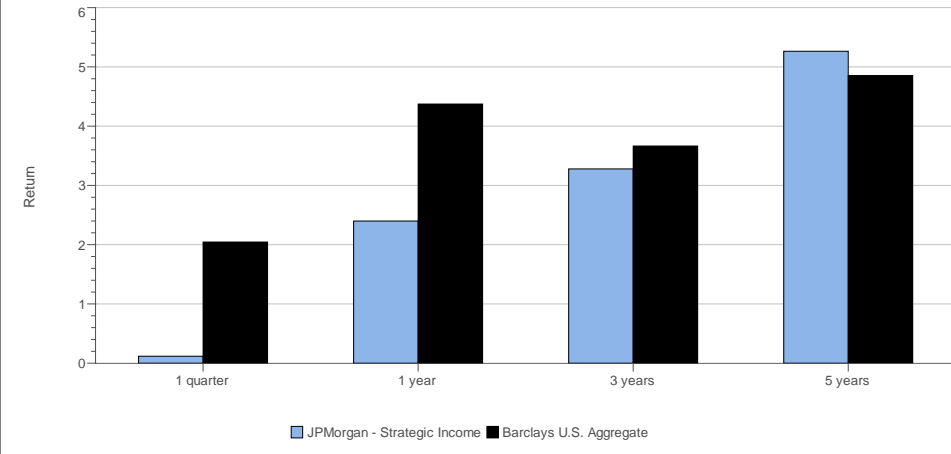
Manager vs Benchmark: Return

July 2004 - June 2014 (not annualized if less than 1 year)

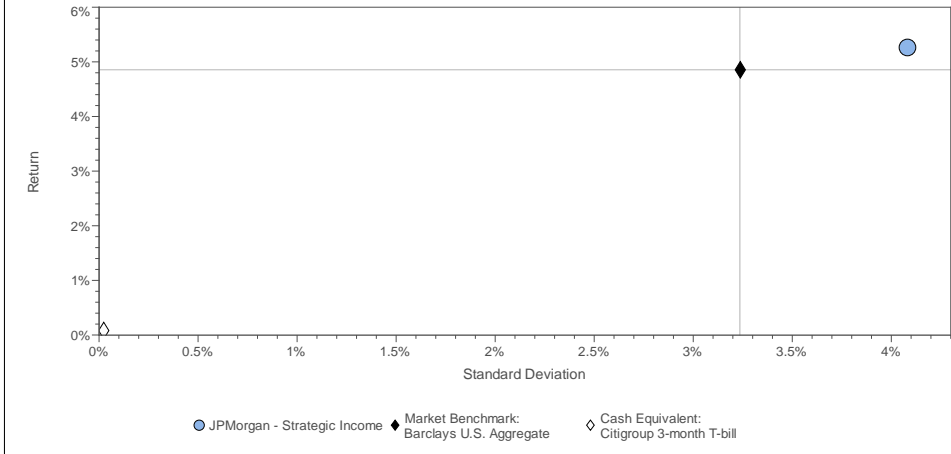
	1 quarter	1 year	3 years	5 years	7 years	10 years
PIMCO - Low Duration	0.80%	2.71%	2.20%	3.93%	4.48%	3.96%
BofA Merrill Lynch 1-3 Year US Treasury	0.27%	0.76%	0.63%	1.18%	2.49%	2.62%

Cal Poly Pomona - Fixed Income Fund Analysis

Manager vs Benchmark: Return
July 2009 - June 2014 (not annualized if less than 1 year)



Risk / Return
July 2009 - June 2014 (Single Computation)



5-year Statistics
July 2009 - June 2014: Summary Statistics

	Return	Excess Return	Standard Deviation	Sharpe Ratio	Information Ratio	Alpha	Beta	Maximum Drawdown	Up Capture	Down Capture
JPMorgan - Strategic Income	5.26%	0.41%	4.08%	1.27	0.08	5.98%	-0.13	-4.55%	76.52%	-115.86%
Barclays U.S. Aggregate	4.85%	0.00%	3.24%	1.47	0.00	0.00%	1.00	-2.44%	100.00%	100.00%

Fiscal Year Returns
July 2009 - June 2014 (12-Month Moving Windows, Computed Monthly)

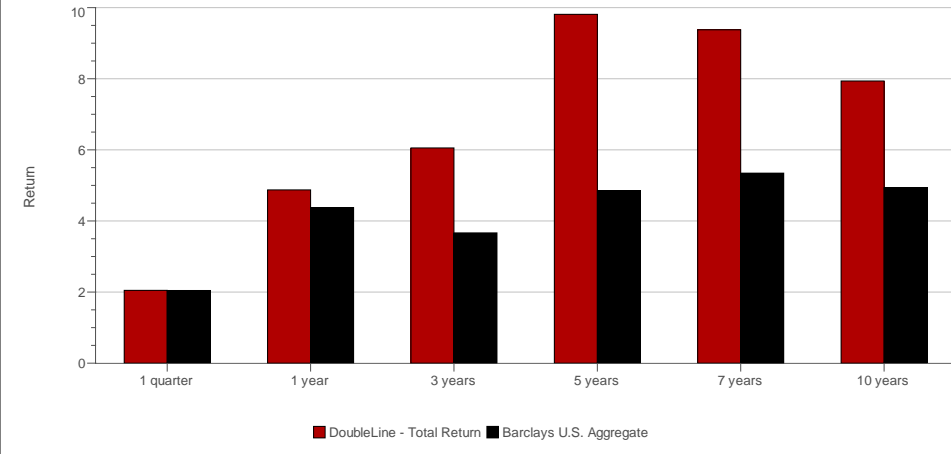
	Jun 2014	Jun 2013	Jun 2012	Jun 2011	Jun 2010
JPMorgan - Strategic Income	2.40%	5.63%	1.85%	6.18%	10.49%
Barclays U.S. Aggregate	4.37%	-0.69%	7.47%	3.90%	9.50%

Manager vs Benchmark: Return
July 2009 - June 2014 (not annualized if less than 1 year)

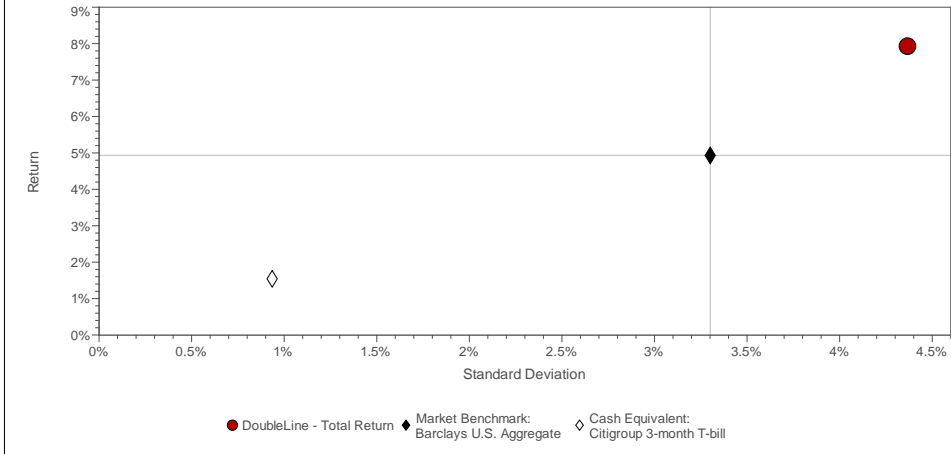
	1 quarter	1 year	3 years	5 years
JPMorgan - Strategic Income	0.12%	2.40%	3.28%	5.26%
Barclays U.S. Aggregate	2.04%	4.37%	3.66%	4.85%

Cal Poly Pomona - Fixed Income Fund Analysis

Manager vs Benchmark: Return
July 2004 - June 2014 (not annualized if less than 1 year)



Risk / Return
July 2004 - June 2014 (Single Computation)



10-year Statistics
July 2004 - June 2014: Summary Statistics

	Return	Excess Return	Standard Deviation	Sharpe Ratio	Information Ratio	Alpha	Beta	Maximum Drawdown	Up Capture	Down Capture
DoubleLine - Total Return	7.94%	3.00%	4.37%	1.47	0.90	3.64%	0.86	-1.59%	139.97%	10.84%
Barclays U.S. Aggregate	4.93%	0.00%	3.30%	1.03	0.00	0.00%	1.00	-2.44%	100.00%	100.00%

Fiscal Year Returns
July 2004 - June 2014 (12-Month Moving Windows, Computed Monthly)

	Jun 2014	Jun 2013	Jun 2012	Jun 2011	Jun 2010	Jun 2009	Jun 2008	Jun 2007	Jun 2006	Jun 2005
DoubleLine - Total Return	4.87%	3.94%	9.43%	12.97%	18.50%	8.78%	7.81%	6.17%	0.85%	7.04%
Barclays U.S. Aggregate	4.37%	-0.69%	7.47%	3.90%	9.50%	6.05%	7.12%	6.12%	-0.81%	6.80%

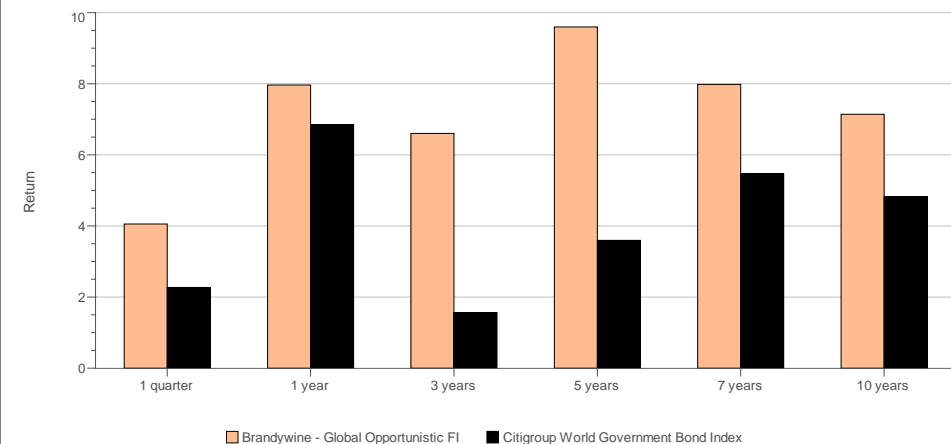
Manager vs Benchmark: Return
July 2004 - June 2014 (not annualized if less than 1 year)

	1 quarter	1 year	3 years	5 years	7 years	10 years
DoubleLine - Total Return	2.05%	4.87%	6.05%	9.81%	9.38%	7.94%
Barclays U.S. Aggregate	2.04%	4.37%	3.66%	4.85%	5.35%	4.93%

Cal Poly Pomona - Fixed Income Fund Analysis

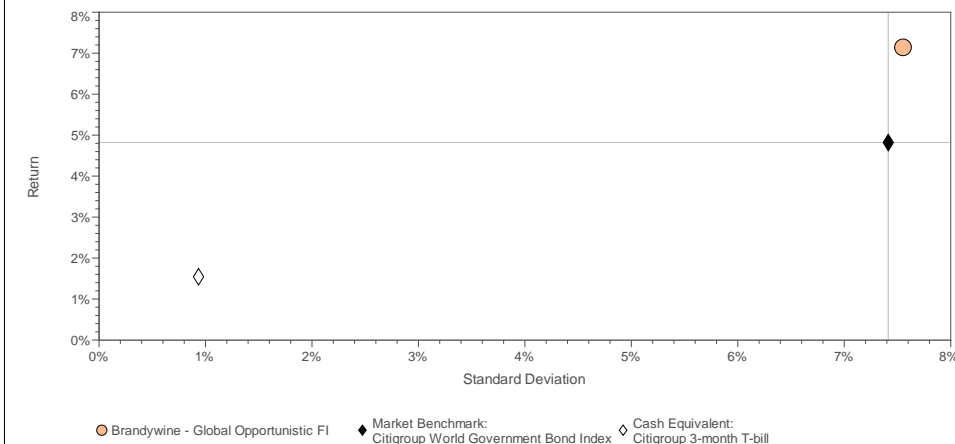
Manager vs Benchmark: Return

July 2004 - June 2014 (not annualized if less than 1 year)



Risk / Return

July 2004 - June 2014 (Single Computation)



10-year Statistics

July 2004 - June 2014: Summary Statistics

	Return	Excess Return	Standard Deviation	Sharpe Ratio	Information Ratio	Alpha	Beta	Maximum Drawdown	Up Capture	Down Capture
Brandywine - Global Opportunistic FI	7.14%	2.32%	7.55%	0.74	0.33	4.49%	0.56	-13.08%	90.51%	18.61%
Citigroup World Government Bond Index	4.82%	0.00%	7.41%	0.44	0.00	0.00%	1.00	-7.27%	100.00%	100.00%

Fiscal Year Returns

July 2004 - June 2014 (4-Quarter Moving Windows, Computed Quarterly)

	Jun 2014	Jun 2013	Jun 2012	Jun 2011	Jun 2010	Jun 2009	Jun 2008	Jun 2007	Jun 2006	Jun 2005
Brandywine - Global Opportunistic FI	7.97%	3.87%	8.03%	14.25%	14.25%	-1.69%	10.11%	3.92%	2.34%	9.49%
Citigroup World Government Bond Index	6.85%	-4.50%	2.68%	10.54%	3.03%	4.00%	17.00%	2.85%	-0.36%	7.61%

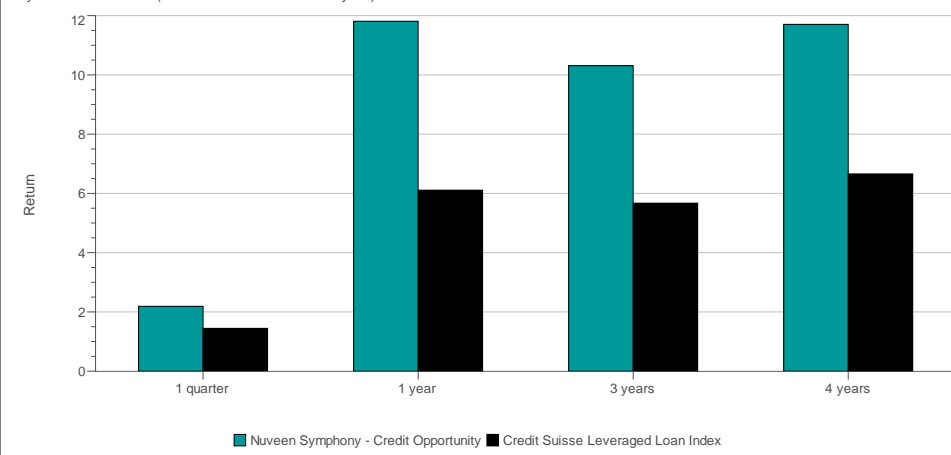
Manager vs Benchmark: Return

July 2004 - June 2014 (not annualized if less than 1 year)

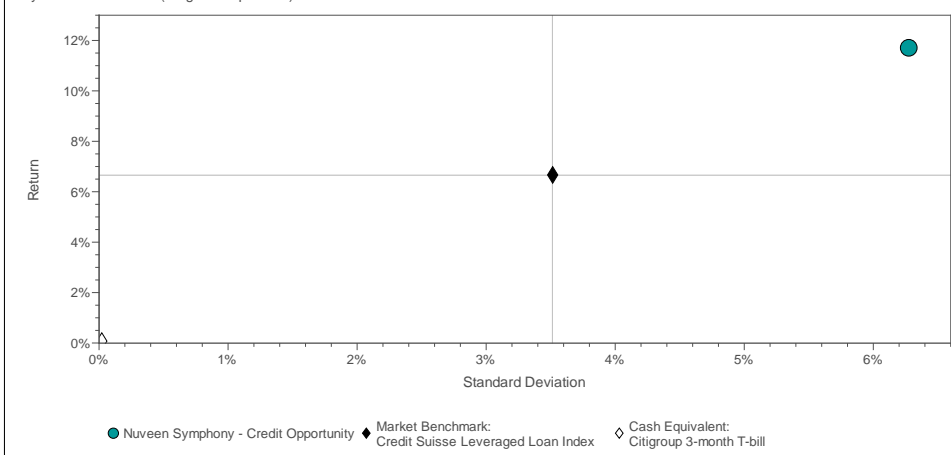
	1 quarter	1 year	3 years	5 years	7 years	10 years
Brandywine - Global Opportunistic FI	4.06%	7.97%	6.60%	9.60%	7.98%	7.14%
Citigroup World Government Bond Index	2.27%	6.85%	1.57%	3.60%	5.47%	4.82%

Cal Poly Pomona - Fixed Income Fund Analysis

Manager vs Benchmark: Return
July 2010 - June 2014 (not annualized if less than 1 year)



Risk / Return
July 2010 - June 2014 (Single Computation)



4-year Statistics
July 2010 - June 2014: Summary Statistics

	Return	Excess Return	Standard Deviation	Sharpe Ratio	Information Ratio	Alpha	Beta	Maximum Drawdown	Up Capture	Down Capture
Nuveen Symphony - Credit Opportunity	11.71%	5.05%	6.27%	1.85	1.59	0.36%	1.68	-5.82%	174.54%	154.57%
Credit Suisse Leveraged Loan Index	6.66%	0.00%	3.51%	1.87	0.00	0.00%	1.00	-3.77%	100.00%	100.00%

Fiscal Year Returns
July 2010 - June 2014 (12-Month Moving Windows, Computed Monthly)

	Jun 2014	Jun 2013	Jun 2012	Jun 2011
Nuveen Symphony - Credit Opportunity	11.81%	10.95%	8.21%	15.99%
Credit Suisse Leveraged Loan Index	6.11%	7.63%	3.32%	9.68%

Manager vs Benchmark: Return
July 2010 - June 2014 (not annualized if less than 1 year)

	1 quarter	1 year	3 years	4 years
Nuveen Symphony - Credit Opportunity	2.19%	11.81%	10.31%	11.71%
Credit Suisse Leveraged Loan Index	1.45%	6.11%	5.67%	6.66%

Disclosures

Index Definitions

Lehman Aggregate Bond Index

Lehman Aggregate Bond Index is an index comprised of approximately 6,000 publicly traded bonds including U.S. Government, mortgage-backed, corporate, and Yankee bonds with an approximate average maturity of 10 years. An investment cannot be made directly in a market index.

MSCI EAFE® Index (Europe, Australasia, Far East)

The MSCI EAFE® Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the US & Canada. As of May 2005 the MSCI EAFE Index consisted of the following 21 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom. An investment cannot be made directly in a market index.

Russell 1000® Index

Russell 1000® Index measures the performance of the 1,000 largest companies in the Russell 3000 Index, which represents approximately 92% of the total market capitalization of the Russell 3000 Index. An investment cannot be made directly in a market index.

Russell 1000® Growth Index

Russell 1000® Growth Index measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. An investment cannot be made directly in a market index.

Russell 1000® Value Index

Russell 1000® Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. An investment cannot be made directly in a market index.

Russell 2000® Index

Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 8% of the total market capitalization of the Russell 3000 Index. An investment cannot be made directly in a market index.

Russell 2000® Growth Index

Russell 2000® Growth Index measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values. An investment cannot be made directly in a market index.

Russell 2000® Value Index

Russell 2000® Value Index measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. An investment cannot be made directly in a market index.

Russell 2500™ Index

Russell 2500™ Index measures the performance of the 2,500 smallest companies in the Russell 3000 Index, which represents approximately 16% of the total market capitalization of the Russell 3000 Index. An investment cannot be made directly in a market index.

Russell 2500™ Growth Index

Russell 2500™ Growth Index measures the performance of those Russell 2500 companies with higher price-to-book ratios and higher forecasted growth values. An investment cannot be made directly in a market index.

Russell 2500™ Value Index

Russell 2500™ Value Index measures the performance of those Russell 2500 companies with lower price-to-book ratios and lower forecasted growth values. An investment cannot be made directly in a market index.

Russell 3000® Index

Russell 3000® Index measures the performance of the 3,000 largest U.S. companies based on total market capitalization, which represents approximately 98% of the investable U.S. equity market. An investment cannot be made directly in a market index.

Russell Midcap® Index

Russell Midcap® Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 25% of the total market capitalization of the Russell 1000 Index. An investment cannot be made directly in a market index.

Russell Midcap® Growth Index

Russell Midcap® Growth Index measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values. The stocks are also members of the Russell 1000 Growth index. An investment cannot be made directly in a market index.

Russell Midcap® Value Index

Russell Midcap® Value Index measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth values. The stocks are also members of the Russell 1000 Value index. An investment cannot be made directly in a market index.

Standard & Poor's 500 Index

S&P 500 Index is an unmanaged, market value-weighted index of 500 stocks generally representative of the broad stock market. An investment cannot be made directly in a market index.

Important Disclosures

To the extent the investments depicted herein represent international securities, you should be aware that there may be additional risks associated with international investing, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes, and differences in financial and accounting standards. These risks may be magnified in emerging markets. International investing may not be for everyone. Small capitalization companies may lack the financial resources, product diversification and competitive strengths of larger companies. In addition, the securities of small capitalization companies may not trade as readily as, and be subject to higher volatility than, those of larger, more established companies.

Bonds are subject to interest rate risk. When interest rates rise bond prices fall; generally the longer a bond's maturity, the more sensitive it is to this risk. Bonds may also be subject to call risk, which allows the issuer to retain the right to redeem the debt, fully or partially, before the scheduled maturity date. Proceeds from sales prior to maturity may be more or less than originally invested due to changes in market conditions or changes in the credit quality of the issuer.

Investing in alternative investments is speculative, not suitable for all clients, and intended for experienced and sophisticated investors who are willing to bear the high economic risks of the investment, which can include:

- loss of all or a substantial portion of the investment due to leveraging, short-selling or other speculative investment practices;
- lack of liquidity in that there may be no secondary market for the fund and none expected to develop;
- volatility of returns;
- restrictions on transferring interests in the fund;
- potential lack of diversification and resulting higher risk due to concentration of trading authority with a single advisor;
- absence of information regarding valuations and pricing;
- delays in tax reporting;
- less regulation and higher fees than mutual funds; and
- advisor risk.

Although the statements of fact and data in this report have been obtained from, and are based upon, sources that the Firm believes to be reliable, we do not guarantee their accuracy, and any such information may be incomplete or condensed. All opinions included in this report constitute the Firm's judgment as of the date of this report and are subject to change without notice. This report is for informational purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security. Past performance is not a guarantee of future results.

Actual returns would be reduced by expenses that may include management fees and costs of transactions. Expected return and risk (standard deviation) calculations are based on historical data for periods indicated.

International investing may not be suitable for every investor and is subject to additional risks, including currency fluctuations, political factors, withholding, lack of liquidity, the absence of adequate financial information, and exchange control restrictions impacting foreign issuers. These risks may be magnified in emerging markets.

Mutual fund investments are subject to market risk, including the possible loss of principal. They are sold by prospectus only. The prospectus contains the investment objectives, risks, fees, charges and expenses, and other information regarding the mutual fund and variable annuity contract and its underlying investments, which should be carefully considered before investing. Prospectuses are available through your Financial Advisor or at www.smithbarney.com. Read the prospectus carefully before you invest.

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The analysis is based on published investment manager rate of return data, capital market indices, custom (benchmarks, indices and universes), as well as software developed by Zephyr Associates. Investment manager rate of return data includes: Effron Plan Sponsor Network Database. Capital markets index data includes: Capital market indices (supplied by Zephyr), Canadian indices (supplied by Zephyr), Salomon Brothers Fixed Income indices, Morgan Stanley Capital International indices, and Dow Jones Global indices.

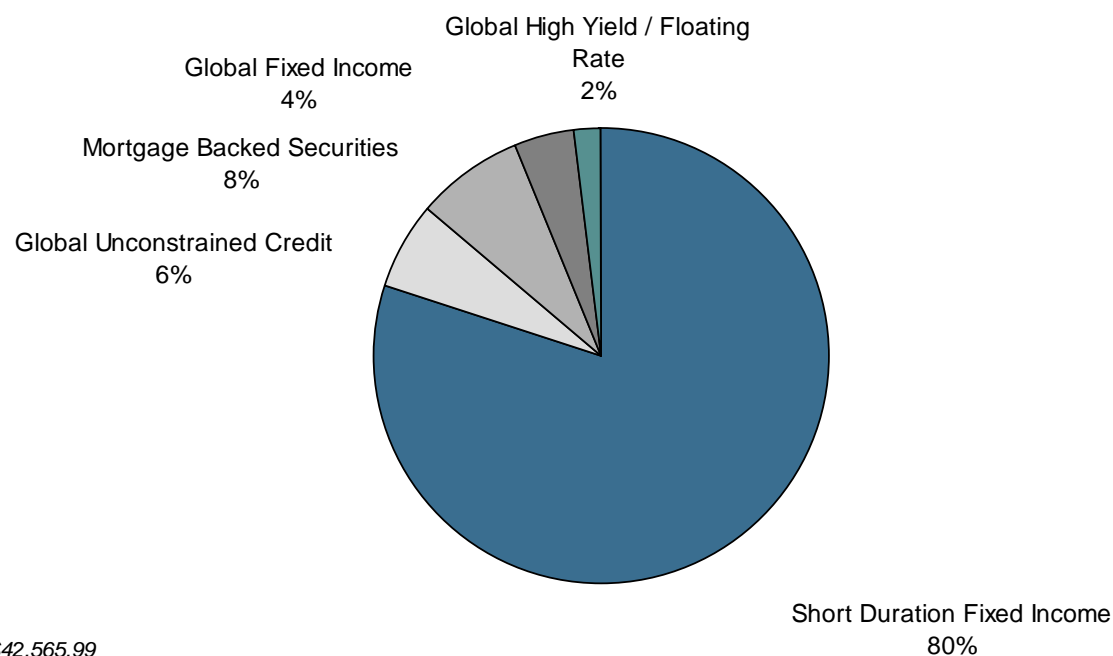
Zephyr StyleADVISOR uses principles of William Sharpe's theory of returns-based style analysis. Returns-based style analysis assists in identifying investment style without examining the individual security holdings of a portfolio. StyleADVISOR regresses the historical returns of the individual manager(s) against different style indices to identify the pattern of returns that the fund is most closely correlated to. SSB does not recommend the use of returns-based style analysis without the supporting fundamental research of the fund (research attribution reports).

The underlying data is believed to be reliable but accuracy and completeness cannot be assured. While the historical rates of return described in this report are believed to accurately reflect the overall nature of the portfolio, the constituent securities have not been reviewed. This evaluation is for informational purposes only and is not intended to be an offer, solicitation or recommendation with respect to the purchase or sale of any security or a recommendation of the services provided by any money management organization. Past results are not necessarily indicative of future performance.

Investors should consider the investment objectives, risks, charges, fees and expenses of the mutual fund carefully before investing. The prospectus contains more complete information about these factors and other information about the investment company. Read the prospectus carefully before you invest.

Portfolio Summary

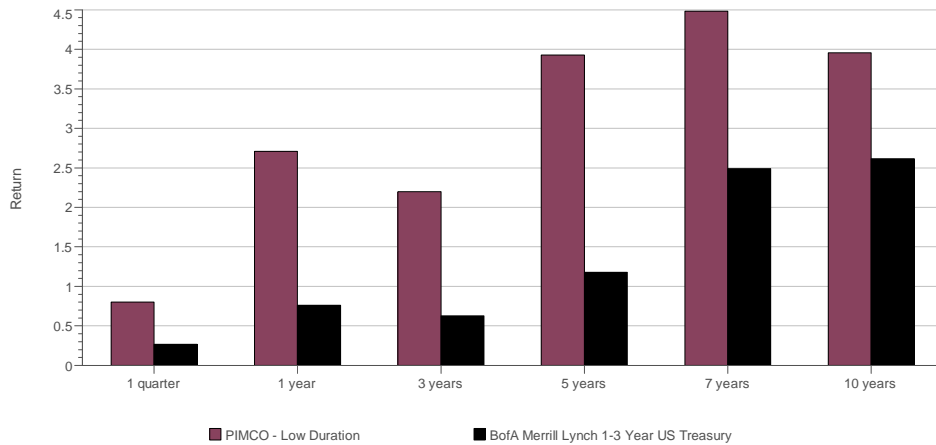
Asset Class	Investment Manager	Allocation	Values as of 6/30/14	Average Credit Quality	Duration (Years)	Yield
Short Duration Fixed Income	PIMCO Low Duration Fixed Income	80.00%	23,042,930	A-	2.83	1.50%
Global Unconstrained Credit	JP Morgan Strategic Income Opportunities	6.00%	1,718,085	A	-0.29	1.94%
Mortgage Backed Securities	Doubleline Total Return	8.00%	2,344,726	A	3.35	4.73%
Global Fixed Income	Brandywine Global Opportunistic Fixed Income	4.00%	1,234,928	A	6.87	4.65%
Global High Yield / Floating Rate	Nuveen Symphony Credit Opportunity Fund	2.00%	590,785	B+	2.90	5.65%
Totals*		100.00%	28,974,020	A-	2.85	1.99%
Barclays US 1-3 Year Treasury Index					1.89	0.35%
Barclays Intermediate Government/Credit Index					3.83	1.70%



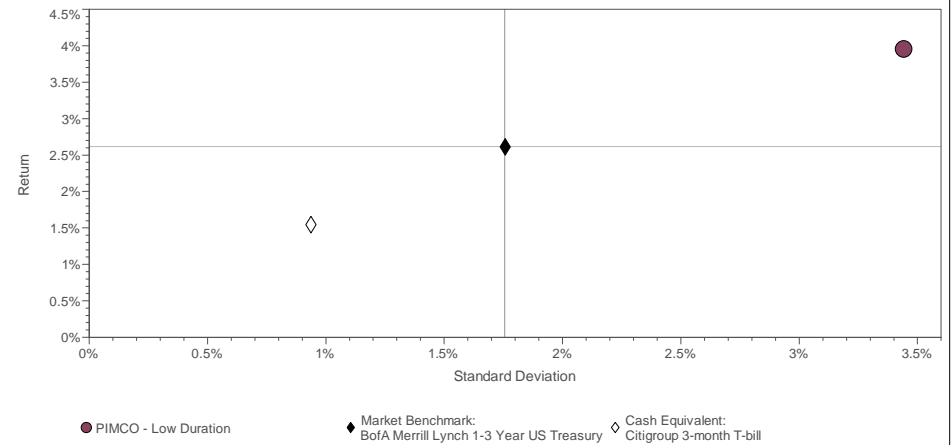
*Account contained a cash balance of \$42,565.99
Yield and duration totals are weighted averages.
Source: Investment Managers
Data as of 6/30/14

Cal Poly Pomona - Fixed Income Fund Analysis

Manager vs Benchmark: Return
July 2004 - June 2014 (not annualized if less than 1 year)



Risk / Return
July 2004 - June 2014 (Single Computation)



10-year Statistics
July 2004 - June 2014: Summary Statistics

	Return	Excess Return	Standard Deviation	Sharpe Ratio	Information Ratio	Alpha	Beta	Maximum Drawdown	Up Capture	Down Capture
PIMCO - Low Duration	3.96%	1.34%	3.44%	0.70	0.38	3.04%	0.36	-4.13%	119.37%	-404.90%
BofA Merrill Lynch 1-3 Year US Treasury	2.62%	0.00%	1.76%	0.61	0.00	0.00%	1.00	-0.86%	100.00%	100.00%

Fiscal Year Returns
July 2004 - June 2014 (12-Month Moving Windows, Computed Monthly)

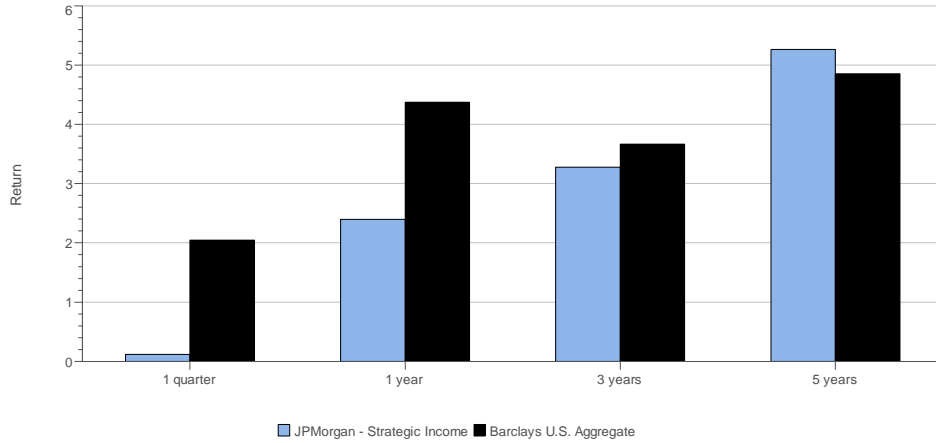
	Jun 2014	Jun 2013	Jun 2012	Jun 2011	Jun 2010	Jun 2009	Jun 2008	Jun 2007	Jun 2006	Jun 2005
PIMCO - Low Duration	2.71%	1.23%	2.66%	4.32%	8.88%	4.26%	7.54%	4.45%	1.11%	2.67%
BofA Merrill Lynch 1-3 Year US Treasury	0.76%	0.33%	0.79%	1.34%	2.69%	4.39%	7.30%	5.07%	1.83%	1.87%

Manager vs Benchmark: Return
July 2004 - June 2014 (not annualized if less than 1 year)

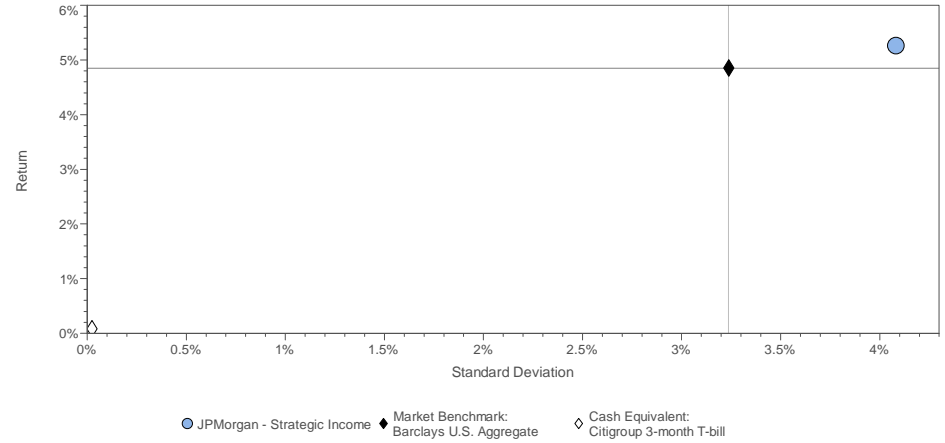
	1 quarter	1 year	3 years	5 years	7 years	10 years
PIMCO - Low Duration	0.80%	2.71%	2.20%	3.93%	4.48%	3.96%
BofA Merrill Lynch 1-3 Year US Treasury	0.27%	0.76%	0.63%	1.18%	2.49%	2.62%

Cal Poly Pomona - Fixed Income Fund Analysis

Manager vs Benchmark: Return
July 2009 - June 2014 (not annualized if less than 1 year)



Risk / Return
July 2009 - June 2014 (Single Computation)



5-year Statistics
July 2009 - June 2014: Summary Statistics

	Return	Excess Return	Standard Deviation	Sharpe Ratio	Information Ratio	Alpha	Beta	Maximum Drawdown	Up Capture	Down Capture
JPMorgan - Strategic Income	5.26%	0.41%	4.08%	1.27	0.08	5.98%	-0.13	-4.55%	76.52%	-115.86%
Barclays U.S. Aggregate	4.85%	0.00%	3.24%	1.47	0.00	0.00%	1.00	-2.44%	100.00%	100.00%

Fiscal Year Returns
July 2009 - June 2014 (12-Month Moving Windows, Computed Monthly)

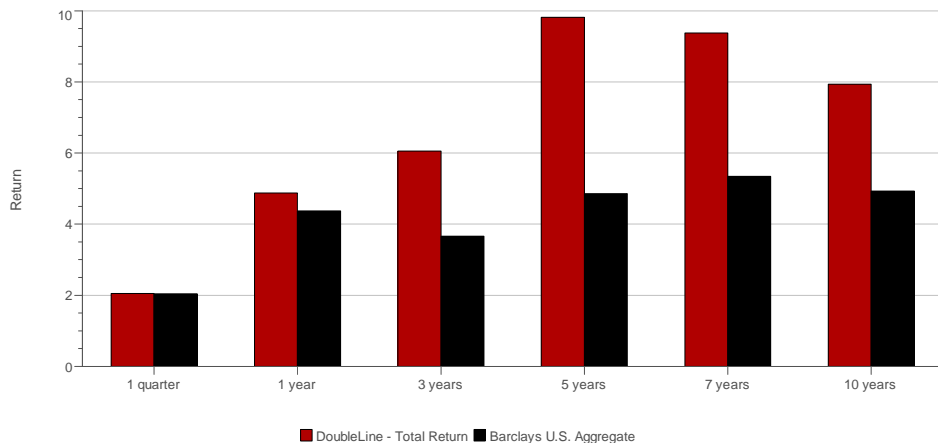
	Jun 2014	Jun 2013	Jun 2012	Jun 2011	Jun 2010
JPMorgan - Strategic Income	2.40%	5.63%	1.85%	6.18%	10.49%
Barclays U.S. Aggregate	4.37%	-0.69%	7.47%	3.90%	9.50%

Manager vs Benchmark: Return
July 2009 - June 2014 (not annualized if less than 1 year)

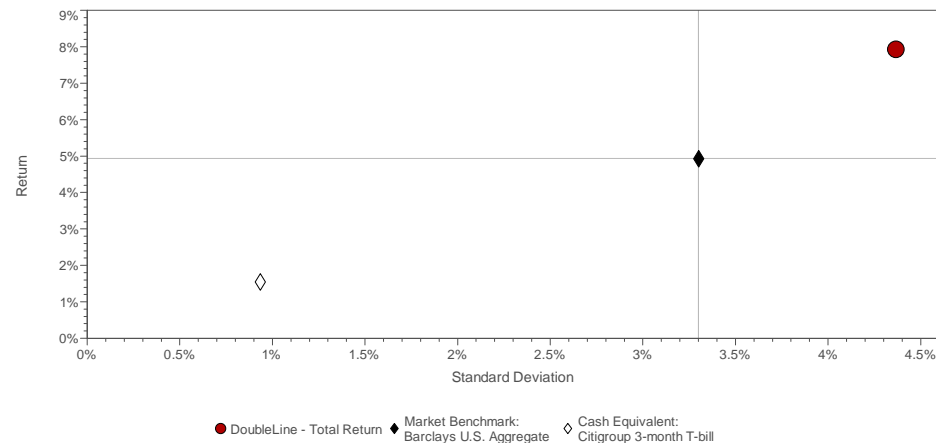
	1 quarter	1 year	3 years	5 years
JPMorgan - Strategic Income	0.12%	2.40%	3.28%	5.26%
Barclays U.S. Aggregate	2.04%	4.37%	3.66%	4.85%

Cal Poly Pomona - Fixed Income Fund Analysis

Manager vs Benchmark: Return
July 2004 - June 2014 (not annualized if less than 1 year)



Risk / Return
July 2004 - June 2014 (Single Computation)



10-year Statistics
July 2004 - June 2014: Summary Statistics

	Return	Excess Return	Standard Deviation	Sharpe Ratio	Information Ratio	Alpha	Beta	Maximum Drawdown	Up Capture	Down Capture
DoubleLine - Total Return	7.94%	3.00%	4.37%	1.47	0.90	3.64%	0.86	-1.59%	139.97%	10.84%
Barclays U.S. Aggregate	4.93%	0.00%	3.30%	1.03	0.00	0.00%	1.00	-2.44%	100.00%	100.00%

Fiscal Year Returns
July 2004 - June 2014 (12-Month Moving Windows, Computed Monthly)

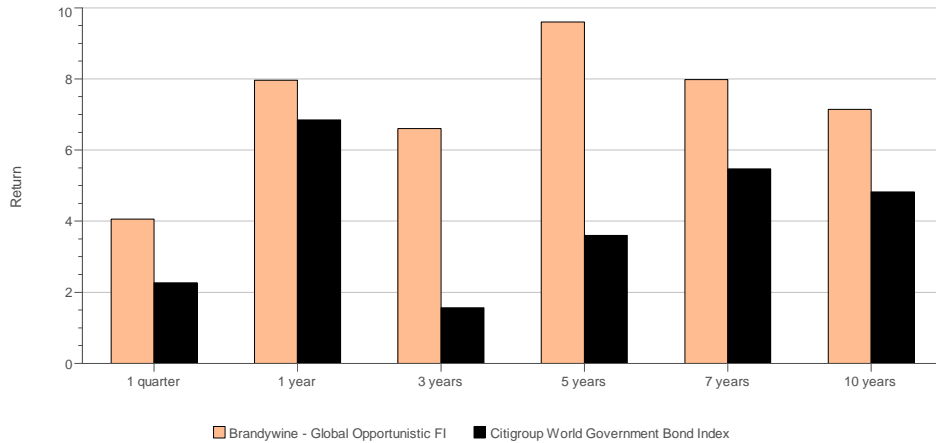
	Jun 2014	Jun 2013	Jun 2012	Jun 2011	Jun 2010	Jun 2009	Jun 2008	Jun 2007	Jun 2006	Jun 2005
DoubleLine - Total Return	4.87%	3.94%	9.43%	12.97%	18.50%	8.78%	7.81%	6.17%	0.85%	7.04%
Barclays U.S. Aggregate	4.37%	-0.69%	7.47%	3.90%	9.50%	6.05%	7.12%	6.12%	-0.81%	6.80%

Manager vs Benchmark: Return
July 2004 - June 2014 (not annualized if less than 1 year)

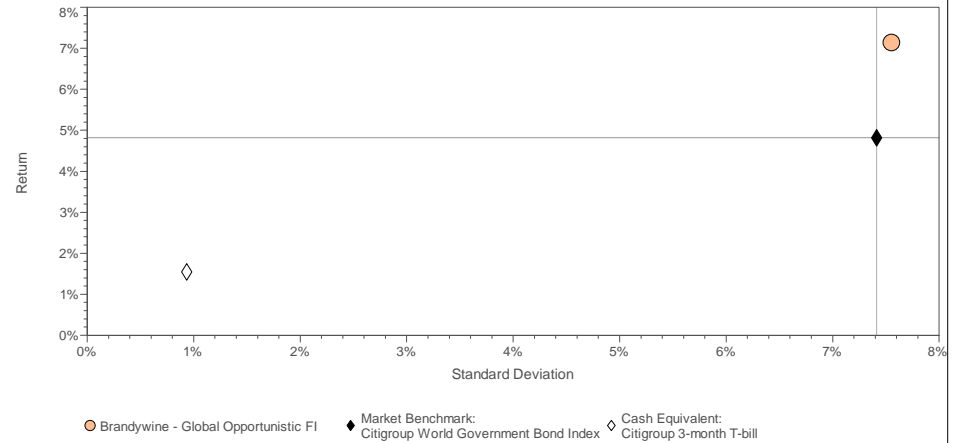
	1 quarter	1 year	3 years	5 years	7 years	10 years
DoubleLine - Total Return	2.05%	4.87%	6.05%	9.81%	9.38%	7.94%
Barclays U.S. Aggregate	2.04%	4.37%	3.66%	4.85%	5.35%	4.93%

Cal Poly Pomona - Fixed Income Fund Analysis

Manager vs Benchmark: Return
July 2004 - June 2014 (not annualized if less than 1 year)



Risk / Return
July 2004 - June 2014 (Single Computation)



10-year Statistics
July 2004 - June 2014: Summary Statistics

	Return	Excess Return	Standard Deviation	Sharpe Ratio	Information Ratio	Alpha	Beta	Maximum Drawdown	Up Capture	Down Capture
Brandywine - Global Opportunistic FI	7.14%	2.32%	7.55%	0.74	0.33	4.49%	0.56	-13.08%	90.51%	18.61%
Citigroup World Government Bond Index	4.82%	0.00%	7.41%	0.44	0.00	0.00%	1.00	-7.27%	100.00%	100.00%

Fiscal Year Returns
July 2004 - June 2014 (4-Quarter Moving Windows, Computed Quarterly)

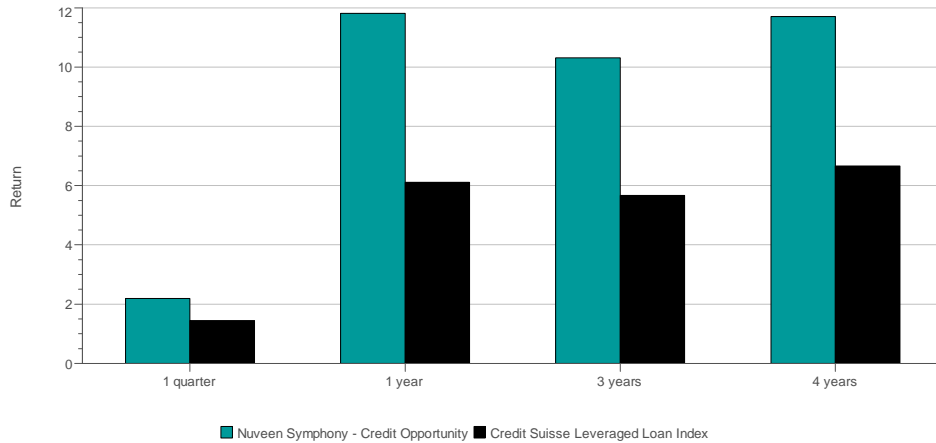
	Jun 2014	Jun 2013	Jun 2012	Jun 2011	Jun 2010	Jun 2009	Jun 2008	Jun 2007	Jun 2006	Jun 2005
Brandywine - Global Opportunistic FI	7.97%	3.87%	8.03%	14.25%	14.25%	-1.69%	10.11%	3.92%	2.34%	9.49%
Citigroup World Government Bond Index	6.85%	-4.50%	2.68%	10.54%	3.03%	4.00%	17.00%	2.85%	-0.36%	7.61%

Manager vs Benchmark: Return
July 2004 - June 2014 (not annualized if less than 1 year)

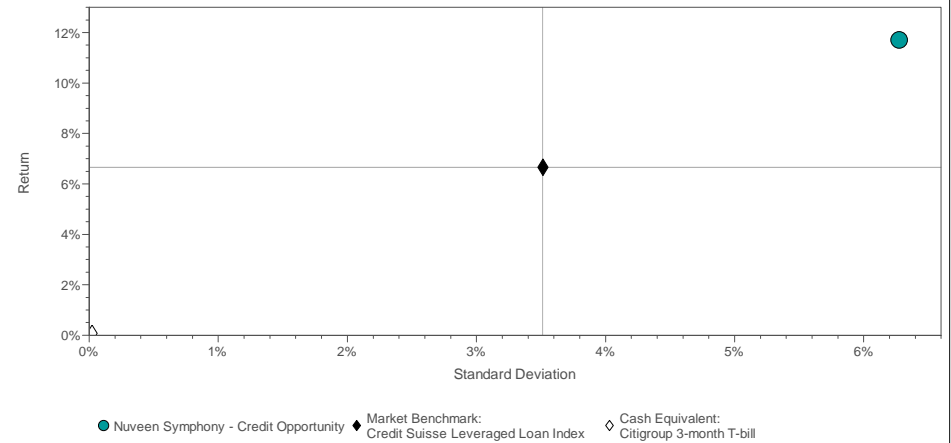
	1 quarter	1 year	3 years	5 years	7 years	10 years
Brandywine - Global Opportunistic FI	4.06%	7.97%	6.60%	9.60%	7.98%	7.14%
Citigroup World Government Bond Index	2.27%	6.85%	1.57%	3.60%	5.47%	4.82%

Cal Poly Pomona - Fixed Income Fund Analysis

Manager vs Benchmark: Return
July 2010 - June 2014 (not annualized if less than 1 year)



Risk / Return
July 2010 - June 2014 (Single Computation)



4-year Statistics
July 2010 - June 2014: Summary Statistics

	Return	Excess Return	Standard Deviation	Sharpe Ratio	Information Ratio	Alpha	Beta	Maximum Drawdown	Up Capture	Down Capture
Nuveen Symphony - Credit Opportunity	11.71%	5.05%	6.27%	1.85	1.59	0.36%	1.68	-5.82%	174.54%	154.57%
Credit Suisse Leveraged Loan Index	6.66%	0.00%	3.51%	1.87	0.00	0.00%	1.00	-3.77%	100.00%	100.00%

Fiscal Year Returns
July 2010 - June 2014 (12-Month Moving Windows, Computed Monthly)

	Jun 2014	Jun 2013	Jun 2012	Jun 2011
Nuveen Symphony - Credit Opportunity	11.81%	10.95%	8.21%	15.99%
Credit Suisse Leveraged Loan Index	6.11%	7.63%	3.32%	9.68%

Manager vs Benchmark: Return
July 2010 - June 2014 (not annualized if less than 1 year)

	1 quarter	1 year	3 years	4 years
Nuveen Symphony - Credit Opportunity	2.19%	11.81%	10.31%	11.71%
Credit Suisse Leveraged Loan Index	1.45%	6.11%	5.67%	6.66%

MetWest Low Duration

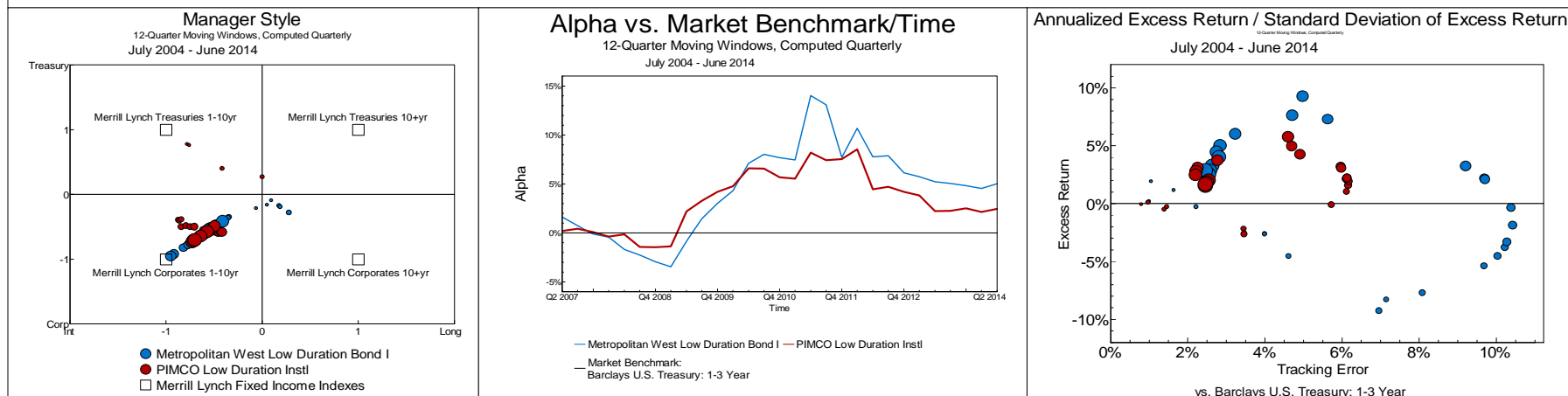
» Overview:

- MetWest Low Duration is a short-term fixed income fund, seeking to consistently outperform the ML 1-3 Year Treasury Index while maintaining overall risk similar to that of the index. The fund concentrates primarily on investments in treasuries, agencies, mortgage-backed securities and investment grade corporates. The portfolio can invest up to 20% in below-investment grade issues but cannot invest in issues lower than BB. The fund can invest in domestic and international securities, including emerging markets. The investment process combines top-down and bottom-up strategies. The investment process seeks to add value through duration positioning, yield curve management, sector allocation, quantitative screening selection and buy/sell strategies.

» Current Portfolio Positioning

- MetWest Low Duration is underweight US Treasuries relative to the index.
- The fund holds an overweight to MBS, specifically emphasizing non-agency residential mortgage securities.
- Interest rate risk is managed by having a shorter duration than the index and the fund is cautious in their allocations to the corporate credit sector, preferring issues that are higher in capital structure.

Met West Low Duration vs PIMCO Low Duration

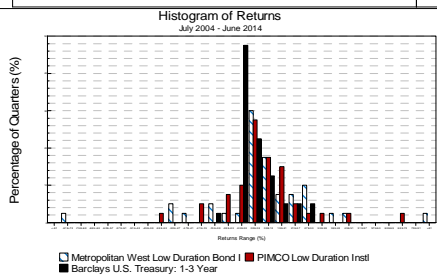


July 2004 - June 2014: Summary Statistics

	Return	Std. Deviation	Sharpe	Alpha	Beta	R-Squared	Correlation	Excess Return	Tracking Error	Info Ratio
Metropolitan West Low Duration Bond I	3.60%	4.96%	0.42	3.32%	-1.05	10.45%	-0.36	0.98%	5.85%	0.17
PIMCO Low Duration Instl	4.06%	3.44%	0.73	2.02%	0.48	4.50%	0.18	1.44%	3.58%	0.40
Barclays U.S. Treasury: 1-3 Year	2.62%	1.79%	0.60	0.00%	1.00	100.00%	1.00	0.00%	0.00%	0.00

July 2004 - June 2014: Summary Statistics

	Max Drawdown	Up Periods	Down Periods	Average Up	Average Down	Best Period Return	Worst Period Return	Batting Averag	Up Capture	Down Capture
Metropolitan West Low Duration Bond I	-16.87%	32	8	1.75%	-2.42%	8.24%	-8.01%	72.50%	97.67%	-498.71%
PIMCO Low Duration Instl	-4.08%	33	7	1.48%	-1.20%	7.11%	-3.79%	67.50%	121.40%	-374.85%
Barclays U.S. Treasury: 1-3 Year	-0.96%	34	6	0.82%	-0.29%	3.07%	-0.96%	0.00%	100.00%	100.00%



Calendar Year Return

	YTD	2013	2012	2011	2010	2009	2008	2007	2006	2005
Metropolitan West Low Duration Bond I	1.36%	2.00%	7.86%	1.19%	10.64%	15.35%	-14.60%	2.68%	6.35%	3.02%
PIMCO Low Duration Instl	1.23%	0.10%	6.16%	1.71%	4.96%	13.36%	-1.28%	7.92%	3.75%	1.55%
Barclays U.S. Treasury: 1-3 Year	0.41%	0.36%	0.43%	1.55%	2.40%	0.80%	6.67%	7.31%	3.93%	1.62%

Manager vs Benchmark: Return through June 2014

	1 year	3 years	5 years	7 years	10 years
Metropolitan West Low Duration Bond I	2.51%	3.48%	7.03%	3.09%	3.60%
PIMCO Low Duration Instl	2.81%	2.30%	4.03%	4.59%	4.06%
Barclays U.S. Treasury: 1-3 Year	0.76%	0.63%	1.19%	2.51%	2.62%

commonfund

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Private Programs Investment Report

Cal Poly Pomona Foundation
All Accounts

March 31, 2014 - June 30, 2014



Account Summary as of 6/30/2014

	Vintage Year	Capital Committed	Capital Called	Remaining Capital to be Called	Capital Distributions	Capital Balance	Multiple	IRR	Value Date
General Fund - 06									
Multi-Asset									
Capital Partners IV	2007	\$250,000	\$203,750	\$46,250	(\$45,787)	\$236,320	1.38	9.63%	3/31/2014
Total Multi-Asset		\$250,000	\$203,750	\$46,250	(\$45,787)	\$236,320	1.38	9.63%	3/31/2014
US Private Equity									
Private Equity Partners VII	2007	\$750,000	\$565,125	\$184,875	(\$162,293)	\$591,290	1.33	10.53%	3/31/2014
Total US Private Equity		\$750,000	\$565,125	\$184,875	(\$162,293)	\$591,290	1.33	10.53%	3/31/2014
Commonfund Real Estate									
Realty Investors 2004-12 (Tranche)	2005	\$1,500,000	\$1,500,000	\$0	(\$281,643)	\$1,355	0.19	-26.29%	12/31/2013
Total Commonfund Real Estate		\$1,500,000	\$1,500,000	\$0	(\$281,643)	\$1,355	0.19	-26.29%	12/31/2013
Total General Fund - 06		\$2,500,000	\$2,268,875	\$231,125	(\$489,723)	\$828,965	0.58		3/31/2014
Grand Total		\$2,500,000	\$2,268,875	\$231,125	(\$489,723)	\$828,965	0.58		3/31/2014

- All performance data set forth herein is net of all fees and carried interest. Internal Rates of Return (IRR) should be evaluated in light of information on the investment program of the partnership, the risks associated therewith, and performance of the partnership as disclosed in the Offering Memorandum for the partnership, the Audited Annual Reports of the partnership and the Quarterly Reports of the partnership. Return information is presented for these partnerships on a dollar-weighted (e.g., internal rate of return) basis, which is standard for the private capital industry, rather than the time-weighted (i.e., annual or other period rate of return) basis, which is used principally to report performance of publicly-traded securities. The IRR since inception is the most commonly used calculation methodology for presentation of performance in the private capital business. Comparison of returns calculated on an IRR basis with returns on a time-weighted basis is not appropriate.
- Net Multiple is total value to invested capital net of the general partner's carried interest = (Distribution + Ending Capital Balance)/Capital Drawdown).
- Net annualized internal rate of return since inception through value date.
- IRR information is not shown for liquidated funds or for funds where the information is not yet meaningful due to the youth of the fund. Transaction flows and capital for these funds are not included in the appropriate totals.

Non-Marketable Investments Roll Forward From Value Date to 6/30/2014

Non-Marketable Fund	Incep. Date	Commitment	Valuation Date	Most Recent Valuation	Capital Calls since Valuation Date	Distributions since Valuation Date	Adjusted Market Value
Private Equity Partners VII	9/30/2007	\$750,000.00	3/31/2014	\$591,290.00	\$13,125.00	(\$25,092.00)	\$579,323.00
Capital Partners IV	9/30/2007	\$250,000.00	3/31/2014	\$236,320.00	\$3,750.00	(\$10,874.00)	\$229,196.00
Total Core Funds		\$1,000,000.00		\$827,610.00	\$16,875.00	(\$35,966.00)	\$808,519.00
Realty Investors 2004-12 (Tranche)	12/31/2004	\$1,500,000.00	12/31/2013	\$1,355.04	\$0.00	\$0.00	\$1,355.04
Total Private Real Estate		\$1,500,000.00		\$1,355.04	\$0.00	\$0.00	\$1,355.04
Non-Marketable Total		\$2,500,000.00		\$828,965.04	\$16,875.00	(\$35,966.00)	\$809,874.04

Transactions (4/1/2014 - 6/30/2014)

Fund Name	Transaction Date	Trade Shares	Trade Amount (USD)	Transaction Type
Capital Partners IV	4/25/2014	0.000	\$3,750.00	Capital Call
Capital Partners IV	4/25/2014	0.000	(\$3,750.00)	Distribution
Capital Partners IV	6/23/2014	0.000	(\$7,124.00)	Distribution
Private Equity Partners VII	4/22/2014	0.000	\$5,625.00	Capital Call
Private Equity Partners VII	4/22/2014	0.000	(\$5,625.00)	Distribution
Private Equity Partners VII	5/2/2014	0.000	(\$5,810.00)	Distribution
Private Equity Partners VII	5/27/2014	0.000	\$1,875.00	Capital Call
Private Equity Partners VII	5/27/2014	0.000	(\$8,032.00)	Distribution
Private Equity Partners VII	6/23/2014	0.000	\$5,625.00	Capital Call
Private Equity Partners VII	6/23/2014	0.000	(\$5,625.00)	Distribution

Performance as of 6/30/2014

Performance Item	MTD	QTD	CYTD	FYTD	3 Years	5 Years	10 Years	Account Inception	Account Inception Date
Private Equity Partners VII	0.00	2.41	11.77	19.85	14.16	11.69		0.80	12/31/2007
US Private Equity	0.00	2.41	11.77	19.85	14.16	11.69		0.80	12/31/2007
Capital Partners IV	1.98	1.98	11.81	22.25	13.17	12.17		-0.08	12/31/2007
Multi-Asset	1.98	1.98	11.81	22.25	13.17	12.17		-0.08	12/31/2007
Total Non-Marketable	0.57	2.29	11.79	20.55	13.85	-3.83		-6.97	9/30/2005
Total Portfolio	0.57	2.29	13.29	30.43	15.77	3.80	-0.39	1.13	9/30/2003

Institution Performance as of Latest Month-End

- Returns include closed account history in group totals, if applicable.
- Endowment fund returns are not available prior to October 1987.
- Performance is calculated monthly. Therefore, returns for investments in any fund for less than a full month are not included in these performance figures.

Non-Marketable Performance Notes

- Investments in Programs for Commonfund Capital and Commonfund Realty are carried as of the most recent valuation date, which may not correspond to the marketable securities valuation dates.
- All performance data set forth herein is net of all fees and carried interest. Internal Rates of Return (IRR) should be evaluated in light of information on the investment program of the partnership, the risks associated therewith, and performance of the partnership as disclosed in the Offering Memorandum for the partnership, the Audited Annual Reports of the partnership and the Quarterly Reports of the partnership. Return information is presented for these partnerships on a dollar-weighted (e.g. internal rate of return) basis, which is standard for the private capital industry, rather than the time-weighted (i.e., annual or other period rate of return) basis, which is used principally to report performance of publicly-traded securities. The IRR since inception is the most commonly used calculation methodology for presentation of performance in the private capital business. Comparison of returns calculated on an IRR basis with returns on a time-weighted basis is not appropriate. For a description of the two return calculation methods, see Measuring Investment returns, Time vs. Dollar-Weighted – What's the Difference? A copy is available from Commonfund.
- Non-Marketable Performance information is not shown for liquidated funds or for funds where the information is not yet meaningful due to the youth of the fund. Transaction flows and capital for these funds are not included in the appropriate totals.
- Distressed Debt programs are reported with a one quarter lag. For example, if the report 'As of' date is 9/30/YY then Distressed Debt programs are represented using 6/30/YY, or previous quarter values.
- Private Capital and Real Estate programs are reported with a one quarter lag. For example, if the report 'As of' date is 9/30/YY then Private Capital and Real Estate programs are represented using 6/30/YY, or previous quarter values.
- Private Capital and Commonfund Realty Partners I, L.P. returns are normally reported as an Internal Rate of Return (IRR). All other Commonfund investment returns are reported as Time Weighted Rates of Return (TWR). For Consolidated Performance reporting purposes, TWRs are used for all individual and composite returns.

**CAL POLY POMONA FOUNDATION, INC.
INVESTMENT SUMMARY AS OF JUNE 30, 2014**

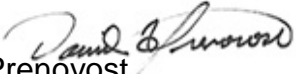
Asset Class	Policy Range Minimum	Policy Range Maximum	Policy Target	Portfolio Allocation	Total Portfolio Amount	Graystone Portfolio Amount	Common Fund Portfolio Amount	Foundation Portfolio Amount
Equities								
Domestic & Int'l (Dev & Emerging)	10%	65%	23%	24%	10,150,688	9,323,078	827,610	
Fixed Income	40%	85%	65%	68%	28,931,454	28,931,454		
Cash Equivalents	0%	20%	0%	0%	45,205	45,205		
Real Assets	0%	10%	2%	2%	878,520	878,520		
Real Estate	0%	10%	0%	0%	1,355		1,355	
Alternative Investments								
Innovation Way Infrastructure	0%	25%	10%	5%	2,289,088			2,289,088
			100%	100%	42,296,310	39,178,257	828,965	2,289,088

Memorandum



Date: August 25, 2014

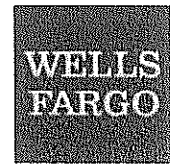
To: Board of Directors
Cal Poly Pomona Foundation, Inc.

From: 
David F. Prenovost,
Senior Managing Director/Chief Financial Officer

Subject: **Analysis of 2013-14 Wells Fargo Commercial Card**

The following presentation was prepared by Wells Fargo and represents an Account Review of our Commercial Card Program.

The account review includes analyses on the card usage, monthly statistical information, our top expense categories, the cost breakdown for our travel and entertainment expenses, and our top 50 merchants by purchase volume from August 2009 (inception) through May 2014.



Account Review

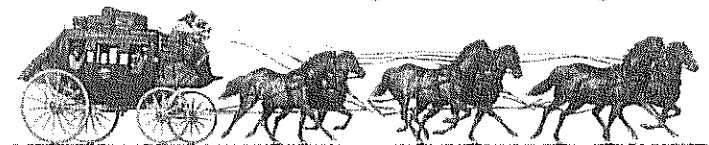
January – May 2014

Cal Poly Pomona Foundation, Inc.

Tracy Perras

June 2014

Together we'll go far



Your Program's Performance

Your program at a glance

Program Established: Aug, 2009	2010	2011	2012	2013	YTD 2014 [as of May]	Estimated 2014 [as of May]	% Change Based on Estimated 2014
Purchase Volume	\$1,966,001	\$2,328,063	\$2,804,880	\$3,091,428	\$1,449,489	\$3,478,774	12.53%
Average Monthly Purchases	\$163,833	\$194,005	\$233,740	\$257,619	\$289,898	\$289,898	12.53%
Number of Transactions	9,862	12,453	16,060	19,983	8,125	19,500	-2.42%
Average Monthly Number of Transactions	822	1,038	1,338	1,665	1,625	1,625	-2.42%
Average Transaction Size	\$215	\$209	\$205	\$188	\$224	\$224	19.00%
Highest Historical Card Count	254	269	278	287	304	304	5.92%
Revenue Share	\$7,864	\$9,312	\$11,220	\$12,366		N/A	N/A

\$500,000.00 commercial card line of credit

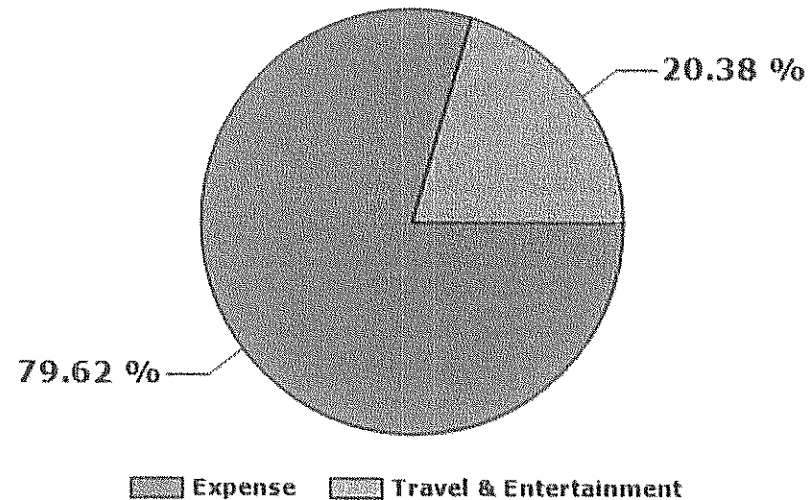
*The above-referenced numbers are based on customer's YTD net purchase volume and average transaction size through YTD. Customer's ability to earn a revenue share payment to be paid in 2014 is based solely on customer's total year-end net purchase volume and average transaction size as set forth in the revenue share calculation in customer's commercial card agreement. Wells Fargo Bank, N.A. does not make any representations or warranties concerning customer's ability to: (i) meet its year-end net purchase volume, (ii) maintain its average transaction size, and/or (iii) earn a revenue share payment based upon the numbers set forth above.

Your account statistics

Cal Poly Pomona Foundation, Inc.					
	Net Purchase Volume	Transactions (Debits + Credits)	Net Transactions (Debits - Credits)	Average Transaction Size	Total Cards
Jan, 2013	\$208,353	1,166	1,024	\$203	277
Feb, 2013	\$265,468	1,711	1,481	\$179	277
Mar, 2013	\$262,449	1,683	1,439	\$182	278
Apr, 2013	\$231,665	1,315	1,185	\$195	283
May, 2013	\$255,849	1,801	1,531	\$167	281
Jun, 2013	\$299,753	1,868	1,546	\$194	285
Jul, 2013	\$259,622	1,383	1,163	\$223	287
Aug, 2013	\$258,521	1,796	1,384	\$187	285
Sep, 2013	\$280,187	1,755	1,389	\$202	287
Oct, 2013	\$280,821	1,861	1,545	\$182	287
Nov, 2013	\$281,493	2,293	1,733	\$162	287
Dec, 2013	\$207,247	1,351	993	\$209	286
Grand Total: 2013	\$3,091,428	19,983	16,413	\$188	

Cal Poly Pomona Foundation, Inc.					
	Net Purchase Volume	Transactions (Debits + Credits)	Net Transactions (Debits - Credits)	Average Transaction Size	Total Cards
Jan, 2014	\$249,380	1,291	1,099	\$227	288
Feb, 2014	\$295,595	1,899	1,371	\$216	292
Mar, 2014	\$288,721	1,718	1,388	\$208	299
Apr, 2014	\$272,990	1,260	1,150	\$237	296
May, 2014	\$342,803	1,957	1,459	\$235	304
Grand Total: 2014	\$1,449,489	8,125	6,467	\$224	

How are you leveraging the WellsOne card strategy?



As of May, 2014	Amount	Transactions	Average Transaction
Expense:	79.62%	85.77%	\$166
Travel & Entertainment:	20.38%	14.23%	\$256
Total Card Volume:	\$1,449,489	8,125	
Data should be used for trending purposes only. Amounts may not match billing statement due to adjustments/chargebacks.			

Your Top Expense Categories

Top Expense Spending Categories and the Top 3 MCCs for each Category				
As of May, 2014				
Percent to Total EXPENSE Spend		Amount	Transactions	Average Transaction
31.48%	MISCELLANEOUS STORES	\$363,305	2,934	\$124
	BOOK STORES [5942]	\$108,893	1,545	\$70
	OFFICE SCHOOL SUPPLY/ AND STATIONERY STORES [5943]	\$69,154	380	\$182
	DIRECT MARKETING - OTHER DIRECT MARKETERS [5969]	\$59,139	344	\$172
25.92%	WHOLESALE DISTRIBUTORS AND MANUFACTURERS	\$299,148	1,331	\$225
	DENTAL/LABORATORY/MEDICAL/OPHTHALMIC [5047]	\$108,348	219	\$495
	BOOKS PERIODICALS AND NEWSPAPERS [5192]	\$24,503	617	\$40
	COMMERCIAL EQUIPMENT NOT ELSEWHERE CLASSIFIED [5046]	\$22,756	51	\$446
11.52%	PROFESSIONAL SERVICES/ MEMBERSHIP ORGANIZATIONS	\$132,969	356	\$374
	ORGANIZATIONS MEMBERSHIP [8699]	\$39,276	99	\$397
	PROFESSIONAL SERVICES NOT ELSEWHERE CLASSIFIED [8999]	\$27,709	41	\$676
	ORGANIZATIONS CHARITABLE AND SOCIAL SERVICE [8398]	\$21,870	60	\$365
11.24%	BUSINESS SERVICES	\$129,768	843	\$154
	BUSINESS SERVICES NOT ELSEWHERE CLASSIFIED [7399]	\$100,677	715	\$141
	COMPUTER PROGRAMMING DATA PROCESSING [7372]	\$7,740	37	\$209
	ADVERTISING SERVICES [7311]	\$7,461	30	\$249
10.20%	RETAIL STORES	\$117,758	973	\$121
	GROCERY STORES SUPERMARKETS [5411]	\$30,801	486	\$63
	MISCELLANEOUS GENERAL MERCHANDISE [5399]	\$19,118	59	\$324
	HOME SUPPLY WAREHOUSE [5200]	\$16,969	193	\$88
Data should be used for trending purposes only. Amounts may not match billing statement due to adjustments/chargebacks.				

Your Travel and Entertainment Breakdown (continued)

Top Airline, Car Rental, Hotel and Meal Merchants			
As of May, 2014	Amount	Transactions	Average Transaction
AIRLINES			
UNITED AIRLINES [3000]	\$23,386	54	\$433
AMERICAN AIRLINES [3001]	\$23,075	66	\$350
SOUTHWEST AIRLINES [3066]	\$12,513	60	\$209
DELTA [3058]	\$9,015	20	\$451
U.S. AIR [3063]	\$7,607	21	\$362
HOTELS			
SHERATON HOTELS [3503]	\$26,004	20	\$1,300
LODGING HOTELS MOTELS/ RESORTS [7011]	\$17,526	43	\$408
HYATT HOTELS [3640]	\$14,188	20	\$709
HILTON HOTELS [3504]	\$9,087	19	\$478
HOLIDAY INNS [3501]	\$4,159	12	\$347
MEALS			
EATING PLACES RESTAURANTS [5812]	\$21,951	215	\$102
CATERERS [5811]	\$16,326	5	\$3,265
QUICK PAYMENT SERVICE FAST-FOOD RESTAURANTS [5814]	\$16,018	266	\$60
BARS/COCKTAIL LOUNGES/DISCOTHEQUES [5813]	\$105	1	\$105
CAR RENTAL			
ENTERPRISE RENT-A-CAR [3405]	\$5,779	34	\$170
TRUCK/ UTILITY TRAILER RENTAL [7513]	\$1,023	6	\$170
AVIS RENT A CAR [3389]	\$792	2	\$396
HERTZ CORPORATION [3357]	\$246	1	\$246
NATIONAL CAR RENTAL [3393]	\$219	2	\$110
Data should be used for trending purposes only. Amounts may not match billing statement due to adjustments/chargebacks.			

What program changes do you expect in 2014 and 2015?

Your top 50 merchants by purchase volume June 2013 – May 2014

Purchase Volume	Txns	Average Txn Size	Merchant Name	MCC	MCC Description
\$209,187	3,910	\$54	AMAZDN MKTPLACE PMTS	5942	BOOK STORES
\$158,144	1,914	\$83	EBAYS HALF.COM	7399	BUSINESS SERVICES NOT ELSEWHERE CLASSIFIED
\$53,610	1,599	\$34	ABEBOOKS.COM	5192	BOOKS PERIODICALS AND NEWSPAPERS
\$45,561	198	\$230	SOUTHWEST AIRLINES	3066	SOUTHWEST AIRLINES
\$37,138	105	\$354	UNITED AIRLINES	3000	UNITED AIRLINES
\$35,802	272	\$132	Home Depot	5200	HOME SUPPLY WAREHOUSE
\$35,408	129	\$274	TFS FISHERSCI ECOM CHI	5047	DENTAL/LABORATORY/MEDICAL/OPHTHALMIC
\$30,883	252	\$123	AMAZON.COM	5942	BOOK STORES
\$29,960	86	\$348	VWR INTERNATIONAL INC	5047	DENTAL/LABORATORY/MEDICAL/OPHTHALMIC
\$29,804	509	\$59	ALIBRIS BOOKS	5969	DIRECT MARKETING - OTHER DIRECT MARKETERS
\$27,902	80	\$349	AMERICAN AIRLINES	3001	AMERICAN AIRLINES
\$27,584	24	\$1,149	SHERATON HOTELS	3503	SHERATON HOTELS
\$24,300	53	\$458	HILTON HOTELS	3504	HILTON HOTELS
\$23,936	23	\$1,041	C.A.T. SPECIALTIES INC.	7399	BUSINESS SERVICES NOT ELSEWHERE CLASSIFIED
\$22,715	6	\$3,786	GROUP TICKETING - D	7996	AMUSEMENT PARKS - CARNIVALS ETC.
\$19,949	36	\$554	HYATT HOTELS	3640	HYATT HOTELS
\$19,108	143	\$134	SHOES FOR CREWS LLC	5139	COMMERCIAL FOOTWEAR
\$18,069	57	\$317	DELTA	3058	DELTA
\$17,745	24	\$739	BIOEXPRESS LLC	5169	CHEMICALS AND ALLIED PRODUCTS
\$17,172	99	\$173	FISHER SCI CHI	5047	DENTAL/LABORATORY/MEDICAL/OPHTHALMIC
\$16,403	19	\$863	MWI VETERINARY SUPPLY CO	742	VETERINARY SERVICES
\$16,173	61	\$265	U.S. AIR	3063	U.S. AIR
\$15,169	249	\$61	CPPF CAMPUS MARKETPLACE	5814	QUICK PAYMENT SERVICE FAST-FOOD RESTAURANTS
\$15,072	87	\$173	ENTERPRISE RENT-A-CAR	3405	ENTERPRISE RENT-A-CAR
\$14,916	2	\$7,458	WATERVIEWCATER15193568	5811	CATERERS
\$14,683	15	\$979	TFS FISHER SCI ATL	5047	DENTAL/LABORATORY/MEDICAL/OPHTHALMIC
\$14,489	16	\$906	SHARPDOTS.COM	2741	MISCELLANEOUS PUBLISHING AND PRINTING
\$13,633	24	\$568	ASI,INC-CAL POLY POMONA	8699	ORGANIZATIONS MEMBERSHIP
\$13,508	85	\$159	CPPF BRONCO BOOKSTORE	5942	BOOK STORES
\$13,313	135	\$99	STAPLES 00113167	5943	OFFICE SCHOOL SUPPLY/ AND STATIONERY STORES
\$13,063	107	\$122	SMARTFINAL30810603082	5411	GROCERY STORES SUPERMARKETS
\$12,765	9	\$1,418	H AND B SALES INC	5046	COMMERCIAL EQUIPMENT NOT ELSEWHERE CLASSIFIED
\$12,709	1	\$12,709	AARON BROTHERS12	5970	ARTIST SUPPLY STORES/CRAFT SHOPS
\$12,471	21	\$594	B & H PHOTO-VIDEO.COM	5969	DIRECT MARKETING - OTHER DIRECT MARKETERS
\$11,819	46	\$257	SIGMA ALDRICH US	5969	DIRECT MARKETING - OTHER DIRECT MARKETERS
\$11,805	31	\$381	EMBASSY SUITES	3695	EMBASSY SUITES
\$11,442	31	\$369	COSTCO DELIVERY 569	5300	WHOLESALE CLUBS
\$11,284	17	\$664	4IMPRINT	5969	DIRECT MARKETING - OTHER DIRECT MARKETERS
\$11,095	244	\$45	STATARBROS168	5411	GROCERY STORES SUPERMARKETS
\$10,605	14	\$757	STOTZ EQUIPMENT	5599	AUTOMOTIVE/AIRCRAFT/FARM EQUIP
\$10,264	71	\$145	AMAZON.COM	4816	COMPUTER NETWORK/INFORMATION SERVICES
\$10,170	17	\$598	CASE - MAIN	8299	SCHOOLS AND EDUCATIONAL SERVICES
\$10,000	1	\$10,000	CEB WATERVIEW CONF.	8999	PROFESSIONAL SERVICES NOT ELSEWHERE CLASSIFIED
\$9,780	37	\$264	INT HOSPITALITY 101, INC.	7372	COMPUTER PROGRAMMING DATA PROCESSING
\$9,751	8	\$1,219	KLOSTER COMPANY	5499	MISCELLANEOUS FOOD STORES
\$9,700	35	\$277	USPS POSTAGE (INTERNET)	9402	POSTAGE STAMPS - GOVERNMENT ONLY
\$9,646	17	\$567	WWW.NEWEGG.COM	5732	ELECTRONICS SALES
\$9,588	10	\$959	IRG PLOTTERS & PRINTERS	5111	STATIONERY OFFICE SUPPLIES/ PRINTING
\$9,161	15	\$611	DOUBLETREE HOTELS	3692	DOUBLETREE HOTELS
\$9,000	3	\$3,000	BEN BOLLINGER PRODUCTI	5812	EATING PLACES RESTAURANTS

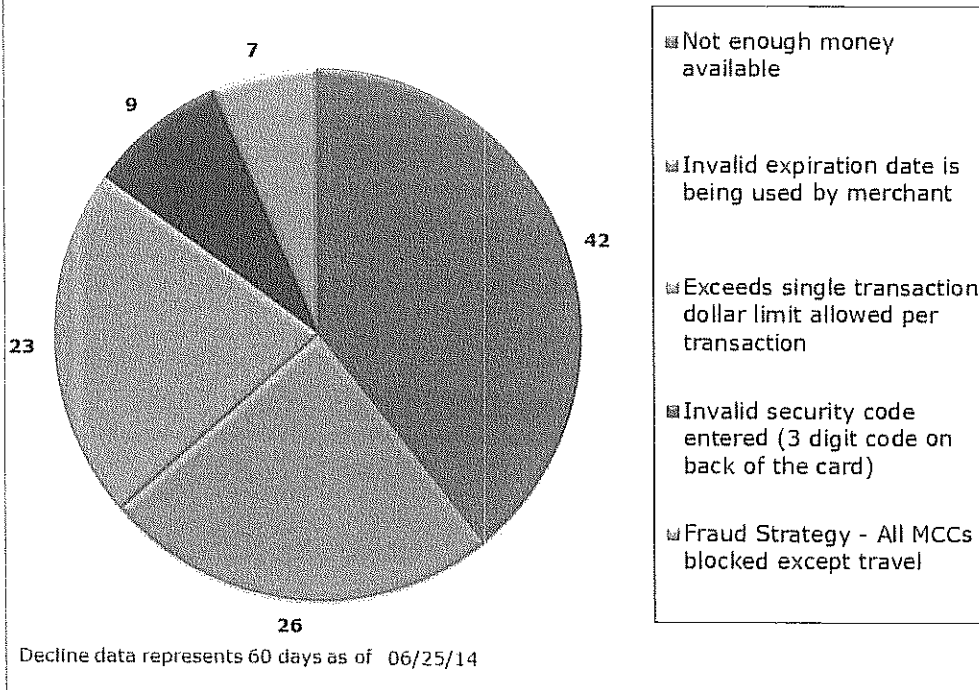
Data should be used for trending purposes only. Amounts may not match billing statement due to adjustments/chargebacks.

"A significantly larger percent of BP organizations report that their card-accepting suppliers have increased their share of business with the organization compared to suppliers who do not accept purchasing cards (52% versus 33%)."

2012 Purchasing Card Benchmark Survey RPMG

Enhancing your cardholder experience

Top 5 Declines



- 125 total declines in a 60 day period
- 2,609 transactions in a 60 day period (average)
- 4.8% estimated decline rate

Decline Code	Decline Reason	Decline Occurrences	Total Dollars
48	Not enough money available	42	\$ 63,370
207	Invalid expiration date is being used by merchant	26	\$ 15,001
805	Exceeds single transaction dollar limit allowed per transaction	23	\$ 103,483
124	Invalid security code entered (3 digit code on back of the card)	9	\$ 4,563
871	Fraud Strategy - All MCCs blocked except travel	7	\$ 4,428
2	Fraud Strategy	6	\$ 2,185
16	Account Closed	5	\$ 498
5	Card reported lost/stolen	4	\$ 1,609
823	Restricted/Blocked Merchant Category Code	2	\$ 2,925
6	Lost card-pending transfer	1	\$ -

Higher Ed Consortium

\$200 Average Ticket Size Revenue Share Grid

National Higher Education Card Consortium

\$200 Average Ticket Size,

Individual Volume

		\$2,500,000	\$5,000,000	\$7,500,000	\$10,000,000	\$15,000,000	\$20,000,000	\$30,000,000	\$40,000,000	\$50,000,000	\$60,000,000	\$70,000,000	\$80,000,000	\$90,000,000	\$100,000,000
Aggregate Volume*	bps	92	102	112	118	124	126	128	130	132	133	134	135	136	137
\$25,000,000	5	97	107	117	123	129	131								
\$50,000,000	10	102	112	122	128	134	136	138	140	142					
\$75,000,000	15	107	117	127	133	139	141	143	145	147	148	149			
\$100,000,000	20	112	122	132	138	144	146	148	150	152	153	154	155	156	157
\$150,000,000	21	113	123	133	139	145	147	149	151	153	154	155	156	157	158
\$200,000,000	22	114	124	134	140	146	148	150	152	154	155	156	157	158	159
\$300,000,000	23	115	125	135	141	147	149	151	153	155	156	157	158	159	160
\$400,000,000	24	116	126	136	142	148	150	152	154	156	157	158	159	160	161
\$500,000,000	25	117	127	137	143	149	151	153	155	157	158	159	160	161	162
\$600,000,000	26	118	128	138	144	150	152	154	156	158	159	160	161	162	163
\$700,000,000	27	119	129	139	145	151	153	155	157	159	160	161	162	163	164
\$800,000,000	28	120	130	140	146	152	154	156	158	160	161	162	163	164	165
\$900,000,000	29	121	131	141	147	153	155	157	159	161	162	163	164	165	166
\$1,000,000,000	30	122	132	142	148	154	156	158	160	162	163	164	165	166	167

*Aggregate Volume does not include Large Ticket Spend
Large Ticket = 60 bps

Current Revenue Share Schedule

- \$1,000,000 @ 40 bps
- \$4,000,000 @ 65 bps
- \$6,000,000 @ 75 bps
- \$8,000,000 @ 85 bps
- \$10,000,000 @ 95 bps
- \$12,000,000 and above 105 bps

Cal Poly Considerations

- Performance is based on Cal Poly individual contribution and Consortium contribution
- Must have a minimum avg. transaction size of \$200 to participate
- Must have minimum volume of \$2.5MM to participate
- No contract revisions
- Large Ticket will be enforced at 60 bps

Memorandum



Date: August 25, 2014

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

From: 
David F. Pehnovost,
Senior Managing Director/CFO

Subject: FINANCIAL HIGHLIGHTS – FOR THE YEAR ENDED JUNE 2013-14

Following are the year-to-date financial statement Surplus/(Deficit) amounts:

	Budget	Forecast	Actual
Administration	\$ (1,055,114)	\$ (773,550)	\$ (875,482)
Real Estate	391,213	317,944	401,191
Investments	453,381	1,765,311	2,388,690
Bookstore	312,216	297,678	422,971
Dining Services	406,217	626,492	1,217,544
Kellogg West Conference Center	4,098	(41,258)	(36,586)
University Village	1,412,915	998,709	1,149,823
Designated Gifts	(1,566,051)	(1,632,677)	(1,396,068)
Research Office	45,596	45,602	45,153
Agriculture	71,048	140,934	24,551
Continuing Education	913,760	463,592	1,348,332
Foundation Programs/Scholarships	-	-	1,061,065
Foundation Total	<u>\$ 1,389,279</u>	<u>\$ 2,208,777</u>	<u>\$ 5,751,184</u>

For the fiscal year ended June 30, 2014 revenues of \$57.2 million were 8.9% or \$4.7 million greater than budget and 5.6% or \$3.0 million greater than forecast due to Investments, Dining Services and Continuing Education. Expenditures of \$51.4 million were 59 basis point or \$301,480 greater than budgeted and 98.9% or \$572,829 short of forecast, see attached for further details.

The audited surplus for the fiscal year ended of \$5.8 million generates a debt coverage ratio of 5.65 before the Designated Gift and 5.0 after the Designated Gift, see attached for further details. In addition, all reserves were funded in all material respects to the forecasted amount except for the Agricultural Program Reserve and Pine Tree Ranch Reserve which we decided would not be funded due to their year-end negative cash balance, see attached for further details.



CAL POLY POMONA FOUNDATION, INC.

Statement of Activities

For period ending June 30,2014 and 2013

Description	REVENUES			EXPENSES			SURPLUS/(DEFICIT)			SURPLUS/(DEFICIT)			
	FY 12-13	FY 13-14 YTD		FY 12-13	FY 13-14 YTD		FY 12-13	FY 13-14 YTD		FY 13-14	FY 13-14	Forecast	YTD Budget
	YTD Actual	Budget	Actual	YTD Actual	Budget	Actual	YTD Actual	Budget	Actual	Forecast	Budget	(Not) Realized	(Not) Realized
General Activities:													
Administration	3,868,179	4,049,695	4,311,047	4,738,268	5,104,809	5,186,529	(870,089)	(1,055,114)	(875,482)	(773,550)	(918,069)	(101,932)	42,587
Real Estate	2,165,389	2,246,084	2,129,996	1,989,827	1,981,753	1,865,372	175,562	264,331	264,624	191,932	264,331	72,692	293
Investments	1,089,862	502,900	2,451,134	39,948	49,519	62,444	1,049,914	453,381	2,388,690	1,765,311	453,381	623,379	1,935,309
Building Rentals	764,999	779,700	780,261	610,170	652,818	643,694	154,829	126,882	136,567	126,012	126,882	10,555	9,685
TOTAL GENERAL	7,888,429	7,578,379	9,672,438	7,378,213	7,788,899	7,758,039	510,216	(210,520)	1,914,399	1,309,705	(73,475)	604,694	1,987,874
Enterprises:													
Bookstores	10,272,415	10,395,560	9,947,280	9,992,755	10,083,344	9,524,309	279,660	312,216	422,971	297,678	312,216	125,293	110,755
Carl's/ Salad Bar/Taco Bell	802,195	811,698	844,785	679,835	702,449	734,546	122,360	109,249	110,239	124,241	125,817	(14,002)	(15,578)
Panda Express	121,963	127,700	119,980	8,423	13,008	9,177	113,540	114,692	110,803	102,912	114,692	7,891	(3,889)
C-Store's <small>(incl. Starbucks, sco, Einstein, cba, poly troll)</small>	3,676,492	3,960,580	4,252,483	3,185,956	3,486,032	3,763,398	490,536	474,548	489,085	420,308	474,548	68,777	14,537
Vending & Carts	88,834	298,220	110,692	63,556	250,593	93,880	25,278	47,627	16,812	28,589	47,627	(11,777)	(30,815)
Los Olivos	4,600,825	4,831,575	5,099,050	3,994,629	4,382,712	4,298,250	606,196	448,863	800,800	769,202	448,863	31,598	351,937
Vista Café	1,427,955	1,268,483	1,404,936	1,318,996	1,237,586	1,314,264	108,959	30,897	90,672	66,267	30,897	24,405	59,775
Vista Diner-Denny's	810,748	821,835	888,904	853,494	823,842	943,680	(42,746)	(2,007)	(54,776)	(37,496)	(2,007)	(17,280)	(52,769)
Geneva Café	0	0	0	1,987	0	0	(1,987)	0	0	0	0	0	0
Bronco Student Center	2,031,700	2,100,531	2,244,989	1,710,694	1,775,301	1,886,274	321,006	325,230	358,715	323,904	325,230	34,811	33,485
FS Mgt/Overhead	46,249	0	139	962,489	999,122	860,380	(916,240)	(999,122)	(860,241)	(1,040,758)	(999,122)	180,517	138,881
<i>Total Dining Services</i>	<i>13,606,961</i>	<i>14,220,622</i>	<i>14,965,958</i>	<i>12,780,059</i>	<i>13,670,645</i>	<i>13,903,849</i>	<i>826,902</i>	<i>549,977</i>	<i>1,062,109</i>	<i>757,169</i>	<i>566,545</i>	<i>304,940</i>	<i>495,564</i>
Catering/Conference Foods	1,663,936	1,762,355	2,214,039	1,793,847	1,857,803	2,001,236	(129,911)	(95,448)	212,803	(81,255)	(95,448)	294,058	308,251
K.W Conference Cntr.	1,315,977	1,547,482	1,394,272	1,354,687	1,543,384	1,430,858	(38,710)	4,098	(36,586)	(41,258)	4,098	4,672	(40,684)
University Village	8,344,009	8,599,252	8,338,860	7,297,431	7,186,337	7,189,037	1,046,578	1,412,915	1,149,823	998,709	1,412,915	151,114	(263,092)
TOTAL ENTERPRISE	35,203,298	36,525,271	36,860,409	33,218,779	34,341,513	34,049,289	1,984,519	2,183,758	2,811,120	1,931,043	2,200,326	880,077	610,794
TOTAL GEN & ENTERPRISE	43,091,727	44,103,650	46,532,847	40,596,992	42,130,412	41,807,328	2,494,735	1,973,238	4,725,519	3,240,748	2,126,851	1,484,771	2,598,668
Uses of Designated Funds:													
Development	0	0	500	54,588	72,000	53,346	(54,588)	(72,000)	(52,846)				
Alumni Affairs	2,135	0	300	62,596	64,500	64,646	(60,461)	(64,500)	(64,346)				
Public Relations	3,787	0	8,660	347,935	629,000	335,198	(344,148)	(629,000)	(326,538)				
Publications	446	0	778	164,544	185,600	165,357	(164,098)	(185,600)	(164,579)				
Athletics	0	0	0	55,000	55,000	55,000	(55,000)	(55,000)	(55,000)				
Other	16,504	0	25,421	491,544	559,951	758,180	(475,040)	(559,951)	(732,759)				
TOTAL DESIGNATED USES	22,872	0	35,659	1,176,207	1,566,051	1,431,727	(1,153,335)	(1,566,051)	(1,396,068)	(1,632,677)	1,626,664	236,609	(3,022,732)
Other Activities:													
Research Office	1,288,608	1,360,178	1,152,946	1,243,456	1,314,582	1,107,793	45,152	45,596	45,153	45,602	45,596	(449)	(443)
Agriculture	3,084,371	3,276,681	3,173,181	3,068,051	3,205,633	3,148,630	16,320	71,048	24,551	140,934	75,548	(116,383)	(50,997)
Continuing Education	3,904,899	3,767,358	4,679,405	2,872,799	2,853,598	3,331,073	1,032,100	913,760	1,348,332	463,592	913,760	884,740	434,572
Fdn. Program-Unrestricted	635,892	-	1,606,270	723,903	-	545,205	(88,011)	-	1,061,065	0	-	1,061,065	1,061,065
TOTAL OTHER	8,913,770	8,404,217	10,611,802	7,908,209	7,373,813	8,132,701	1,005,561	1,030,404	2,479,101	650,128	1,034,904	1,828,973	1,444,197
TOTAL SURPLUS (DEFICIT)	52,028,369	52,507,867	57,180,308	49,681,408	51,070,276	51,371,756	2,346,961	1,437,591	5,808,552	2,258,199	4,788,419	3,550,353	1,020,133
LO Surplus 1%							(60,288)	(48,312)	(57,368)	(49,422)	(48,312)	(7,946)	0
TOTAL FOUNDATION Net	52,028,369	52,507,867	57,180,308	49,681,408	51,070,276	51,371,756	2,286,673	1,389,279	5,751,184	2,208,777	4,740,107	3,542,407	1,020,133

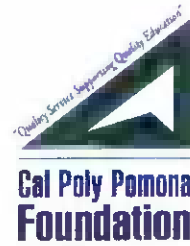
**Debt Service Coverage
(Fiscal Year Ended June 30)**

Description	Revised Budget 2013-14	Forecast 2013-14	Actual 2013-14
Change in unrestricted net assets	\$ 1,353,252	\$ 2,208,777	\$ 5,751,184
Add Back:			
University Designated Expenses	1,667,190	1,632,677	1,396,068
Surplus (Deficit) before Designated Expenses - see Note	\$ 3,020,442	\$ 3,841,454	\$ 7,147,252
Add Back:			
Depreciation and amortization	3,996,802	4,184,366	3,867,508
Interest (see detail below)	1,353,452	1,309,240	1,198,712
Available for Debt Service	\$ 8,370,696	\$ 9,335,060	\$ 12,213,472
Maximum Annual Debt Service *			
2005/2013 Series Bonds	1,829,625	1,829,625	1,829,625
2007 Series Bonds	332,750	332,750	332,750
Total Debt Service	\$ 2,162,375	\$ 2,162,375	\$ 2,162,375
Total Debt Service before Designated Expenses - see Note	3.87	4.32	5.65
Total Debt Service after Designated Expenses	3.10	3.56	5.00
Note: Bond covenants require the Foundation to not incur a deficit in any two consecutive years after adding back the designated gifts and a debt coverage ratio of at least 1.25.			
* Maximum annual debt service is reported as the total amount of scheduled debt service during the year in which the debt service is scheduled to be highest during the life of the Bonds			
Interest Detail			
2005 Series Bonds - Interest (portion advance refunded 2013)	1,227,600	1,183,390	1,080,528
2007 Series Bonds - Interest	125,852	125,850	118,184
Total Interest Expense	\$ 1,353,452	\$ 1,309,240	\$ 1,198,712

CAL POLY POMONA FOUNDATION, INC.
Analysis of Reserves

	Balance Jun-13 (1)	Revised Budget Activity Fiscal 13/14 (2)	Forecast Activity Fiscal 13/14 (3)	Actual Activity Fiscal 13/14 (4)	Balance Jun-14 (1+4)=5	Budget Activity Fiscal 14/15 (6)	Projected Balance Jun-15 (7)	Goal (8)
Board Designated Reserves								
Agriculture Program Reserve	31,967	31,545	60,752	21,738	53,705	33,098	168,850	75,000
Cafeteria State Share Reserve	182,062			-	182,062		182,062	
Capital Reserve	3,792,023	(537,186)	(522,061)	1,785,685	5,577,708	(542,052)	2,727,910	6,000,000
Emergency Reserve	120,152			-	120,152		120,152	
Indirect Cost Dissallowance Reserve	346,406			-	346,406		346,406	492,195
Innovation Village Demo Reserve	46,487	8,130	7,376	8,042	54,529	8,221	62,084	
Insurance Reserve	(8,356)	109,109	60,934	106,734	98,378	39,796	261,940	
Pine Tree Ranch Reserve	140,886	9,607	16,752	-	140,886	998	158,636	75,000
Auxiliaries Multiple Employer VEBA Trust		1,000,000	1,000,000	1,000,000		1,000,000		
Research & Sponsored Programs	94,521	20,000	20,000	17,737	112,258	20,000	130,369	
Residential Board Meal Program Surplus Res	1,354,002	(118,347)	194,247	194,174	1,548,176	38,288	1,586,537	
Venture Capital/Real Estate Reserve	921,074	441,037	449,679	448,963	1,370,037	465,113	1,835,866	6,000,000
Total	7,021,224	963,895	1,287,679	3,583,073	9,604,297	1,063,462	7,580,812	12,642,195

Memorandum



Date: September 5, 2014

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

From: 
David F. Prenovost
Senior Managing Director/Chief Financial Officer

Subject: **2013-2014 STATE PRESCHOOL PROGRAM AUDIT**

GYL Decauwer, LLP has completed the audit of the State Preschool Program grants from the California Department of Education for the fiscal year ended June 30, 2014. The audit report and the results of the audit are as follows:

1. Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.

The results of GYL Decauwer's tests disclosed no instance of noncompliance that is required to be reported under Government Auditing Standards. In addition, there were no matters involving the internal control over financial reporting and its operation that GYL Decauwer considered to be material weaknesses.

PROPOSED ACTION:

WHEREAS, The Foundation is requesting the Board of Directors accept GYL Decauwer's State Preschool Program Audit Report for the fiscal year ended June 30, 2014.

NOW, THEREFORE, BE IT RESOLVED that the Cal Poly Pomona Foundation, Inc., Board of Directors accepts the GYL Decauwer's State Preschool Program Audit Report.

Passed and adopted this 23rd day of September 2014.

By: 
Rachel Dominguez, Secretary
Board of Directors

August 27, 2014

To the Management and the Audit Committee of the Board of Directors of the Cal Poly Pomona Foundation, Inc. State Preschool, General Child Care and Prekindergarten Programs Pomona, California

We have audited the financial statements of Cal Poly Pomona Foundation, Inc. State Preschool, General Child Care and Prekindergarten Programs for the year ended June 30, 2014, and have issued our report thereon dated August 27, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 23, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Cal Poly Pomona Foundation, Inc. State Preschool, General Child Care and Prekindergarten Programs are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the 2014 year. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the allocation of costs is utilized to allocate costs to each program. We evaluated the key factors and assumptions used to develop the cost allocation in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

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Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements and they have been posted and resolved by management. In addition, the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 27, 2014.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors of Cal Poly Pomona Foundation, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

D. J. Decauwer LLP

GYL Decauwer LLP
Ontario, California

Client: *Cal Poly Pomona Foundation, Inc.*
 Engagement: *Cal Poly Pomona Foundation, Inc. 6/30/14*
 Period Ending: *6/30/2014*
 Workpaper: *Adjusting Journal Entries Report*

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		AC-1		
RBC- To correctly state CCTR and CSPP revenue				
4600-10	EARNED EQUITIES -FUND 2		41,181.78	
5200-30	Contribution ASI		7,272.42	
4600-30	EARNED EQUITIES -FUND 2			7,272.42
5200-10	Contribution ASI			41,181.78
Total			48,454.20	48,454.20
Adjusting Journal Entries JE # 2		130-3		
RBC- To record supplemental revenue and expenses				
7135-70	INDIRECT COSTS		16,588.00	
7190-70	MISCELLANEOUS		49,292.63	
7272-70	SALARIES/REIMBURSED		110,644.47	
7311-70	STAFF BENEFITS/REIMBURSED		25,109.55	
7326-70	SUPPLIES/EXPENDABLE		2,136.33	
4700-70	SUPPLEMENTAL REVENUE			203,770.98
Total			203,770.98	203,770.98

**CAL POLY POMONA FOUNDATION, INC.
STATE PRESCHOOL, GENERAL CHILD CARE
AND PREKINDERGARTEN PROGRAMS**

FINANCIAL STATEMENTS

For The Year Ended June 30, 2014
(Summarized Totals for 2013)



**CAL POLY POMONA FOUNDATION, INC.
STATE PRESCHOOL, GENERAL CHILD CARE
AND PREKINDERGARTEN PROGRAMS**

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**CAL POLY POMONA FOUNDATION, INC.
STATE PRESCHOOL, GENERAL CHILD CARE
AND PREKINDERGARTEN PROGRAMS**

GENERAL INFORMATION

NAME OF AGENCY:	Cal Poly Pomona Foundation, Inc.	
PROGRAM:	State Preschool	CSPP-3145
	Prekindergarten and Family	
	Literacy Support	CPKS-3025
	General Child Care and	
	Development	CCTR-3069
TYPE OF AGENCY:	Non-Profit State of California Foundation	
ADDRESS OF AGENCY:	Cal Poly Pomona Foundation, Inc. State Preschool Office 3801 W. Temple Ave., Building 116 Pomona, California 91768	
NAME AND ADDRESS OF:		
Chief Financial Officer:	David Prenovost Cal Poly Pomona Foundation, Inc. 3801 West Temple Avenue, Building 55 Pomona, California 91768	
Preschool Director:	Celeste Salinas	
TELEPHONE NUMBER:	Foundation Office	(909) 869-2948
	State Preschool Office	(909) 869-2284
PERIOD COVERED BY THE EXAMINATION:	July 1, 2013 to June 30, 2014	
NUMBER OF DAYS OF OPERATION OF AGENCY:	244 days	CSPP-3145
	244 days	CCTR-3069
SCHEDULE HOURS OF OPERATION EACH DAY:	Opening time: 8:45 a.m.	1:00 p.m.
	Closing time: 12:30 a.m.	5:00 p.m.
	Number of days per week:	5

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Cal Poly Pomona Foundation, Inc.
State Preschool, General Child Care and Prekindergarten Programs
Pomona, California

Report on the Financial Statements

We have audited the accompanying financial statements of Cal Poly Pomona Foundation, Inc. State Preschool, General Child Care and Prekindergarten Programs, which comprise the financial position as of June 30, 2014, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 the basis for our opinion.

4120 Concours
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INDEPENDENT AUDITOR'S REPORT (continued)

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. State Preschool, General Child Care and Prekindergarten Programs as of June 30, 2014, and the results of its activities and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Cal Poly Pomona Foundation, Inc. State Preschool, General Child Care and Prekindergarten Programs 2013 fiscal year financial statements, and our report dated September 3, 2013, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 accompanying supplementary information presented on pages 9 - 23, is presented for purposes of additional analysis, and is not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and in conformity with the *Audit Guide of Child Development and Nutrition Programs* issued by the California Department of Education. 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 August 27, 2014, on our consideration of Cal Poly Pomona Foundation, Inc. State Preschool, General Child Care and Prekindergarten Programs' internal control over financial reporting and 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 consideration of Cal Poly Pomona Foundation, Inc. State Preschool, General Child Care and Prekindergarten Programs' internal control over financial reporting and compliance.

Don Deauwer LLP

GYL Decauwer LLP

Ontario, California

August 27, 2014



CPAs & Business Consultants

**CAL POLY POMONA FOUNDATION, INC.
STATE PRESCHOOL, GENERAL CHILD CARE
AND PREKINDERGARTEN PROGRAMS**

STATEMENT OF FINANCIAL POSITION

June 30, 2014

(Summarized Totals for 2013)

ASSETS	2014	2013
Grants and contracts receivable	\$ 92,063	\$ 82,092
Parent fees receivable	25,835	
Due from ASI	41,182	49,705
Total Assets	\$ 159,080	\$ 131,797
LIABILITIES AND NET ASSETS		
Claims on cash	\$ 44,878	\$ 81,883
Accounts payable	98,064	40,412
Accrued expenses	15,983	9,400
Grants and contracts payable	53	
SDE reserves	102	102
Total Liabilities	159,080	131,797
Total Liabilities and Net Assets	\$ 159,080	\$ 131,797

See accompanying notes to the financial statements

**CAL POLY POMONA FOUNDATION, INC.
STATE PRESCHOOL, GENERAL CHILD CARE
AND PREKINDERGARTEN PROGRAMS**

STATEMENT OF ACTIVITIES

For the year ended June 30, 2014

(Summarized Totals for 2013)

	2014	2013
REVENUE		
State apportionments	\$ 243,703	\$ 302,291
Federal awards	124,657	135,798
Transfer from CD reserves		9,880
Other grants	203,771	227,320
Parent fees-certified	24,980	33,359
Parent fees-non certified	86,871	101,349
Contribution from ASI	41,182	
Interest income	219	45
Total Revenue	725,383	810,042
EXPENSES		
Program Services		
Child care services	673,189	730,209
Support Services		
Administrative costs	52,194	79,833
Total Expenses	725,383	810,042
CHANGES IN NET ASSETS		
Unrestricted Net Assets - beginning of year		
Unrestricted Net Assets - end of year	\$	\$

See accompanying notes to the financial statements

**CAL POLY POMONA FOUNDATION, INC.
STATE PRESCHOOL, GENERAL CHILD CARE
AND PREKINDERGARTEN PROGRAMS**

STATEMENT OF CASH FLOWS

For the year ended June 30, 2014

(Summarized Totals for 2013)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Decrease (increase) in operating assets		
Grants and contracts receivable	\$ (9,971)	\$ (39,649)
Parent fees receivable	(25,835)	(5,551)
Due from ASI	8,523	
Increase (decrease) in operating liabilities		
Accounts payable	57,652	(34,920)
Accrued expenses	6,583	(6,981)
Grants and contracts payable	53	
SDE reserves		(9,860)
	37,005	(96,961)
Net cash provided by (used in) operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
None		
CASH FLOWS FROM FINANCING ACTIVITIES		
None		
Cash and cash equivalents - beginning of year	(81,883)	15,078
Cash and cash equivalents - end of year	\$ (44,878)	\$ (81,883)

See accompanying notes to the financial statements

**CAL POLY POMONA FOUNDATION, INC.
STATE PRESCHOOL, GENERAL CHILD CARE
AND PREKINDERGARTEN PROGRAMS**

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1 Summary of Significant Accounting Policies

Revenues - The State Preschool, General Child Care and Prekindergarten Programs (“Programs”), component units of Cal Poly Pomona Foundation, Inc. (“Foundation”), are funded by the California Department of Education. The purpose of the programs are to provide day care and child development services. The component units have earned revenue of \$368,360. As required by the California Department of Education, Cal Poly Pomona Foundation, Inc. is mandated to obtain an audit of the component unit and submit the audited financial statements and supplementary information of the component unit as well as the audited financial statements of the entire Foundation.

Property 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. It is the Foundation’s policy to capitalize equipment and property with a cost of \$5,000 or greater.

Property and equipment acquired by the Foundation’s Programs are considered owned by Cal Poly Pomona Foundation, Inc. However, government funding sources maintain an equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets.

Income Tax Status - The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

The Organization has evaluated its tax positions and the certainty as to whether those 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 Organization’s continued qualification as a tax-exempt organization and whether there is unrelated business income activities conducted that would be taxable. Management has considered its tax positions and believes that all of the positions taken by the Organization in its federal and state exempt organization tax returns are more likely than not be sustained upon examination; therefore, no disclosures of uncertain income tax positions are required. The Organizations returns are subject to examination by federal and state taxing authorities, generally for four years after they are filed.

Cash and Cash Equivalents - The Programs are affiliated and integrated with the Foundation, who performs a number of fiscal services on behalf of the program, including the management of cash. Therefore, the cash and cash equivalents are displayed in the statement of cash flows as claims on cash.

**CAL POLY POMONA FOUNDATION, INC.
STATE PRESCHOOL, GENERAL CHILD CARE
AND PREKINDERGARTEN PROGRAMS**

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1 Summary of Significant Accounting Policies (continued)

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Summarized Prior Year Information - The financial statements include summarized comparative information from the prior year, which is not presented by net class or include comparative footnotes, and does not include sufficient detail to conform with GAAP. This information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2013, for which the comparative information was extracted.

Date of Managements' Review - The Foundation has evaluated subsequent events through August 27, 2014 the date which the financial statements were available to be issued and there are no subsequent events requiring disclosure.

Note 2 Related Party Transactions

The State Preschool and Prekindergarten operate from facilities paid for by California State Polytechnic University, Pomona. The Foundation performs fiscal administration for the State Preschool and Prekindergarten. The Foundation's fee is 8% for fiscal administration.

The State Preschool and Prekindergarten teaching staff consist of employees from Associated Students, Inc. On a monthly basis, the State Preschool and Prekindergarten reimburses Associated Students, Inc. for salaries, benefits and pension cost. Associated Students, Inc. also collects parent fees for both certified and non-certified children that then are remitted to the Foundation.

Note 3 State Child Development Reserves

The funding agreements with the California Department of Education (CDE) allow the Foundation to record "reserves" for the amounts not earned during the current year, up to certain amounts. These reserves are presented as a liability for financial statement purposes and are not included in the current year revenue. As of June 30, 2014, the reserves' total balance was \$102.

Note 4 Contingencies

The Foundation has received grant funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

SUPPLEMENTARY INFORMATION

**CAL POLY POMONA FOUNDATION, INC.
STATE PRESCHOOL, GENERAL CHILD CARE
AND PREKINDERGARTEN PROGRAMS**

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the year ended June 30, 2014

<u>Grantor/ Program Title</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program or Award Amount</u>	<u>State Disbursements/ Expenditures</u>
U.S. Department of Health and Human Services				
Passed through California Department of Education:				
State Preschool	93.596/93.575	CSPP-3145	\$ 98,210	\$ 55,006
General Child Care & Development	93.596/93.575	CCTR-3069	<u>32,306</u>	<u>28,722</u>
Subtotal			130,516	83,728
 US Department of Agriculture				
Child and Adult Care Food Program				
Passed through California Department of Education:				
Child Care Food Program	10.558	05310-CACFP-19	<u>40,929</u>	<u>40,929</u>
Total Federal Awards			<u>\$ 171,445</u>	<u>\$ 124,657</u>
State Preschool		CSPP-3145	\$ 308,944	\$ 174,185
General Child Care & Development		CCTR-3069	75,752	67,018
Prekindergarten and Family Literacy Support		CPKS-3025	<u>2,500</u>	<u>2,500</u>
Total State Awards			<u>\$ 387,196</u>	<u>\$ 243,703</u>

See accompanying notes to supplementary information

**CAL POLY POMONA FOUNDATION, INC.
STATE PRESCHOOL, GENERAL CHILD CARE
AND PREKINDERGARTEN PROGRAMS**

COMBINED SCHEDULE OF REVENUE AND EXPENDITURES BY STATE CONTRACTS

For the year ended June 30, 2014

	CSPP-3145 State Preschool	CPKS-3025 Prekindergarten and Family Literacy Support	CCTR-3069 General Child Care & Development	Total
REVENUE				
Federal awards	\$ 95,935	\$	\$ 28,722	\$ 124,657
State apportionments	174,185	2,500	67,018	243,703
Other grants	203,771			203,771
Parent fees-certified	21,332		3,648	24,980
Parent fees-non certified	57,791		29,080	86,871
Contribution from ASI	41,182			41,182
Interest income	203		16	219
	<u>594,399</u>	<u>2,500</u>	<u>128,484</u>	<u>725,383</u>
EXPENDITURES				
Certificated salaries and wages	297,306		75,387	372,693
Employee benefits	131,521		35,821	167,342
Total Salaries and Related Expenses	428,827		111,208	540,035
Books and supplies	61,016	2,315	795	64,126
Services and other operating expenses	62,064		6,964	69,028
Indirect cost rate	42,492	185	9,517	52,194
	<u>594,399</u>	<u>2,500</u>	<u>128,484</u>	<u>725,383</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

See accompanying notes to the supplementary information

**CAL POLY POMONA FOUNDATION, INC.
STATE PRESCHOOL, GENERAL CHILD CARE
AND PREKINDERGARTEN PROGRAMS**

SCHEDULE OF EXPENDITURES BY STATE CATEGORIES

For the year ended June 30, 2014

	<u>CSPP-3145</u> State Preschool	<u>CPKS-3025</u> Prekindergarten and Family Literacy Support	<u>CCTR-3069</u> General Child Care & Development	<u>Total</u>
EXPENDITURES				
Direct payment to providers				
1000 Certified salaries	\$ 186,662	\$	\$ 75,387	\$ 262,049
2000 Classified salaries				
3000 Employee benefits	106,411		35,821	142,232
4000 Books and supplies	58,880	2,315	795	61,990
5000 Services and other operating expenses	12,771		6,964	19,735
6100/6200 Other approved capital outlay				
6400 New equipment				
6500 Replacement equipment				
Depreciation on assets not purchased with public funds				
Start-up expenses - service level exemption				
Indirect costs	<u>25,904</u>	<u>185</u>	<u>9,517</u>	<u>35,606</u>
Total expenses claimed for reimbursement	390,628	2,500	128,484	521,612
Total supplemental expenses	<u>203,771</u>			<u>203,771</u>
Total Expenditures	<u>\$ 594,399</u>	<u>\$ 2,500</u>	<u>\$ 128,484</u>	<u>\$ 725,383</u>

See accompanying notes to the supplementary information

AUDITED ATTENDANCE AND FISCAL REPORT

for California State Preschool Programs

Agency Name: Cal Poly Pomona Foundation, Inc.

Vendor No. E923

Fiscal Year Ended: June 30, 2014

Contract No. CSPP-3145

Independent Auditor's Name: GYL Decauwer LLP

SECTION I - CERTIFIED CHILDREN DAYS OF ENROLLMENT	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Three and Four Year Olds</i>					
Full-time-plus	407		407	1.1800	480.260
Full-time	3,983		3,983	1.0000	3,983.000
Three-quarters-time	1,714		1,714	0.7500	1,285.500
One-half-time	1,935		1,935	0.6172	1,194.282
<i>Exceptional Needs</i>					
Full-time-plus	-		-	1.4160	-
Full-time	-		-	1.2000	-
Three-quarters-time	-		-	0.9000	-
One-half-time	-		-	0.6172	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-		-	1.2980	-
Full-time	108		108	1.1000	118.800
Three-quarters-time	143		143	0.8250	117.975
One-half-time	172		172	0.6172	106.158
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus	-		-	1.2980	-
Full-time	-		-	1.1000	-
Three-quarters-time	-		-	0.8250	-
One-half-time	11		11	0.6172	6.789
<i>Severely Disabled</i>					
Full-time-plus	-		-	1.7700	-
Full-time	-		-	1.5000	-
Three-quarters-time	-		-	1.1250	-
One-half-time	-		-	0.6172	-
TOTAL DAYS OF ENROLLMENT	8,473	-	8,473		7,292.765
DAYS OF OPERATION	244	-	244		
DAYS OF ATTENDANCE	8,471	-	8,471		

NO NONCERTIFIED CHILDREN - Check this box, omit page 2, and continue to Section III if no noncertified children were enrolled in the program.

Comments - If necessary, attach additional sheets to explain adjustments:

**AUDITED ATTENDANCE AND FISCAL REPORT
for California State Preschool Programs**

Agency Name: Cal Poly Pomona Foundation, Inc.

Vendor No. E923

Fiscal Year Ended: June 30, 2014

Contract No. CSPP-3145

SECTION II - NONCERTIFIED CHILDREN Report all children who were not certified, but who were served at the same sites as certified children.	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
DAYS OF ENROLLMENT	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Three and Four Year Olds</i>					
Full-time-plus	834		834	1.1800	984.120
Full-time	832		832	1.0000	832.000
Three-quarters-time	521		521	0.7500	390.750
One-half-time	248		248	0.6172	153.066
<i>Exceptional Needs</i>					
Full-time-plus	56		56	1.4160	79.296
Full-time	123		123	1.2000	147.600
Three-quarters-time	62		62	0.9000	55.800
One-half-time	2		2	0.6172	1.234
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-		-	1.2980	-
Full-time	-		-	1.1000	-
Three-quarters-time	-		-	0.8250	-
One-half-time	77		77	0.6172	47.524
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus	-		-	1.2980	-
Full-time	-		-	1.1000	-
Three-quarters-time	-		-	0.8250	-
One-half-time	-		-	0.6172	-
<i>Severely Disabled</i>					
Full-time-plus	-		-	1.7700	-
Full-time	-		-	1.5000	-
Three-quarters-time	-		-	1.1250	-
One-half-time	-		-	0.6172	-
TOTAL DAYS OF ENROLLMENT	2,755	-	2,755		2,691.390

Comments - If necessary, attach additional sheets to explain adjustments:

**AUDITED ATTENDANCE AND FISCAL REPORT
for California State Preschool Programs**

Agency Name: Cal Poly Pomona Foundation, Inc. Vendor No. E923

Fiscal Year End: June 30, 2014 Contract No. CSPP-3145

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDES 8501	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
SECTION III - REVENUE			
RESTRICTED INCOME			
Child Nutrition Programs	\$40,982	\$0	\$40,982
County Maintenance of Effort (EC § 8279)			0
Other (Specify):			0
Other (Specify):			0
Subtotal	\$40,982	\$0	\$40,982
Transfer from Reserve			0
Family Fees for Certified Children Full-Day Program	15,995		15,995
Family Fees for Certified Children Part-Day Program	5,337		5,337
Interest Earned on Apportionments	203		203
UNRESTRICTED INCOME			
Family Fees for Noncertified Children	57,791		57,791
Head Start Program (EC § 8235(b))			0
Other (Specify):			0
Other (Specify):			0
TOTAL REVENUE	\$120,308	\$0	\$120,308
SECTION IV - REIMBURSABLE EXPENSES			
1000 Certificated Salaries	\$186,662	\$0	\$186,662
2000 Classified Salaries			0
3000 Employee Benefits	106,411		106,411
4000 Books and Supplies	58,880		58,880
5000 Services and Other Operating Expenses	12,771		12,771
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (<i>program-related</i>)			0
6500 Replacement Equipment (<i>program-related</i>)			0
Depreciation or Use Allowance			0
Start-Up Expenses (service level exemption)			0
Budget Impasse Credit			0
Indirect Costs. Rate: 7.10% (Rate is Self-Calculating)	25,904		25,904
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	\$390,628	\$0	\$390,628
TOTAL ADMINISTRATIVE COSTS (included in section IV above)	\$32,704		\$32,704
FOR CDE-A&I USE ONLY:			

Independent Auditor's Assurances on Agency's compliance with Contract Funding Terms and Conditions and Program Requirements of the California Department of Education, Early Education and Support Division:

Eligibility, enrollment, and attendance records are being maintained as required (check YES or NO):

- YES
 NO - Explain any discrepancies.

Reimbursable expenses claimed above are eligible for reimbursement, reasonable, necessary, and adequately supported (check YES or NO):

- YES
 NO - Explain any discrepancies.

COMMENTS - If necessary, attach additional sheets to explain adjustments:

NO SUPPLEMENTAL REVENUES OR EXPENSES - Check this box and omit page 4 if there are no supplemental revenues or expenses to report.

**AUDITED ATTENDANCE AND FISCAL REPORT
for California State Preschool Programs**

Agency Name: Cal Poly Pomona Foundation, Inc. Vendor No. E923

Fiscal Year End: June 30, 2014 Contract No. CSPP-3145

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
SECTION V - SUPPLEMENTAL REVENUE			
Enhancement Funding	\$203,771	\$0	\$203,771
Other (Specify):			0
Other (Specify):			0
Other (Specify):			0
TOTAL SUPPLEMENTAL REVENUE	\$203,771	\$0	\$203,771

SECTION VI - SUPPLEMENTAL EXPENSES

EXPENSES RELATED TO SUPPLEMENTAL REVENUE			
1000 Certificated Salaries	\$110,644	\$0	\$110,644
2000 Classified Salaries			0
3000 Employee Benefits	25,110		25,110
4000 Books and Supplies	2,136		2,136
5000 Services and Other Operating Expenses	49,293		49,293
6000 Equipment/Other Capital Outlay			0
Depreciation or Use Allowance			0
Indirect Costs	16,588		16,588
NONREIMBURSABLE EXPENSES			
6100-6500 Nonreimbursable Capital Outlay			0
Other: e.g., Entertainment Expenses			0
Other (Specify):			0
Other (Specify):			0
TOTAL SUPPLEMENTAL EXPENSES	\$203,771	\$0	\$203,771

COMMENTS - If necessary, attach additional sheets to explain adjustments:

AUDITED ATTENDANCE AND FISCAL REPORT

for Child Development Programs

Agency Name: Cal Poly Pomona Foundation, Inc. Vendor No. E923

Fiscal Year Ended: June 30, 2014 Contract No. CCTR-3069

Independent Auditor's Name: GYL Decauwer LLP

SECTION I - CERTIFIED CHILDREN DAYS OF ENROLLMENT	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Infants (up to 18 months)</i>					
Full-time-plus			-	2.006	-
Full-time	-		-	1.700	-
Three-quarters-time	-		-	1.275	-
One-half-time	-		-	0.935	-
<i>FCCH Infants (up to 18 months)</i>					
Full-time plus	-		-	1.652	-
Full-time	-		-	1.400	-
Three-quarters-time	-		-	1.050	-
One-half-time	-		-	0.770	-
<i>Toddlers (18 up to 36 months)</i>					
Full-time-plus	162		162	1.652	267.624
Full-time	999		999	1.400	1,398.600
Three-quarters-time	468		468	1.050	491.400
On-half-time	24		24	0.770	18.480
<i>Three Years and Older</i>					
Full-time-plus	51		51	1.180	60.180
Full-time	154		154	1.000	154.000
Three-quarters-time	506		506	0.750	379.500
One-half-time	221		221	0.550	121.550
<i>Exceptional Needs</i>					
Full-time-plus	-		-	1.416	-
Full-time	-		-	1.200	-
Three-quarters-time	-		-	0.900	-
One-half-time	-		-	0.660	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-		-	1.298	-
Full-time	-		-	1.100	-
Three-quarters-time	-		-	0.825	-
One-half-time	-		-	0.605	-
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus	-		-	1.298	-
Full-time	-		-	1.100	-
Three-quarters-time	-		-	0.825	-
One-half-time	-		-	0.605	-
<i>Severely Disabled</i>					
Full-time-plus	-		-	1.770	-
Full-time	-		-	1.500	-
Three-quarters-time	-		-	1.125	-
One-half-time	-		-	0.825	-
TOTAL DAYS OF ENROLLMENT	2,585	-	2,585		2,891.334
DAYS OF OPERATION	244		244		
DAYS OF ATTENDANCE	2,584		2,584		

NO NONCERTIFIED CHILDREN - Check this box, omit page 2, and continue to Section III if no noncertified children were enrolled in the program.

Comments - If necessary, attach additional sheets to explain adjustments:

**AUDITED ATTENDANCE AND FISCAL REPORT
for Child Development Programs**

Agency Name: Cal Poly Pomona Foundation, Inc. Vendor No. E923

Fiscal Year Ended: June 30, 2014 Contract No. CCTR-3069

SECTION II - NONCERTIFIED CHILDREN Report all children who were not certified, but who were served at the same sites as certified children. DAYS OF ENROLLMENT	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Infants (up to 18 months)</i>					
Full-time-plus	-		-	2.006	-
Full-time	-		-	1.700	-
Three-quarters-time	-		-	1.275	-
One-half-time	-		-	0.935	-
<i>FCCH Infants (up to 18 months)</i>					
Full-time plus	-		-	1.652	-
Full-time	-		-	1.400	-
Three-quarters-time	-		-	1.050	-
One-half-time	-		-	0.770	-
<i>Toddlers (18 up to 36 months)</i>					
Full-time-plus	69		69	1.652	113.988
Full-time	78		78	1.400	109.200
Three-quarters-time	292		292	1.050	306.600
On-half-time	-		-	0.770	-
<i>Three Years and Older</i>					
Full-time-plus	27		27	1.180	31.860
Full-time	236		236	1.000	236.000
Three-quarters-time	-		-	0.750	-
One-half-time	30		30	0.550	16.500
<i>Exceptional Needs</i>					
Full-time-plus	-		-	1.416	-
Full-time	-		-	1.200	-
Three-quarters-time	-		-	0.900	-
One-half-time	-		-	0.660	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-		-	1.298	-
Full-time	-		-	1.100	-
Three-quarters-time	-		-	0.825	-
One-half-time	-		-	0.605	-
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus	-		-	1.298	-
Full-time	-		-	1.100	-
Three-quarters-time	-		-	0.825	-
One-half-time	-		-	0.605	-
<i>Severely Disabled</i>					
Full-time-plus	-		-	1.770	-
Full-time	-		-	1.500	-
Three-quarters-time	-		-	1.125	-
One-half-time	-		-	0.825	-
TOTAL DAYS OF ENROLLMENT	732	-	732		814.148

Comments - If necessary, attach additional sheets to explain adjustments:

**AUDITED ATTENDANCE AND FISCAL REPORT
for Child Development Programs**

Agency Name: Cal Poly Pomona Foundation, Inc. Vendor No. E923

Fiscal Year End: June 30, 2014 Contract No. CCTR-3069

Insert Any Commingled Contract No. _____

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDES 9500	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
SECTION III - REVENUE			
RESTRICTED INCOME			
Child Nutrition Programs	\$0	\$0	\$0
County Maintenance of Effort (EC § 8279)			0
Uncashed Checks to Providers			0
Other (Specify):			0
Subtotal	\$0	\$0	\$0
Transfer from Reserve Contract #			0
Contract #			0
Family Fees for Certified Children			0
CCTR Program Contract #	3,648		3,648
CSPP Full-Day Program Contract #			0
CSPP Part-Day Program Contract #			0
Interest Earned on Apportionments Contract #	16		16
Contract #			0
UNRESTRICTED INCOME			
Family Fees for Noncertified Children	29,080		29,080
Head Start Program (EC § 8235(b))			0
Other (Specify):			0
TOTAL REVENUE	\$32,744	\$0	\$32,744

SECTION IV - REIMBURSABLE EXPENSES

<i>Direct Payments to Providers (FCCH Only)</i>	\$0	\$0	\$0
1000 Certificated Salaries	75,387		75,387
2000 Classified Salaries	0		0
3000 Employee Benefits	35,821		35,821
4000 Books and Supplies	795		795
5000 Services and Other Operating Expenses	6,964		6,964
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)			0
6500 Replacement Equipment (program-related)			0
Depreciation or Use Allowance			0
Start-Up Expenses (service level exemption)			0
Budget Impasse Credit Contract #			0
Contract #			0
Indirect Costs. Rate: 8.00% (Rate is Self-Calculating)	9,517		9,517
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	\$128,484	\$0	\$128,484
TOTAL ADMINISTRATIVE COSTS (included in section IV above)	\$16,317	\$0	\$16,317

FOR CDE-A&I USE ONLY:

Independent Auditor's Assurances on Agency's compliance with Contract Funding Terms and Conditions and Program Requirements of the California Department of Education, Early Education and Support Division:

Eligibility, enrollment, and attendance records are being maintained as required (check YES or NO):

YES

NO - Explain any discrepancies.

Reimbursable expenses claimed above are eligible for reimbursement, reasonable, necessary, and adequately supported (check YES or NO):

YES

NO - Explain any discrepancies.

COMMENTS - If necessary, attach additional sheets to explain adjustments:

NO SUPPLEMENTAL REVENUES OR EXPENSES - Check this box and omit page 4 if there are no supplemental revenues or expenses to report.

AUDITED RESERVE ACCOUNT ACTIVITY REPORT

Agency Name: Cal Poly Pomona Foundation, Inc.

Fiscal Year End: June 30, 2014

Vendor No. E923

Independent Auditor's Name: GYL Decauwer LLP

RESERVE ACCOUNT TYPE (Check One):

- Center Based
 Resource and Referral
 Alternative Payment

COLUMN A	COLUMN B	COLUMN C
PER AGENCY	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	PER AUDIT

LAST YEAR:

1. Beginning Balance (must equal ending balance from Last Year's AUD 9530-A)	\$102	\$0	\$102
2. Plus Transfers from Contracts to Reserve Account (based on last year's post-audit CDFS 9530, Section IV):			
Contract No.	\$0	\$0	\$0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Total Transferred from Contracts to Reserve Account	0	0	0
3. Less Excess Reserve to be Billed (enter as a positive amount any excess amount calculated by CDFS on last year's post-audit CDFS 9530)	\$0		\$0
4. Ending Balance on Last Year's Post-Audit CDFS 9530	\$102	\$0	\$102

THIS YEAR:

5. Plus Interest Earned This Year on Reserve Funds (column A must agree with this year's CDFS 9530-A, Section II)	\$0	\$0	\$0
6. Less Transfers to Contracts from Reserve Account (column A amounts must agree with this year's CDFS 9530-A, Section III; and column C amounts must be reported on this year's AUD forms for respective contracts):			
Contract No.	\$0	\$0	\$0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Total Transferred to Contracts from Reserve Account	0	0	0
7. Ending Balance on June 30, 2014 (column A must agree with this year's CDFS 9530-A, Section IV)	\$102	\$0	\$102

COMMENTS - If necessary, attach additional sheets to explain adjustments:

**CAL POLY POMONA FOUNDATION, INC.
STATE PRESCHOOL, GENERAL CHILD CARE
AND PREKINDERGARTEN PROGRAMS**

**SCHEDULE OF RENOVATION AND REPAIR EXPENDITURES
UTILIZING CONTRACT FUNDS**

For the year ended June 30, 2014

EXPENDITURES UNDER \$10,000 UNIT COST		EXPENDITURES OVER \$10,000 UNIT COST			
		WITH CDD APPROVAL		WITHOUT CDD APPROVAL	
COST	ITEM	COST	ITEM	COST	ITEM
NONE		NONE		NONE	

**CAL POLY POMONA FOUNDATION, INC.
STATE PRESCHOOL, GENERAL CHILD CARE
AND PREKINDERGARTEN PROGRAMS**

**SCHEDULE OF EQUIPMENT EXPENDITURES
UTILIZING CONTRACT FUNDS**

For the year ended June 30, 2014

EXPENDITURES UNDER
\$7,500 UNIT COST

NONE

EXPENDITURES OVER
\$7,500 UNIT COST
WITH CDD APPROVAL

NONE

EXPENDITURES OVER
\$7,500 UNIT COST
WITHOUT CDD APPROVAL

NONE

**CAL POLY POMONA FOUNDATION, INC.
STATE PRESCHOOL, GENERAL CHILD CARE
AND PREKINDERGARTEN PROGRAMS**

NOTES TO SUPPLEMENTARY INFORMATION

June 30, 2014

Note 1 Basis of Presentation

The accompanying schedule of expenditures of state awards includes the grant activity of the Cal Poly Pomona Foundation, Inc. State Preschool and Prekindergarten Programs, and both are presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Audit Guide of Child Development and Nutrition Programs by the California Department of Education. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 2 Administrative Costs

Administrative costs charged by the agency are as follows:

	<u>CSPP</u> 3145	<u>CPKS</u> 3025	<u>CCTR</u> 3069
Indirect costs	\$ 25,904	\$ 185	\$ 9,517
Professional fees	<u>6,800</u>	<u> </u>	<u>6,800</u>
Total	<u>\$ 32,704</u>	<u>\$ 185</u>	<u>\$ 16,317</u>

Note 3 Out of State Travel

No out of state travel expenditures were charged to the program.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Cal Poly Pomona Foundation, Inc.
State Preschool, General Child Care
and Prekindergarten Programs
Pomona, California

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. State Preschool, General Child Care and Prekindergarten Programs (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 27, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cal Poly Pomona Foundation, Inc. State Preschool, General Child Care and Prekindergarten Programs' internal control over financial reporting (internal control) to determine the 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 Cal Poly Pomona Foundation, Inc. State Preschool, General Child Care and Prekindergarten Programs' internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 misstatements on a timely basis. A material weakness is a deficiency, or 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.

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your
Success
is our
DESTINATION

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (continued)**

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Cal Poly Pomona Foundation, Inc. State Preschool, General Child Care and Prekindergarten Programs' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gay Decauwer LLP

GYL Decauwer LLP
Ontario, California

August 27, 2014



CPAs & Business Consultants

Memorandum



Date: August 28, 2014

To: J. Michael Ortiz, President
Cal Poly Pomona

G. Paul Storey, Executive Director
Cal Poly Pomona Foundation, Inc.

From: Mr. John McGuthry
Ms. Michelle Stoddard
Ms. Rachel Dominguez

2014-2015 Nominating Committee

Subject: Election of Foundation Board of Directors Officer—Vice-Chair

Per Article VI, Section 2 of the Cal Poly Pomona Foundation Bylaws, Dr. J. Michael Ortiz, chairperson of the Board, selected Mr. John McGuthry, Ms. Michelle Stoddard and Ms. Rachel Dominguez to serve on the 2014-2015 Nominating Committee.

The Nominating Committee had a special meeting on August 28th, 2014 and selected the following officer for 2014-2015 to replace the resigned Dr. Douglas Freer, who held the position of Vice-Chair:

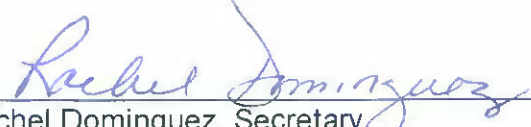
Vice-Chair Dr. Steven N. Garcia

The 2014-2015 Foundation Nominating Committee recommends the above replacement officer nomination to be forwarded to the Board of Directors at the next regularly scheduled meeting.

PROPOSED ACTION:

NOW, THEREFORE, BE IT RESOLVED that the Cal Poly Pomona Foundation, Inc. Board of Directors approves the nomination of Steven Garcia as Vice-Chair on the slate of Board Officers presented by the Nominating Committee for the fiscal year 2014-2015.


PASSED AND ADOPTED THIS 23th DAY OF SEPTEMBER 2014.

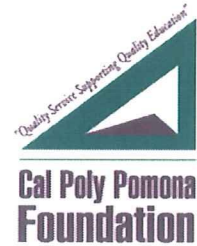
By: 
Rachel Dominguez, Secretary
Board of Directors

Memorandum

Date: August 18, 2014

To: Dr. J. Michael Ortiz
President, Cal Poly Pomona and
Chair, Foundation Board of Directors

From: G. Paul Storey 
Executive Director



Subject: Nomination of Vice Chair to complete unfilled term

The position of Vice-Chair for the Cal Poly Pomona Board of Directors has been vacated by the resignation of Dr. Douglas Freer effective today, August 18, 2014, necessitating the nomination and election of a new Vice-Chair.

Dr. Steven Garcia, Vice President for Administrative Affairs and CFO, has expressed interest and willingness to be nominated for this Board Officer position.

I propose the following names for a Nominating Committee to be held as soon as possible in anticipation of our September 23rd Board of Directors Meeting.

Mr. John McGuthry
Ms. Rachel Dominguez
Ms. Michelle Stoddard

Our bylaws dictate that the Board Meeting agenda and document package be received by all members one week in advance, on September 16th for the September 23rd meeting, at which time the full Board could vote on the recommendation of the Nominating Committee.



Approved
J. Michael Ortiz
Chair, Cal Poly Pomona Foundation Board of Directors

Memorandum



**Cal Poly Pomona
Foundation**

Date: August 14, 2014

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

From: 
David Prenovost
Senior Managing Director/CFO

Subject: **2013-14 FINANCIAL SINGLE AUDIT REPORTS**

Vicenti Lloyd & Stutzman has completed the financial and single audits of Cal Poly Pomona Foundation for the fiscal year ended June 30, 2014. The Foundation is expected to receive an unmodified financial statement opinion with no management letter comments, no material weaknesses, no reportable conditions and no compliance issues noted proposed and/or discussed with management.

Vicenti Lloyd and Stutzman will now present the following reports to the Board of Directors along with their required disclosures:

- Independent Auditors' Report and Financial Statements
- Single Audit Reports

PROPOSED ACTION:

WHEREAS, The Foundation is requesting the Board of Directors to accept Vicenti Lloyd & Stutzman's unmodified opinion upon the Foundation's Financial and Single Audit Reports for the fiscal year ended June 30, 2014.

NOW, THEREFORE, BE IT RESOLVED that the Cal Poly Pomona Foundation, Inc., Board of Directors accepts the Vicenti Lloyd & Stutzman's unmodified opinion upon the Foundation's Financial and Single Audit Reports.

Passed and adopted this 23rd day of September 2014.

By: 
Rachel Dominguez, Secretary
Board of Directors

CAL POLY POMONA FOUNDATION, INC.
Financial Statements and Supplementary Schedules
June 30, 2014 and 2013
(With Independent Auditor's Report Thereon)

CAL POLY POMONA FOUNDATION, INC.

AUDIT REPORT

For the year ended June 30, 2014 and 2013

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Cal Poly Pomona Foundation, Inc.

Report on the Financial Statements

We have audited the accompanying basic financial statements of the Cal Poly Pomona Foundation, Inc. (a California State University Auxiliary Organization) (the Foundation) as of June 30, 2014 and 2013, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 involves performing procedures to obtain 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.

2210 E. Route 66, Suite 100, Glendora, CA 91740

Tel 626.857.7300 | Fax 626.857.7302 | E-Mail INFO@VLSLLP.COM | Web WWW.VLSLLP.COM

The Board of Directors
Cal Poly Pomona Foundation, Inc.

Opinion

In our opinion, the financial statements listed in the aforementioned table of contents present fairly, in all material respects, the financial position of the Foundation as of June 30, 2014 and 2013, and the results of its operations, changes in net position and cash flows for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress be presented to supplement the basic financial statements. 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 Foundation financial statements as a whole. The supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The Board of Directors
Cal Poly Pomona Foundation, Inc.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2014 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 the 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.



VICENTI, LLOYD & STUTZMAN LLP

Glendora, CA

September 10, 2014

CAL POLY POMONA FOUNDATION, INC.

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

For the years ended June 30, 2014 and 2013

Introduction

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 in the areas of the development and administration of research and educational grants and contracts; conducting enterprise activities including, dining services, bookstores, conference center lodge, apartment style housing, continuing education and agricultural aid to instruction; the accumulation and management of Foundation program 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.

The following discussion and analysis provides an overview of the financial position and activities of the Cal Poly Pomona Foundation (the Foundation) for the years ended June 30, 2014 and 2013. The discussion has been prepared by management 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. One of the most important questions asked about the Foundation's finances is whether the Foundation is better or worse off as a result of these year's activities. The keys to understanding this question are the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows.

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 indicator of the improvement or erosion of the Foundation's financial condition when considered in combination with other non-financial information.

CAL POLY POMONA FOUNDATION, INC.

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

For the years ended June 30, 2014 and 2013

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 non-operating; with the above mentioned activities reported as operating revenues and expenses and gifts and investment results reported as non-operating revenues and expenses. 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.

Another way to assess the financial health of the Foundation is to review the Statement of Cash Flows. Its primary purpose is to provide relevant information about the sources and uses of cash of an entity during a given period. The information provided in this statement should help 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; and the effects on the Foundation's financial position of its cash and its noncash investing, capital, and related financing transactions during the year.

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 picture of the Foundation.

CAL POLY POMONA FOUNDATION, INC.

**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
For the years ended June 30, 2014 and 2013**

Statement of Net Position

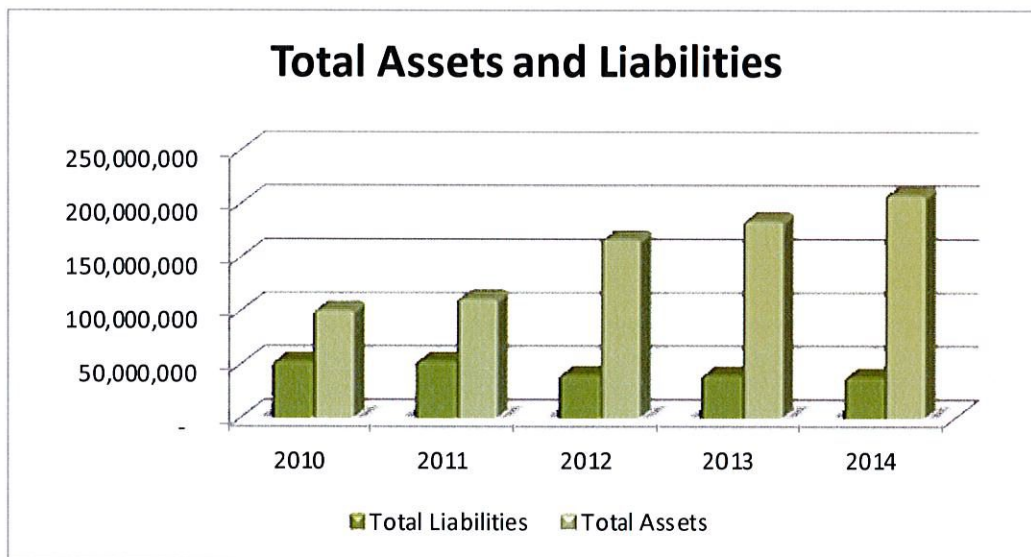
The statement of net position presents the financial position of the Foundation at the end of the fiscal year and includes all assets, deferred outflows of resources, liabilities and deferred inflows of resources of the Foundation. The difference between total assets plus deferred outflows of resources and total liabilities plus deferred inflows of resources – net position – is one indicator of the current financial condition of the Foundation, while the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated 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 financial statement date. A summary of the Foundation’s assets, liabilities, and net position is as follows:

	(in thousands) 2014	(in thousands) 2013
Assets:		
Current assets	\$ 30,600	\$ 24,296
Noncurrent assets:		
Restricted cash and cash equivalents	1,200	1,200
Pledges receivable, net	3,600	5,100
Endowment investments	85,600	68,000
Other long-term investments	33,800	30,304
Capital assets, net	53,900	56,000
Total noncurrent assets	178,100	160,604
Total assets	208,700	184,900
Deferred outflows of resources:		
Unamortized loss on refunding(s)	500	
Total deferred outflows of resources	500	-
Liabilities:		
Current liabilities	10,100	10,200
Noncurrent liabilities	29,400	30,700
Total liabilities	39,500	40,900
Net position:		
Invested in capital assets, net of related debt	25,600	27,000
Restricted:		
Nonexpendable	86,700	69,300
Expendable	39,800	35,600
Unrestricted	17,600	12,100
Total net position	\$ 169,700	\$ 144,000

CAL POLY POMONA FOUNDATION, INC.

**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
For the years ended June 30, 2014 and 2013**

Total assets are \$209 and \$185 million for fiscal years 2014 and 2013 respectively. The increase between 2014 and 2013 of 12.9% is mainly attributable to investment earnings and endowment contributions.



Total liabilities are \$39.5 million and \$40.9 for the fiscal years 2014 and 2013 respectively. There was no significant change in liabilities between 2014 and 2013.

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 July 1, 2013 (the most recent actuarial report) the actuarial accrued liability for benefits was \$10,941,806 and the unfunded actuarial accrued liability (UAAL) was \$7,615,437 and the plan's market value of assets was \$3,326,369 or 30.4% funded. The covered payroll (annual payroll of active employees covered by the plan) was \$8,454,428, and the ratio of the UAAL to the covered payroll was 90.1%. The Foundation's current plan is to fund the OPEB obligation up to the retirees' and surviving spouse actuarial obligation.

CAL POLY POMONA FOUNDATION, INC.

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

For the years ended June 30, 2014 and 2013

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 the Governmental Accounting Standards Board (GASB). 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. CalPERS issues a separate comprehensive annual financial report that includes required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

The Foundation's policy is to fund pension costs as incurred and contributed \$799,343 and \$742,507 in fiscal years 2013-14 and 2012-13 respectively. As of June 30, 2012 (the most recent actuarial report) the entry age normal accrued liability is \$36,877,246 and the plan's market value of assets is \$30,836,116 or 83.6% funded. The Foundation has three tier's of retiree plans, each having its own formula for pension benefits. The employee's date of hire determines which plan formula will be applied to each employee. The blended contribution rate of all three plans for fiscal year 2013-14 was 9.8% and 2012-13 was 9.05%. The blended contribution rate for fiscal year 2014-15 is 9.6% and the blended rate for fiscal year 2015-2016 is projected to be 9.9%.

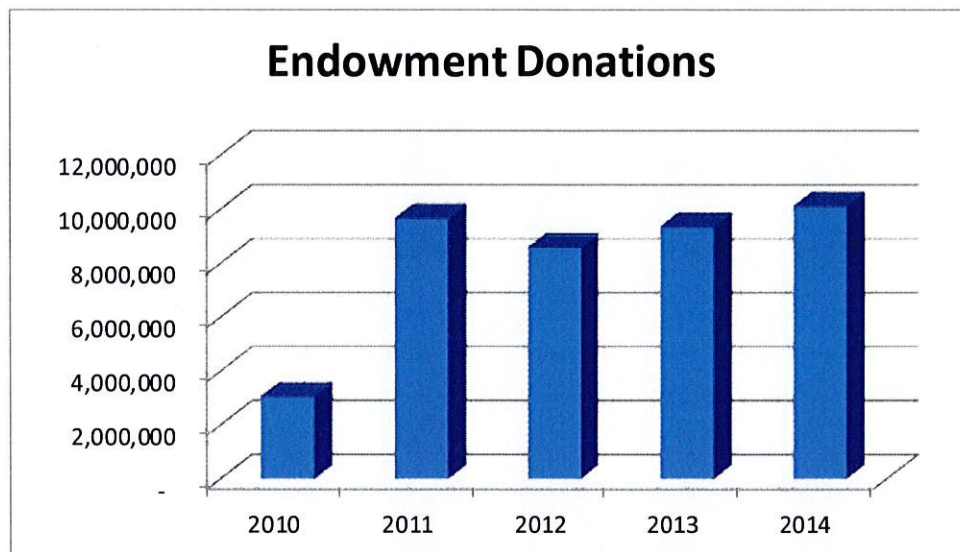
CAL POLY POMONA FOUNDATION, INC.

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

For the years ended June 30, 2014 and 2013

Endowment Donations and Investments

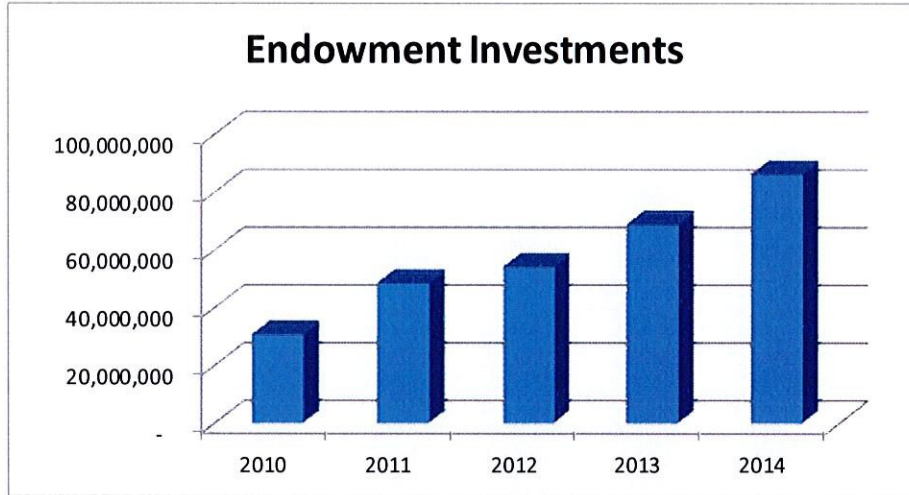
Permanent endowments are funds received from donors with the stipulation that the principal remains intact and invested in perpetuity to produce income that will be distributed and expended for purposes specified by the donor.



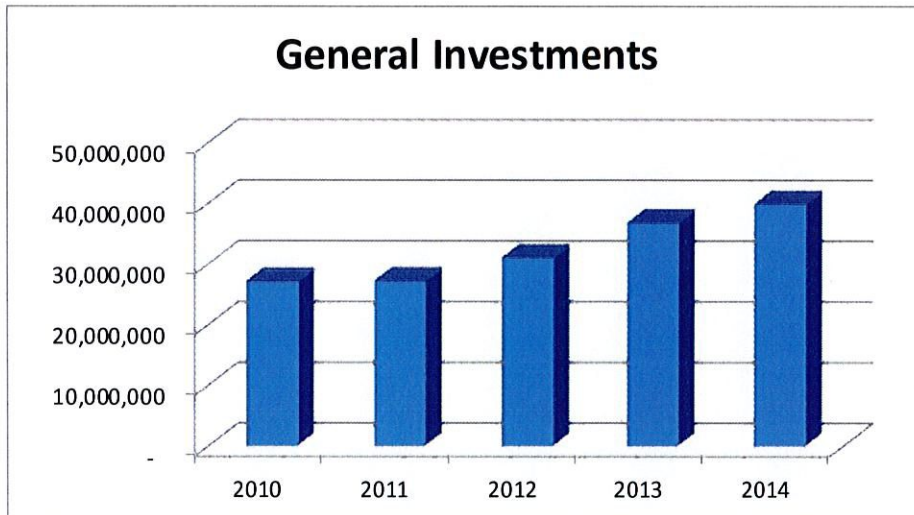
During fiscal year 2013-14, endowment portfolio increased by \$17.6 million, or 25.8%, from \$68.0 million at June 30, 2013 to \$85.6 million at June 30, 2014, mainly due to contributions of \$10.1 million and total return on investments of \$10.9 million or 15.8% (net of fees), less endowment earnings distributions of \$3.4 million. Total return on investments (net of fees), consists of a change in the fair market value of endowment investments, including interest, dividends, and realized and unrealized gains and losses. The Foundation's endowment investment policy is designed to obtain the highest return available while investments meet the criteria established for safety (preservation of capital), return and liquidity.

CAL POLY POMONA FOUNDATION, INC.

**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
For the years ended June 30, 2014 and 2013**



General investments 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 yield available, while investments meet the criteria established for safety (preservation of capital), liquidity and yield. During fiscal year 2013-14, general investments increased by \$3.1 million, or 8.3%, mainly due to returns on investments of \$2.4 million or 4.02% (net of fees). 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.



CAL POLY POMONA FOUNDATION, INC.

**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
For the years ended June 30, 2014 and 2013**

Capital Campaign

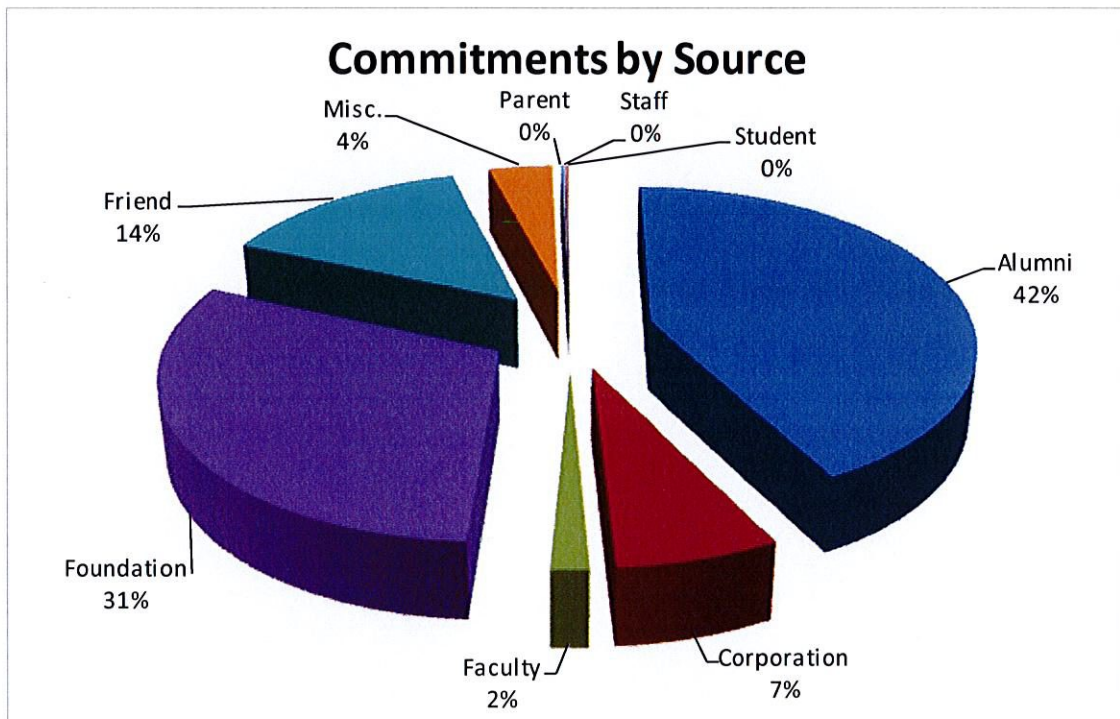
The University formally launched its inaugural \$150 million capital fundraising campaign in the fall of 2008 preceded by a feasibility study and a comprehensive review of the University's primary funding and endowment needs. Following is the campaign gift table used as a guide to insure success and compares the actual amounts at the end of the campaign, June 30, 2014 as follows:

Gift Level	Gifts Required	Prospects Needed	Required	Cumulative Total	Number of Donors	% of Donors Gift	Total Commitments	% of Required \$
\$25,000,000 or more	1	3	\$25,000,000	\$25,000,000	1	100%	\$ 42,000,000	168%
\$15,000,000 - \$24,999,999	1	3	\$15,000,000	\$40,000,000	1	100%	\$ 16,001,100	107%
\$5,000,000 - \$14,999,999	3	9	\$15,000,000	\$55,000,000	3	100%	\$ 25,565,255	170%
\$2,500,000 - \$4,999,999	6	18	\$15,000,000	\$70,000,000	6	100%	\$ 15,296,155	102%
\$1,000,000 - \$2,499,999	15	45	\$15,000,000	\$85,000,000	17	113%	\$ 24,390,805	163%
\$500,000 - \$999,999	25	100	\$12,500,000	\$97,500,000	11	44%	\$ 6,532,314	52%
\$250,000 - \$499,999	75	300	\$18,750,000	\$116,250,000	20	27%	\$ 6,922,426	37%
\$100,000 - \$249,999	175	700	\$17,500,000	\$133,750,000	45	26%	\$ 6,906,482	39%
\$50,000 - \$99,999	250	1,000	\$12,500,000	\$146,250,000	61	24%	\$ 3,965,414	32%
Less than \$50,000	5,000	20,000	\$3,750,000	\$150,000,000	17,565	351%	\$ 12,956,339	346%
	5,551	22,178	\$150,000,000		17,730		\$ 160,536,290	107%

CAL POLY POMONA FOUNDATION, INC.

**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
For the years ended June 30, 2014 and 2013**

The University exceeded its goal and the largest contributors in both total pledges and dollars raised are the University's alumni, the following provides the commitments by source:



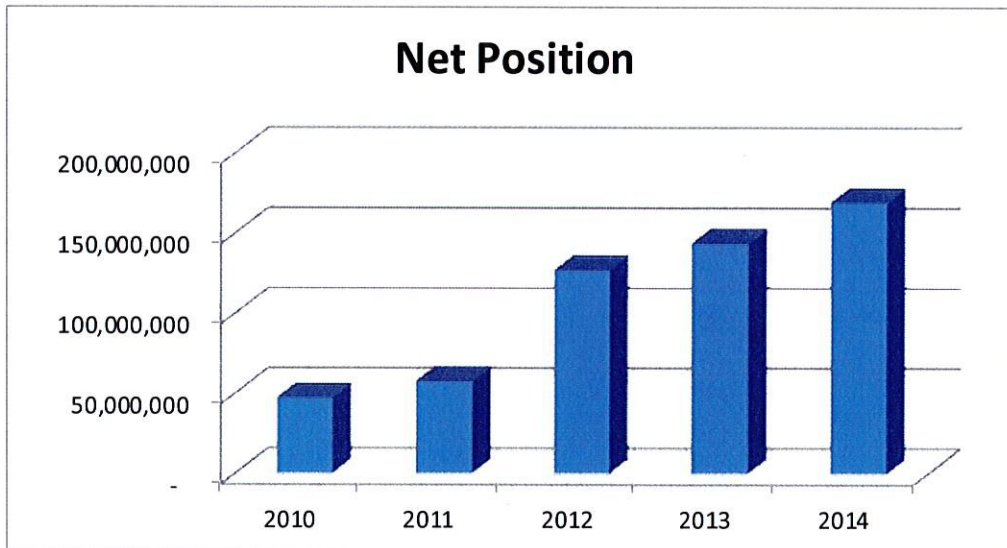
CAL POLY POMONA FOUNDATION, INC.

**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
For the years ended June 30, 2014 and 2013**

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:

	(in thousands) 2014	(in thousands) 2013
Invested in capital assets, net of related debt	\$ 25,600	\$ 27,000
Restricted:		
Nonexpendable - endowments	86,700	69,300
Expendable	39,800	35,600
Unrestricted	17,600	12,100
Net position	\$ 169,700	\$ 144,000



CAL POLY POMONA FOUNDATION, INC.

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

For the years ended June 30, 2014 and 2013

Capital Assets, Capitalized Lease Obligations and Net Investment

The Foundation's investment in capital assets, net of related debt decreased \$1.5 million or 5.5% for fiscal year 2013-14. Depreciation and amortization charges for the years ended June 30, 2014 and 2013 totaled \$3.9 and \$3.8 million respectively. A summary of capital assets, net of accumulated depreciation and capitalized lease obligations is as follows:

	(in thousands) 2014	(in thousands) 2013
Building and improvements	\$ 68,300	\$ 67,000
Equipment, furniture and fixtures	14,200	14,700
Construction work in progress	1,500	1,400
Land	7,300	6,500
Infrastructure	8,600	8,600
Orchards	100	100
	<u>100,000</u>	<u>98,300</u>
Less: accumulated depreciation and amortization	(46,100)	(42,300)
Plus: unamortized loss on refunding	400	-
	<u>54,300</u>	<u>56,000</u>
Less: capitalized lease obligations	<u>(28,700)</u>	<u>(28,900)</u>
Invested in capital assets	<u>\$ 25,600</u>	<u>\$ 27,100</u>

Net position invested in capital assets, net of related debt, represent the Foundation's capital assets, net of accumulated depreciation, unamortized loss on refunding and outstanding principal balances of debt attributable to the acquisition, construction or improvement of these assets. Capitalized lease obligations consist of system revenue bonds of \$28.7 million. The majority of this obligation \$25.8 million was incurred in the 2003-04 fiscal year with respect to the construction of the University Village Phase III student housing complex and a portion of those bonds were advance refunded and defeased in the 2013-14 fiscal year; the balance of this obligation \$2.9 million was incurred for the construction of a continuing education complex and a portion of those bonds were advance refunded and defeased in the 2006-07 fiscal year.

CAL POLY POMONA FOUNDATION, INC.

**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
For the years ended June 30, 2014 and 2013**

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:

	(in thousands) 2014	(in thousands) 2013
Operating revenues:		
Educational activities	\$ 5,300	\$ 6,800
Enterprise activities	41,700	39,200
Grants and contracts	12,300	12,200
Real estate activities	2,800	2,900
Total operating revenues	62,100	61,100
Operating expenses	64,500	62,800
Operating loss	(2,400)	(1,700)
Nonoperating revenues (expenses):		
Gifts, noncapital	17,400	15,600
Investment income, net	3,100	1,300
Endowment income, net	11,500	6,700
Interest expenses	(1,400)	(1,600)
Transfer to the University	(2,500)	(3,700)
Total nonoperating revenues, net	28,100	18,300
Increase in net position	25,700	16,600
Net position:		
Net position at beginning of year	144,000	127,400
Net position at end of year	\$ 169,700	\$ 144,000

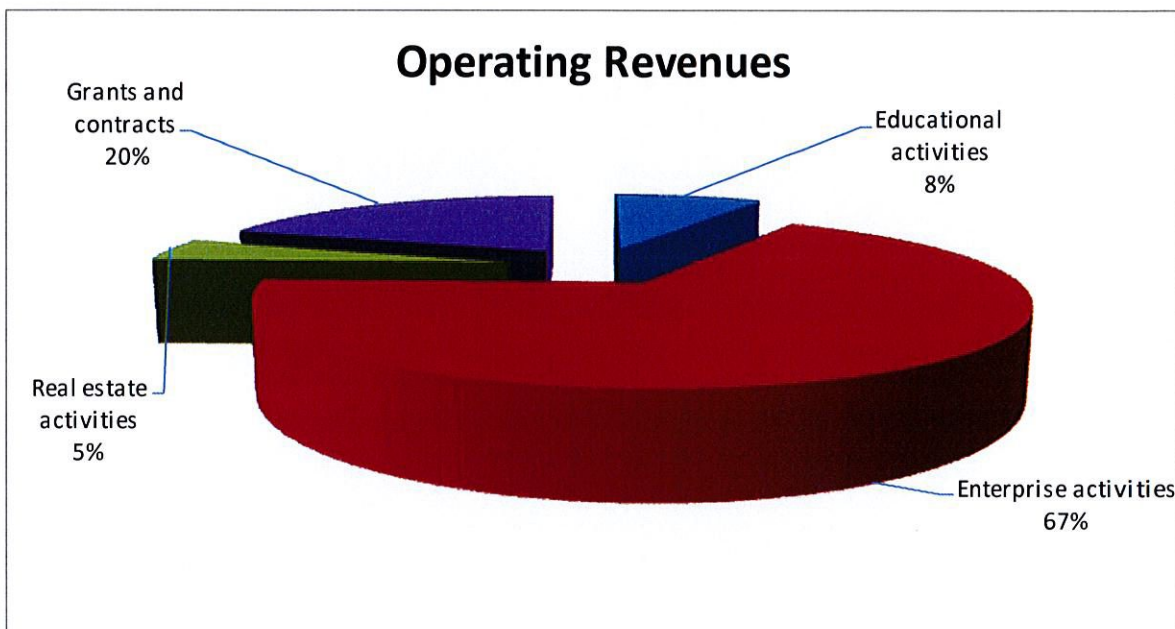
During fiscal year 2013-14, total operating revenues increased approximately \$1 million due to enterprise activities. Non-operating revenues, net increased \$9.8 million due to gifts, investment and endowment income.

CAL POLY POMONA FOUNDATION, INC.

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

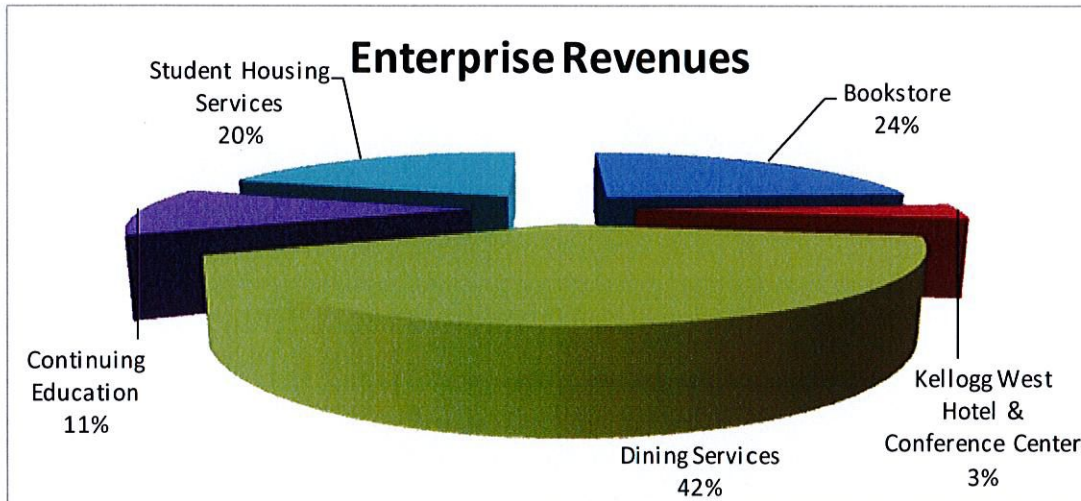
For the years ended June 30, 2014 and 2013

The operating loss is affected by two factors. First, although gift revenues are treated as non-operating revenues, corresponding gift expenditures (i.e., student grants and scholarships) are treated as operating expenditures. Second, restricted net position reports the activities of the grants, contracts and Foundation programs where the use of funds is restricted for specific purposes. Since Foundation program activities are allowed to use balances from prior years, expenditures in the current year may be more or less than revenues recorded during the same year.



CAL POLY POMONA FOUNDATION, INC.
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
For the years ended June 30, 2014 and 2013

Auxiliary enterprise operating revenues consist of the following programs:

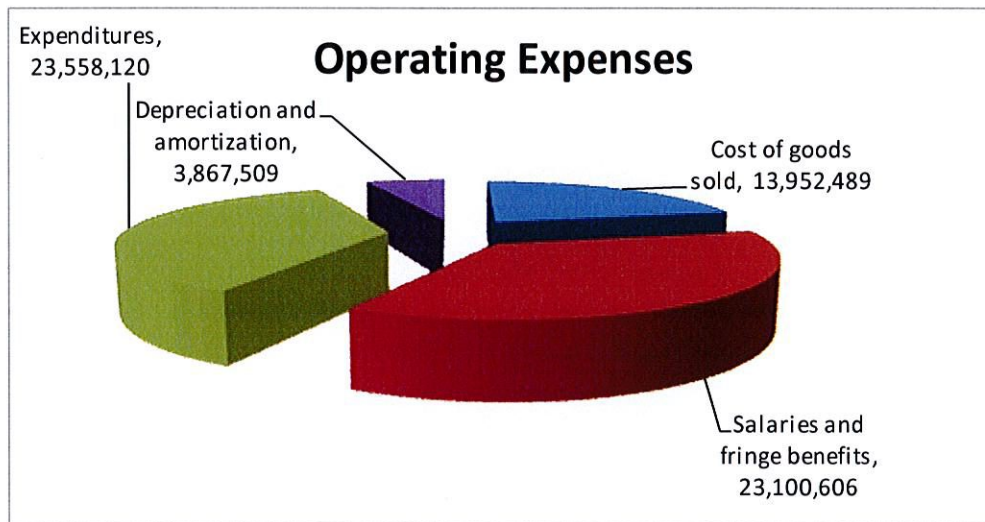


In August 2000 the Foundation entered into a twenty-five year master operating agreement and various supplemental operating agreements with the Trustees of the California State University on behalf of the California State Polytechnic University Pomona (University) which allows the Foundation to operate various activities including the above enterprise activities. All the activities of the Foundation support the students, faculty and staff and provide convenient and appropriate goods and services at reasonable prices for the development of additional resources for the University.

CAL POLY POMONA FOUNDATION, INC.

**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
For the years ended June 30, 2014 and 2013**

In fiscal year 2013-14, operating expenses consist of cost of goods sold of \$14 million, salaries and fringe benefits of \$23.1 million, expenditures of \$23.5 million, and depreciation and amortization of \$3.9 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:

Operating:	(in thousands)	(in thousands)
	2014	2013
Instruction	\$ 9,350	\$ 9,100
Research	4,200	4,800
Public service	520	400
Academic support	4,430	4,200
Student services	740	750
Institutional support	1,810	2,350
Operation and maintenance of plant	340	225
Student grants and scholarships	1,310	1,200
Auxiliary enterprise expenses	37,930	36,000
Depreciation and amortization	3,870	3,775
Total operating expenses	\$ 64,500	\$ 62,800

During fiscal year 2013-14, total operating expenses increased \$1.7 million mainly due to Auxiliary enterprise expenses.

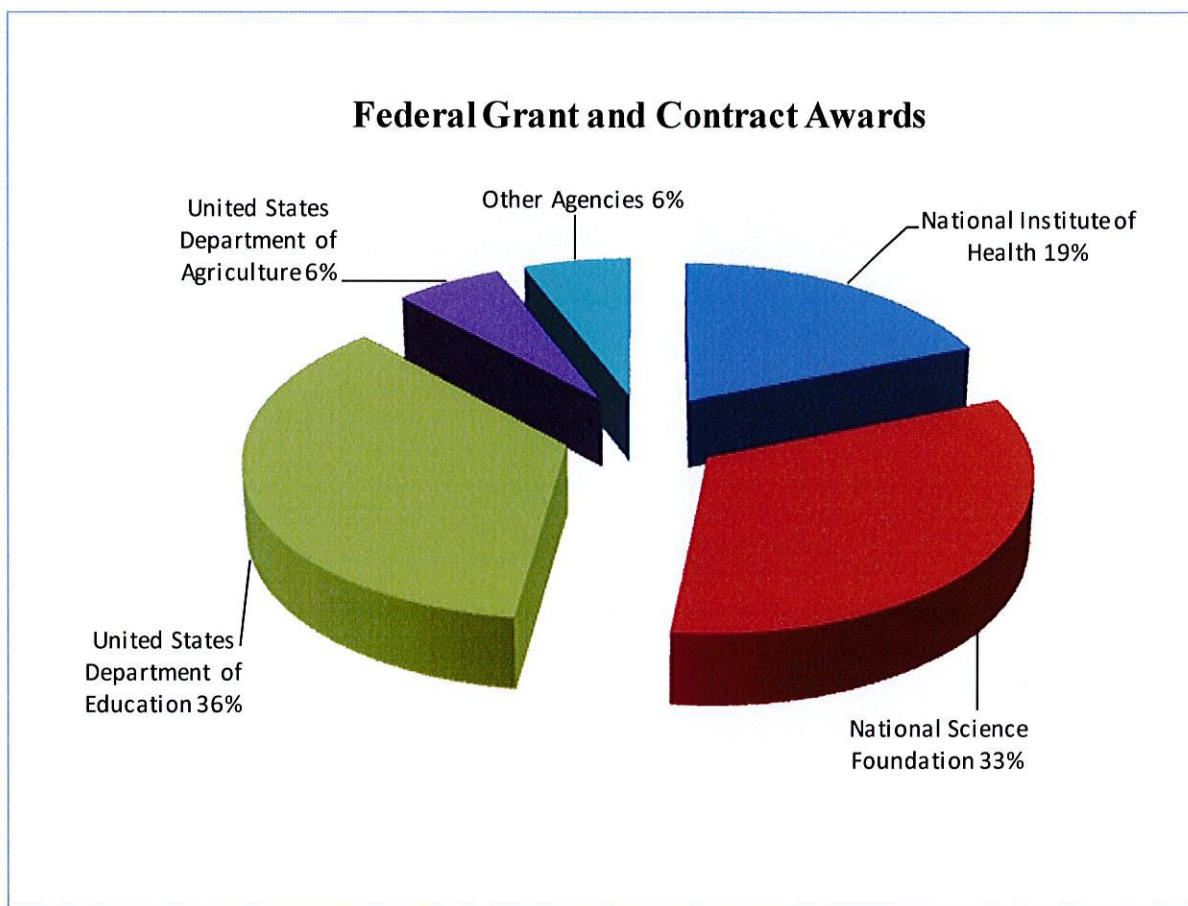
CAL POLY POMONA FOUNDATION, INC.

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

For the years ended June 30, 2014 and 2013

The Cal Poly Pomona Foundation, Inc. is the recipient of all externally-funded sponsored projects awarded on behalf of California State Polytechnic University, Pomona. For the last two years, Cal Poly faculty and staff have secured over \$37 million in external funds representing over 271 new projects.

Federal grant and contract awards represent 66% of the sponsored program activity and includes support from a variety of agencies including:



CAL POLY POMONA FOUNDATION, INC.

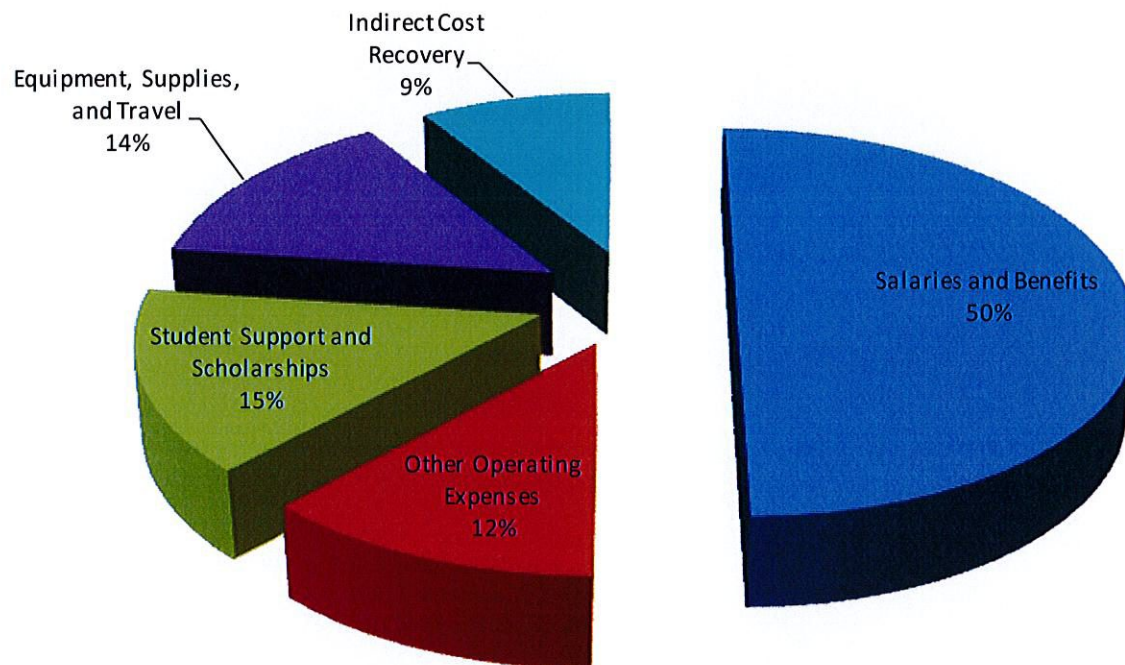
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

For the years ended June 30, 2014 and 2013

During fiscal year 2013-14, grant and contract expenditures totaled \$12.3 million consisting of \$8.1 million from federal projects, \$2.1 million from state and local governments, and \$2.1 million from private and exempt organizations.

The activity for grant and contracts projects consisted of the following types of expenditures:

Grant and Contract Expenditures



CAL POLY POMONA FOUNDATION, INC.

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

For the years ended June 30, 2014 and 2013

Statement of Cash Flows

The statement of cash flows provides additional information on the Foundation's financial results by reporting the major sources and uses of cash. A summary of the statement of cash flows is as follows:

	(in thousands) 2014	(in thousands) 2013
Cash received from operations	\$ 61,936	\$ 61,286
Cash expended from operations	(61,213)	(58,685)
Net cash provided by operating activities	723	2,601
Net cash provided by non-capital financing activities (gifts and grants)	14,619	15,152
Net cash used in capital and related financing activities	(3,810)	(4,972)
Net cash used in investing activities	(12,460)	(13,347)
Net change in cash and cash equivalents	(928)	(566)
Cash and cash equivalents at beginning of year	6,291	6,857
Cash and cash equivalents at end of year	\$ 5,363	\$ 6,291

During fiscal year 2013-14, the cash position at end of year decreased \$900 thousand, or 15%, due to operating activities, investing activities and capital financing activities.

CAL POLY POMONA FOUNDATION, INC.

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

For the years ended June 30, 2014 and 2013

Factors Impacting Future Periods

The Foundation's 2014-15 proposed budgeted projections include the following Board approved assumptions:

- Allow for a 5.00% increase in the meal plans and assume the same number of residents on the meal plans;
- Allow for a 5% increase in license fee rates at University Village and assume academic year and summer occupancy of 95% and 30% respectively;
- Foundation has three different pension formulas (or "Plan") for its employees including the 2%@55 Plan, 2%@60 Plan, and the 2%@62 Plan. The employee's hire date determines which Plan is applicable for an employee along with their status as a "benefited employee". Foundation and its benefited employees both contribute to their respective pension Plan. The rates paid by employees are 5%, 7%, and 6.25% respectively, and the weighted average rate for all three Plans paid by Foundation is 9.6% of total payroll for benefited employees. All three pension Plans are in their respective Risk Pool with CalPERS;
- Changes to salary grades were approved in November 2013 with an effective date of July 1, 2014 and a 3% or approximately \$200,000 wage adjustment; and
- Contribute \$1.0 million to the VEBA Trust and assume 7.5% or \$614,273 as the benefit cost for the postretirement health care plan per actuarial studies.

The 2014-15 proposed surplus generates a debt service coverage of 3.53. The proposed surplus meets (exceeds) the CSU requirements for additional bond issuance of 1.25 and the Foundation currently does not have any proposed capital projects that require additional bond financing.

CAL POLY POMONA FOUNDATION, INC.

Statements of Net Position

June 30, 2014 and 2013

Assets:	2014	2013
Current assets:		
Cash and cash equivalents	\$ 4,440,214	\$ 5,702,161
Short-term investments	12,609,146	6,636,314
Accounts receivable, net	4,850,797	5,089,407
Accounts receivable from the University	1,516,549	843,837
Inventories	1,992,747	1,844,311
Assets held for sale	-	712,500
Pledges receivable, net	4,997,964	3,241,916
Prepaid expenses and other assets	161,339	208,798
Total current assets	30,568,756	24,279,244
Noncurrent assets:		
Restricted cash and cash equivalents	1,190,521	1,247,301
Pledges receivable, net	3,614,225	5,123,161
Endowment investments	85,621,694	68,024,560
Other long-term investments	33,791,815	30,312,496
Capital assets, net	53,882,124	55,981,138
Total noncurrent assets	178,100,379	160,688,656
Total assets	208,669,135	184,967,900
Deferred outflows of resources:		
Unamortized loss on refunding(s)	485,563	-
Total deferred outflows of resources	485,563	-
Liabilities:		
Current liabilities:		
Cash in bank overdraft	268,077	658,570
Accounts payable	1,548,382	1,773,980
Accounts payable to the University	809,010	850,473
Accrued salaries and benefits payable	501,411	544,147
Accrued compensated absences- current portion	467,928	435,491
Unearned revenue	1,204,437	1,209,234
Capitalized lease obligations - current portion	824,847	786,518
Other liabilities	4,515,188	4,008,562
Total current liabilities	10,139,280	10,266,975
Noncurrent liabilities:		
Accrued compensated absences, net of current portion	224,237	265,532
Capitalized lease obligations, net of current portion	27,908,778	28,161,131
Other postemployment benefits obligation	335,469	1,230,456
Other liabilities	878,284	1,001,426
Total noncurrent liabilities	29,346,768	30,658,545
Total liabilities	39,486,048	40,925,520
Net Position:		
Net investment in capital assets	25,634,062	27,033,489
Restricted for:		
Nonexpendable - endowments	86,644,218	69,271,861
Expendable:		
Scholarships and fellowships	3,775,117	3,238,679
Capital projects	6,495,187	5,805,577
Other	29,560,682	26,572,366
Unrestricted	17,559,384	12,120,408
Total net position	\$ 169,668,650	\$ 144,042,380

See the accompanying notes to financial statements.

CAL POLY POMONA FOUNDATION, INC.
Schedule of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2014 and 2013

Revenues:	2014	2013
Operating revenues:		
Educational activities	\$ 5,242,447	\$ 6,830,129
Enterprise activities	41,634,262	39,259,283
Grants and contracts	12,303,605	12,174,130
Real estate activities	2,811,222	2,894,680
Total operating revenues	61,991,536	61,158,222
Expenses:		
Operating expenses:		
Educational activities	10,377,641	10,866,817
Enterprise activities	31,069,218	29,818,252
Grants and contracts	12,303,605	12,126,283
Real estate activities	6,860,752	6,215,564
Depreciation and amortization	3,867,508	3,780,173
Total operating expenses	64,478,724	62,807,089
Operating income (loss)	(2,487,188)	(1,648,867)
Nonoperating revenues (expenses):		
Gifts, noncapital	17,405,682	15,619,093
Investment income (loss), net	3,072,152	1,299,406
Endowment income (loss), net	11,516,922	6,688,965
Interest Expenses	(1,342,328)	(1,644,187)
Other nonoperating revenues (expenses)	(2,538,970)	(3,662,792)
Net nonoperating revenues (expenses)	28,113,458	18,300,485
Income (loss)	25,626,270	16,651,618
Net position:		
Net position at beginning of year	144,042,380	127,390,762
Net position at end of year	\$ 169,668,650	\$ 144,042,380

See the accompanying notes to financial statements.

CAL POLY POMONA FOUNDATION, INC.

Statements of Cash Flows

For the Years Ended June 30, 2014 and 2013

	2014	2013
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Federal grants and contracts	\$ 8,137,473	\$ 8,213,002
State and local grants and contracts	2,109,954	2,022,426
Nongovernmental grants and contracts	2,104,900	2,432,618
Payments to suppliers	(39,997,067)	(38,898,849)
Payments to employees	(18,908,937)	(16,252,703)
Payments to students	(2,307,331)	(3,534,015)
Sales and services of educational activities	9,769,224	10,562,048
Sales and services of auxiliary enterprises	37,003,348	35,893,471
Other receipts	2,811,222	2,163,046
Net cash provided by operating activities	<u>722,786</u>	<u>2,601,044</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>		
Gifts and grants received for other than capital purposes	17,158,570	16,428,942
Other noncapital financing activities	<u>(2,538,970)</u>	<u>(1,276,603)</u>
Net cash provided by noncapital financing activities	<u>14,619,600</u>	<u>15,152,339</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Proceeds from refunding bonds	11,569,589	-
Acquisitions of capital assets	(1,768,494)	(2,567,637)
Transfer to escrow agent	(11,510,309)	-
Principal paid on capital debt and lease	(786,518)	(756,018)
Interest paid on capital debt and lease	<u>(1,314,677)</u>	<u>(1,648,887)</u>
Net cash used by capital and related financing activities	<u>(3,810,409)</u>	<u>(4,972,542)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Proceeds from sales and maturities of investments	35,925,069	47,236,173
Purchases of investments	(55,232,344)	(63,455,235)
Investment Income	6,847,064	2,872,318
Net cash used by investing activities	<u>(12,460,211)</u>	<u>(13,346,744)</u>
Net increase/(decrease) in cash and cash equivalents	(928,234)	(565,903)
Cash and cash equivalents at beginning of year	<u>6,290,892</u>	<u>6,856,795</u>
Cash and cash equivalents at end of year	<u>\$ 5,362,658</u>	<u>\$ 6,290,892</u>
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (2,487,188)	\$ (1,648,867)
Adjustments to reconcile operating loss to net cash (used)/provided by operating activities:		
Depreciation	3,867,508	3,780,173
Loss on disposal of assets	-	545,206
Change in assets and liabilities:		
Accounts receivable	(434,102)	(334,958)
Prepaid and other assets	611,523	59,035
Accounts payable and amounts payable to the University	(267,061)	385,005
Accrued salaries and benefits	(42,736)	(91,979)
Accrued compensated absences	(8,858)	27,466
Unearned revenue	(4,797)	107,283
Other post employment benefits obligation	(894,987)	(617,303)
Other liabilities	383,484	389,983
Net cash provided by operating activities	<u>\$ 722,786</u>	<u>\$ 2,601,044</u>
Breakdown of ending cash balance:		
Cash and cash equivalents	\$ 4,440,214	\$ 5,702,161
Restricted cash and cash equivalents	1,190,521	1,247,301
Cash in bank overdraft	<u>(268,077)</u>	<u>(658,570)</u>
	<u>\$ 5,362,658</u>	<u>\$ 6,290,892</u>

See the accompanying notes to financial statements.

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements
June 30, 2014 and 2013

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 educational grants and contracts; conducting enterprise activities including, dining service, bookstores, conference center lodge, apartment style housing, continuing education and agricultural aid to instruction; the accumulation and management of Foundation program 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 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 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.

(b) 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, as prescribed by the Governmental Accounting Standards Board (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.

(c) 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 of current liabilities 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 position date are considered to be current. All other assets and liabilities are considered to be noncurrent.

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements
June 30, 2014 and 2013

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

(d) 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 accompanying basic financial statements.

(e) 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.

(f) Accounts Receivables

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.

(g) Inventories

Inventories are presented at the lower of cost or market on an average basis and are expensed when used. Inventory consists of textbooks held for resale in the bookstore and ancillary instructional, apparel and other supplies held for educational purposes.

(h) Pledges Receivable

Pledges receivable expected to be received beyond one year are recorded at the net present value of anticipated future cash flows. The discount rates used during the years ended June 30, 2014 and 2013 were 1.91% and 0.95% respectively.

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements
June 30, 2014 and 2013

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

(i) *Investments and Endowment Investments*

Investments are reflected at fair value using quoted market prices. Gains and losses are included in the statement of revenues, expenses, and changes in net position as investment income (loss), 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 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 5.0% 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.

Marketable equity and debt securities and other short-term and long-term investments are carried at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, and is determined from published data provided by the exchanges, computerized pricing sources, the National Association of Securities Dealers' National Market System, securities custodians and other authoritative sources.

(j) *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 transferred to the University. 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.

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements
June 30, 2014 and 2013

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

(k) 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 charge on advance refunding reported in the statement of net position. A deferred charge on advance refunding results 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.

(l) Accounts Payable

Accounts payable consists of amounts due to vendors for goods and services received prior to June 30.

(m) Compensated Absences

Foundation employees accrue annual leave at rates based on length of service and job classification.

(n) Unearned Revenue

Unearned revenue consists primarily of unearned revenue related to enterprise activities and continuing education.

(o) Other Liabilities

Other liabilities include funds held in custody of others and receipts in excess of expenditures for sponsored program activities.

(p) Capitalized Lease Obligations

Capitalized lease obligations include the original issue discount or premium from the corresponding debt.

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements
June 30, 2014 and 2013

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

(q) Unitrust Liability

The Foundation administers irrevocable charitable remainder trusts and gift annuities 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 campus organizations. Remainder trust and gift annuity 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 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) Net Position

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

Net investment in capital assets: Capital assets, net of accumulated depreciation, unamortized loss on refunding, amortization, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted - nonexpendable: Amounts subject to externally imposed conditions that the Foundation retains in perpetuity.

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 unrestricted resources first, then restricted resources as they are needed.

Unrestricted: All other categories of net position. In addition, unrestricted net position may be designated for use by management of the Foundation.

(s) 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 non-operating revenues and expenses in accordance with GASB Statement No. 33. These non-operating activities include the Foundation's net investment and endowment income, gifts, interest expense and transfer of assets to the University.

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements
June 30, 2014 and 2013

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

(t) *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.

The Foundation files informational tax returns in the U.S. federal jurisdictions and the state of California. With few exceptions, the statute of limitations for federal and California state purposes is generally three and four years, respectively.

(u) *Estimates*

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues, and expenses in the accompanying basic financial statements. Actual results could differ from those estimates.

(v) *Reclassifications*

Certain 2013 amounts have been reclassified in the statements of net position and the statements of cash flows to conform to the 2014 financial statement presentation. Net position and changes in net position are unchanged due to these reclassifications.

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements
June 30, 2014 and 2013

Note (3) Cash, Cash Equivalents and Investments

The deposits and investments held are as follows:

	<u>2014</u>	<u>2013</u>
Deposits:		
Demand deposits	\$ 4,440,214	\$ 5,320,960
Cash equivalents-Cash Reserve Trust Fund	<u>167,997</u>	<u>381,133</u>
	<u>4,608,211</u>	<u>5,702,093</u>
Investments:		
Local Agency Investment Fund	4,528,860	24,460
Money Market Funds	1,022,524	1,247,369
Equities	96,509,113	75,955,563
Mutual Funds – Fixed Income Securities	28,931,454	26,122,598
Federal Agencies	740,177	1,300,089
U.S. Treasuries	<u>1,313,051</u>	<u>1,570,660</u>
	<u>133,045,179</u>	<u>106,220,739</u>
Total deposits and investments	<u>\$ 137,653,390</u>	<u>\$ 111,922,832</u>
Reconciliation to statement of net position		
Current:		
Cash and cash equivalents	\$ 4,440,214	\$ 5,702,161
Investments	12,609,146	6,636,314
Noncurrent:		
Cash equivalents	1,190,521	1,247,301
Investments – Endowment	85,621,694	68,024,560
Investments – Other long term	<u>33,791,815</u>	<u>30,312,496</u>
	<u>\$ 137,653,390</u>	<u>\$ 111,922,832</u>

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 California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements
June 30, 2014 and 2013

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

Custodial Credit Risk (continued)

The deposits of the Foundation are maintained at financial institutions and are fully insured or collateralized up to \$250,000 per financial institution. As of June 30, 2014, \$3,924,402 of the Foundation's bank balance of \$4,334,411 was exposed to credit risk as category three, uninsured and uncollateralized.

The Foundation maintains investments with the State of California Local Agency Investment Fund (LAIF) which pools these funds with other governmental agencies and invests in various investment vehicles. These pooled funds approximate fair value. Regulatory oversight is provided by the State Pooled Money Investment Board and the Local Investment Advisory Board. LAIF is not subject to categorization as prescribed by GASB Statement No. 3 as amended by GASB Statement No. 40 to indicate the level of custodial credit risk assumed by the Foundation at year end.

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, 2014 and 2013, all investments are in the name of the Foundation, and the Foundation is not exposed to custodial credit risk associated with its investments.

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, short-term investments are limited to relatively liquid instruments such as certificates of deposit, savings accounts, Federally guaranteed notes and bills, money market mutual funds or investment in the State of California Local Agency Investment Fund (LAIF). Interest rate risk is further mitigated by ensuring sufficient liquidity to meet cash flow needs and only then investing in longer-term securities. There is no interest rate risk for money market mutual funds as they are available on demand.

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements
June 30, 2014 and 2013

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

Interest Rate Risk (continued)

As of June 30, 2014, the Foundation had the following debt investments subject to interest rate risk:

Investment Type	Fair Value	2014 Investment Maturities (in Years)		
		Less Than 1	1-5	More Than 5
PIMCO Low Duration Fixed Income	\$ 23,042,930	\$ 6,452,020	\$ 15,669,192	\$ 921,717
JP Morgan Strategic Income Opportunities	1,718,085	1,144,245	194,144	379,697
DoubleLine Total Return	2,344,726	393,914	525,219	1,425,593
Brandywine Global Opportunistic Fixed Income	1,234,928	89,162	280,329	865,438
Nuveen Symphony Credit Opportunity Fund	590,785	945	135,526	454,314

As of June 30, 2013, the Foundation had the following debt investments subject to interest rate risk:

Investment Type	Fair Value	2013 Investment Maturities (in Years)		
		Less Than 1	1-5	More Than 5
PIMCO Low Duration Fixed Income	\$ 20,922,789	\$ 5,021,469	\$ 11,925,990	\$ 3,975,330
JP Morgan Strategic Income Opportunities	1,568,969	922,554	381,259	265,156
DoubleLine Total Return	2,072,188	337,767	667,245	1,067,176
Brandywine Global Opportunistic Fixed Income	1,040,954	325,819	266,484	448,651
Nuveen Symphony Credit Opportunity Fund	517,698	4,245	95,619	417,834

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.

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements
June 30, 2014 and 2013

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

Credit Risk (continued)

Following is a list of acceptable instruments to invest in as of June 30, 2014 and 2013:

Description	General Portfolio	Endowment Portfolio
Money Market Funds	X	X
Certificate of Deposits	X	X
US Government or Agency Obligations	X	X
Common and Preferred Stocks		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

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements
June 30, 2014 and 2013

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

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. In order to maximize the rate of return in the Foundation's investment portfolio while preserving capital, the Foundation's investment policies dictate a range and target weighted asset allocation as follows:

Asset Class	Target Asset Mix Table General Investments		Target Asset Mix Table Endowment Investments	
	Range	Target Weight	Range	Target Weight
Equities	10-65%	23%	N/A	N/A
Domestic Equities	N/A	N/A	20-50%	30%
International Equities	N/A	N/A	15-35%	30%
Fixed Income-Mutual Funds	40-85%	65%	20-50%	30%
Cash Equivalents	0-20%	0%	0-20%	0%
Real Estate	0-10%	5%	0-10%	0%
Real Assets	0-10%	2	0-10%	10%
Alternative Investments	0-25%	10%	N/A	N/A
Hedge Funds	N/A	N/A	0-20%	0%

As of June 30, 2014 the Foundation had the following investments subject to credit and concentration of credit risk:

Investment Type	Rating (S&P/Moody's)	Fair Value	Percentage
PIMCO Low Duration Fixed Income	A-	\$ 23,042,930	79.65%
JP Morgan Strategic Income Opportunities	A	1,718,085	5.94%
DoubleLine Total Return	A	2,344,726	8.10%
Brandywine Global Opportunistic Fixed Income	A	1,234,928	4.27%
Nuveen Symphony Credit Opportunity Fund	B-	590,785	2.04%

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements
June 30, 2014 and 2013

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

Concentration of Credit Risk (continued)

As of June 30, 2013 the Foundation had the following investments subject to credit and concentration of credit risk:

<u>Investment Type</u>	<u>Rating (S&P/Moody's)</u>	<u>Fair Value</u>	<u>Percentage</u>
PIMCO Low Duration Fixed Income	AA-	\$ 20,922,789	80.09%
JP Morgan Strategic Income Opportunities	BBB	1,568,969	6.01%
DoubleLine Total Return	A	2,072,188	7.93%
Brandywine Global Opportunistic Fixed Income	A	1,040,954	3.98%
Nuveen Symphony Credit Opportunity Fund	BB	517,698	1.98%

Investment Earnings

Net investment earnings were \$14,599,956 and \$7,988,371 for the year ended June 30, 2014 and 2013, and 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.

Note (4) Cash in Bank Overdraft

The Foundation has two bank accounts, a payroll account and a general checking account. Transfers from the general checking account cover the zero balance payroll account. The general checking account is used to process accounts payable checks, wires and Automatic Clearing House (ACH) transactions. At June 30, 2014 and 2013, the balances of both accounts were overdrawn on the books and records of the Foundation due to outstanding checks that were issued but had not cleared the bank.

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements
June 30, 2014 and 2013

Note (5) Accounts and Pledges Receivable

Receivables consisted of the following:

	2014	2013
Pledges receivable:		
Within one year	\$ 5,066,307	\$ 3,307,865
Within two to five years	3,843,567	5,293,049
Less allowance for uncollectible pledges	(68,343)	(65,949)
Less discount to reflect pledges receivable at present value	(229,342)	(169,888)
Pledges receivable, net	<u>8,612,189</u>	<u>8,365,077</u>
Other activities:		
Real Estate	1,737,205	1,825,311
Enterprise Activities	625,567	854,349
Grants and Contracts	2,092,993	1,754,816
Educational Activities	514,544	811,924
Less allowance for uncollectible contributions	(119,447)	(156,993)
Subtotal accounts receivable	<u>4,850,862</u>	<u>5,089,407</u>
Due from University	1,516,484	843,837
Total receivables, net	<u>6,367,346</u>	<u>5,933,244</u>
Total accounts and pledges receivable	<u>\$ 14,979,535</u>	<u>\$ 14,298,321</u>

Note (6) Endowments

Endowments are administered in an investment pool using the dollar weighted daily average methodology. Contributions to an individual endowment increases the percentage of the endowment's dollar weighted daily average thus increasing the endowments share of investment returns for the month. It is the goal of the Foundation that the total return from endowment investments should be adequate to meet the following objectives:

- Preserve investment capital and its purchasing power;
- Generate sufficient resources to meet spending needs (distributions); and
- Attain reasonable capital appreciation through prudent acceptance of risk to enhance the future purchasing power of the investment capital.

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements
June 30, 2014 and 2013

Note (6) Endowments (continued)

The Foundation follows the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) adopted by the Board of Directors in November 2008. UPMIFA does not set specific expenditure limits; instead, a charity can spend the amount the charity deems prudent after considering the donor’s intent that the endowment continue permanently, the purpose of the fund, and relevant economic factors. The Foundation’s administration of endowment funds policy provides the guidance for the distribution of the net appreciation of restricted endowments. It is the Foundation’s goal to distribute annually a minimum net return of 5% of endowment value as established on June 30th. Earnings for the fiscal year in excess of the Consumer Price Index (CPI) for the Los Angeles area, as reported in July for the prior 12 months, and in excess of 5% endowment value, may also be distributed. Endowment earnings shall generally be available for distribution from those endowments invested for no less than three (3) consecutive months. Exceptions may be authorized per approval by the Executive Director or his/her designee and the Board of Directors. Endowment earning distribution will occur in the first quarter of each fiscal year based upon the percentage of the endowment value and or an amount as approved by the Board. At June 30, 2014 and 2013, the net amount of appreciation available for authorization and distribution is \$4.3 million and \$3.4 million respectively.

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements
June 30, 2014 and 2013

Note (7) Capital Assets

The following provides a summary of changes in capital assets for the year ended June 30, 2014:

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2014</u>
Capital assets not being depreciated:				
Land	\$ 6,471,543	\$ 822,700	\$	\$ 7,294,243
Construction work in progress (CWIP)	<u>1,432,794</u>	<u>2,265,519</u>	<u>2,156,512</u>	<u>1,541,801</u>
Total capital assets not being depreciated	<u>7,904,337</u>	<u>3,088,219</u>	<u>2,156,512</u>	<u>8,836,044</u>
Capital assets being depreciated:				
Buildings and buildings improvements	68,366,816	738,280	809,990	68,295,106
Improvements, other than buildings	131,863			131,863
Infrastructure	8,598,748		10,790	8,587,958
Equipment	<u>13,311,617</u>	<u>881,638</u>	<u>24,094</u>	<u>14,169,161</u>
Total capital assets being depreciated	<u>90,409,044</u>	<u>1,619,918</u>	<u>844,874</u>	<u>91,184,088</u>
Total capital assets	<u>98,313,381</u>	<u>4,708,137</u>	<u>3,001,386</u>	<u>100,020,132</u>
Less accumulated depreciation for:				
Buildings and building improvements	30,682,819	2,951,597	54,280	33,580,136
Improvements, other than buildings	128,616			128,616
Infrastructure	1,058,568	214,306		1,272,874
Equipment	<u>10,462,240</u>	<u>701,606</u>	<u>7,464</u>	<u>11,156,382</u>
Total accumulated depreciation	<u>42,332,243</u>	<u>3,867,509</u>	<u>61,744</u>	<u>46,138,008</u>
Depreciable assets, net	<u>48,076,801</u>	<u>(2,247,591)</u>	<u>783,130</u>	<u>45,046,080</u>
Total capital assets, net	<u>\$55,981,138</u>	<u>\$ 840,628</u>	<u>\$ 2,939,642</u>	<u>\$53,882,124</u>

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements
June 30, 2014 and 2013

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 Los Olivos Commons, Vista Market and Denny's based on 6% of gross annual sales of the residence hall dining service facility. For the year ended June 30, 2014 and 2013 the amount totaled \$431,612 and \$410,373 respectively, 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 President of the University, subject to bond debt service requirements. The leases are in effect with various termination dates between 2014 and 2035.

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, 2014 are as follows:

Year ending June 30:

2015	\$19,597
2016	15,341
2017	9,741
2018	4,794
2019	<u>1,863</u>
Total	<u>\$51,336</u>

Capital Leases As Lessee

The Foundation has various non-cancelable capital lease agreements for office equipment with terms of 60 months and interest ranging from 6.6% to 10.5%.

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements
June 30, 2014 and 2013

Note (8) Leasing Commitments

Capital Leases As Lessee (continued)

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 totaling \$3,749,783 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 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 assisted the Foundation by issuing its System Revenue Bonds series 2005A and applied the proceeds totaling \$29,866,650 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 maximum annual debt service under the Capital Lease is \$1,830,625 and the scheduled term of the Capital Lease is 31 years from completion of the construction of the Project in September 2005.

During the 2013-14 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 2005A Series Bonds. The Board assisted the Foundation by issuing its System Revenue Bonds Series 2013A in 2013-14 and applied a portion of the proceeds totaling \$11,510,309 of such Bonds to redeem the 2005 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 18 years from March 2015 through May 2027.

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements
June 30, 2014 and 2013

Note (8) Leasing Commitments

Capital Leases As Lessee (continued)

The difference in cash flow requirements related to the Series 2013A refunding amounted to a savings of approximately \$806,190. The present value of economic gain to the Foundation amounts to approximately \$685,409. These savings result in a recalculation of the bond repayment schedules and are included in the consolidated schedule noted on the subsequent page. The proceeds associated with the 2013A Refunding Bonds were deposited in an escrow fund for future repayment. At June 30, 2014, the outstanding balance of the defeased debt to be paid by the escrow agent totaled \$11,510,309. These bonds are considered in substance defeased and are not recorded on the financial statements.

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 to interest expense using the straight-line method. Amortization of \$101,640 was recognized during the 2013-14 year for Series 2013A 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 \$520,246. Amortization of \$34,683 was recognized during the 2013-14 year.

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements
June 30, 2014 and 2013

Note (8) Leasing Commitments

Capital Leases As Lessee (continued)

Future minimum payments under non-cancelable capital lease agreements at June 30, 2014 are as follows:

Year ending June 30:	
2015	\$ 2,139,716
2016	2,108,655
2017	2,108,452
2018	2,110,875
2019	2,098,750
2020-2024	10,523,875
2025-2029	9,307,000
2030-2034	9,141,750
2035-2036	<u>3,656,250</u>
Total	43,195,323
Less amount representing interest	(16,478,411)
Add - Premium Bond	<u>2,016,713</u>
Present value of net Minimum lease payments	<u>\$ 28,733,625</u>

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements
June 30, 2014 and 2013

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, 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 2014 and 2084.

Future minimum payments under non-cancelable operating lease agreements at June 30, 2014 are as follows:

Year ending June 30:	
2015	\$ 2,135,655
2016	1,921,280
2017	914,979
2018	898,422
2019	886,714
2020-2024	4,657,567
2025-2029	5,132,970
2030-2034	5,656,917
2035-2039	6,234,367
2040-2044	6,870,787
2045-2049	7,572,199
2050-2054	8,345,245
2055-2059	9,033,361
2060-2064	4,916,827
2065-2069	5,408,509
2070-2074	5,949,360
2075-2079	6,544,296
2080-2084	6,888,426
Total	<u>\$ 89,967,881</u>

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements
June 30, 2014 and 2013

Note (9) Long-Term Debt

A schedule of changes in long-term debt for the year ended June 30, 2014 is shown below:

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Amount due in one year
Capital lease obligations	\$ 28,947,649	\$ 11,569,589	\$ 11,783,613	\$ 28,733,625	\$ 824,847
Compensated absences	701,023	459,070	467,928	692,165	467,928
Other postretirement benefits	1,230,456		894,987	335,469	
Totals	\$ 30,879,128	\$ 12,028,659	\$ 13,146,528	\$ 29,761,259	\$ 1,292,775

Note (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, 2014 and 2013 respectively, receivables from other activities and due from the University are \$1,516,549 and \$843,837. Accounts payable include \$809,010 and \$850,473 due to the University at June 30, 2014 and 2013, respectively.

Amounts paid by the Foundation for the years ended June 30, 2014 and 2013 totaled \$11,737,067 and \$10,657,142, respectively. Amounts paid to the Foundation for the year ended June 30, 2014 and 2013 respectively totaled \$12,067,167 and \$11,623,476.

During the year ended June 30, 2014 and 2013, the Foundation transferred fixed assets totaling \$2,538,970 and \$3,662,792, comprised of equipment and renovations for various college buildings at the University. The University assumed ownership and management of the equipment and facilities.

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements
June 30, 2014 and 2013

Note (11) Pension Plan

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 the Governmental Accounting Standards Board (GASB). 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. CalPERS issues a separate comprehensive annual financial report that includes required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

The Foundation's policy is to fund pension costs as incurred and contributed \$799,343 and \$742,507 in fiscal years 2013-14 and 2012-13 respectively. As of June 30, 2012 (the most recent actuarial report) the entry age normal accrued liability is \$36,877,246 and the plan's market value of assets is \$30,836,116 or 83.6% funded. The Foundation has three tier's of retiree plans, each having its own formula for pension benefits. The employee's date of hire determines which plan formula will be applied to each employee. The blended contribution rate of all three plans for fiscal year 2013-14 was 9.8% and 2012-13 was 9.05%. The blended contribution rate for fiscal year 2014-15 is 9.6% and the blended rate for fiscal year 2015-2016 is projected to be 9.9%.

The Foundation's contributions to PERS for each of the last three fiscal years is as follows:

<u>Year Ended</u> <u>June 30,</u>	PERS	
	<u>Required</u> <u>Contribution</u>	<u>Percent</u> <u>Contributed</u>
2012	\$ 762,234	100%
2013	742,507	100%
2014	799,343	100%

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements
June 30, 2014 and 2013

Note (12) Other Postretirement Benefits

The Foundation sponsors a single-employer defined benefit postretirement health care plan to pay a portion of the retiree's insurance premiums. This plan allows the employee to qualify for a larger percentage of the employer payment of the retiree's healthcare premiums and those levels are based on an employees' hire and retirement dates. The Foundation sponsored plan also covers dependents of the employee.

Full time employees qualify at 100% after five years of full time service and reaching the age of 50 when they retired before July 1, 2004.

Full time employees hired before October 1, 2004, who have at least 10 years of full time service and are at least 50 years of age qualify at 75% upon attaining 10 years of service, and earn an additional 5% for each full year completed after 10 years of service. Employees reach 100% once attaining 15 years of full time service. 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, and when that amount totals 70, the employee will be 100% qualified.

Full time employees hired on or after October 1, 2004 and before March 1, 2009, who have at least 10 years of full time service and are at least 50 years of age become qualified at 50% upon attaining 10 years of service, and earn an additional 5% for each full year completed after 10 years of service. Employees reach 100% once attaining 20 years of full time service.

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

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 plan does not issue separate financial statements. During each of the fiscal years ended June 30, 2014 and 2013, the Foundation contributed \$1.0 million. In addition to the above contributions, the Foundation also paid \$567,569 and \$454,667 for retiree benefit expenses in fiscal years ending June 30, 2014 and 2013.

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements
June 30, 2014 and 2013

Note (12) Other Postretirement Benefits (continued)

The Foundation's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC 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 thirty years. The following table shows the components of the Foundation's annual OPEB cost for the year, the amount actually contributed, and changes in the OPEB obligation:

	<u>2014</u>	<u>2013</u>
Annual required contribution (ARC)	\$ 666,665	\$ 825,439
Interest on net OPEB obligation	86,132	129,343
Adjustment to annual required contribution	<u>(80,215)</u>	<u>(117,418)</u>
Annual OPEB cost (expense)	672,582	837,364
Contributions made	<u>(1,567,569)</u>	<u>(1,454,667)</u>
Change in net OPEB obligation	(894,987)	(617,303)
Net OPEB liability - beginning of year	<u>1,230,456</u>	<u>1,847,759</u>
Net OPEB liability - end of year	<u>\$ 335,469</u>	<u>\$ 1,230,456</u>

The Foundation's annual OPEB cost for the year, the percentage of annual OPEB cost contributed, and the net OPEB obligation was as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
06/30/2012	\$878,190	160%	\$1,847,759
06/30/2013	837,364	174%	1,230,456
06/30/2014	672,582	233%	335,469

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements
June 30, 2014 and 2013

Note (12) Other Postretirement Benefits (continued)

Funding Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the plan was 30.4% funded. The actuarial accrued liability for benefits was \$10,941,806 and the unfunded actuarial accrued liability (UAAL) was \$7,615,437. The covered payroll (annual payroll of active employees covered by the plan) was \$8,454,428, and the ratio of the UAAL to the covered payroll was 90.1%.

As of June 30, 2014 and 2013 the market value of plan assets was \$4,836,770 and \$3,326,369 respectively. It is the Foundation's plan to continue funding this liability in the coming year.

Actuarial valuations of an ongoing benefit plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents the first year of information for the actuarial value of plan assets. In subsequent years the schedule of funding progress will provide information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, if any, consistent with the long-term perspective of the calculations.

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements
June 30, 2014 and 2013

Note (12) Other Postretirement Benefits (continued)

In the July 1, 2013 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 7.0 percent investment rate of return (net of administrative expenses) which is the current expected long-term investment returns on plan assets and the Foundation's maximum annual healthcare cost trend rate of 5.0%. The UAAL is being amortized on a level percentage of payroll on a closed basis over 30 years as allowed under GASB Statement No. 45. The remaining amortization period at June 30, 2014, was 23 years.

Note (13) Risk Management

The Foundation is self-insured for various risks of loss related to torts; damage to, and destruction of assets; employment practices; and natural disasters with deductibles coverage up to \$100,000 for each employment practice liability claim and property damage claim.

During fiscal year 2011-12, the Foundation established a self-funded healthcare benefits plan with stop loss insurance for eligible employees and retirees. Under this program, the Foundation provides coverage for up to a maximum of \$1,040,000 for medical claims for active employees and retirees who are not enrolled in Medicare and for active employees, 100% for dental and 100% for vision. The Foundation purchases guaranteed insurance for claims in excess of the self-funded healthcare benefits plan and deductibles and for all other risks of loss.

Eligible employees and retirees of the Foundation that participate in the self-funded healthcare benefits plan make payments based on actuarial estimates of the amounts needed to pay claims and stop loss insurance.

CAL POLY POMONA FOUNDATION, INC.

Notes to Financial Statements
June 30, 2014 and 2013

Note (14) Assets held for Sale

In fiscal year 2002-03, the Foundation started purchasing faculty/staff housing 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.

At June 30, 2013, total assets held for sale include two faculty/staff condominiums.

Fair values of assets measured on a nonrecurring basis held for sale at June 30, 2013 was \$712,500. 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.

Note (15) Commitments

The Foundation offered a homeowner's buyback option as an incentive for faculty/staff to purchase the Foundation's homes held for sale due to the current pricing instabilities in the general residential marketplace. During fiscal year 2012-13, the Foundation entered into 1 buyback option agreement with faculty/staff homeowners. During fiscal year 2013-14, the Foundation entered into 5 buyback option agreement with faculty/staff homeowners. The buyback agreement is for one year from the date initially purchased with two, one year options to extend the agreement. If certain conditions are met and the faculty/staff exercises their option, the Foundation is required to repurchase the home at the initial purchase price.

During the fiscal year 2012-13 the Foundation bought back 5 homes under these agreements and 4 homeowners purchased additional one year options to the agreement. There were no faculty/staff buyback options exercised in 2013-14. Additionally, 1 homeowner purchased an additional one year option to the agreement during the fiscal year 2013-14.

Note (16) Subsequent Event

Subsequent to fiscal year end June 2014, the California State University issued a system wide revenue bond series 2014A. The series was used to partially refund certain portions of series 2005A bonds related to the Foundation's University Village Phase III student housing project. The partial refunding of the Foundation's portion of the 2005A generated a net present value savings of \$1,608,296, or 12.14% of the \$13,250,000 refunded bonds. Those principal payments that were subject to redemption included the May 1, 2015 through May 1, 2036 maturities. The all-inclusive interest rate for the refunding bonds is 3.82%, inclusive of bond premium paid by investors and the bond underwriter's discount and cost of issuance.

REQUIRED SUPPLEMENTARY INFORMATION

CAL POLY POMONA FOUNDATION, INC.

**SCHEDULE OF POST-EMPLOYMENT HEALTH CARE BENEFITS FUNDING PROGRESS
For the Fiscal Year Ended June 30, 2014**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (AVA)</u>	<u>Actuarial Accrued Liability (Entry Age Normal Cost Method) (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funding Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
07/01/2013	\$3,326,369	\$ 10,941,806	\$ 7,615,437	30.4%	\$8,454,428	90.1%
07/01/2012	2,119,632	11,005,636	8,886,004	19.3%	8,254,508	107.7%
07/01/2011	1,040,179	10,536,352	9,496,173	9.9%	8,093,038	117.3%

See the accompanying independent auditor's report.

SUPPLEMENTARY INFORMATION

Cal Poly Pomona Foundation
Schedule of Net Position
June 30, 2014
(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 4,440,214
Short-term investments	12,609,146
Accounts receivable, net	6,367,346
Leases receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	4,997,964
Prepaid expenses and other assets	2,154,086
Total current assets	<u>30,568,756</u>
Noncurrent assets:	
Restricted cash and cash equivalents	1,190,521
Accounts receivable, net	—
Leases receivable, net of current portion	—
Notes receivable, net of current portion	—
Student loans receivable, net	—
Pledges receivable, net	3,614,225
Endowment investments	85,621,694
Other long-term investments	33,791,815
Capital assets, net	53,882,124
Other assets	—
Total noncurrent assets	<u>178,100,379</u>
Total assets	<u>208,669,135</u>
Deferred outflows of resources:	
Unamortized loss on refunding(s)	485,563
Total deferred outflows of resources	<u>485,563</u>
Liabilities:	
Current liabilities:	
Accounts payable	2,357,392
Accrued salaries and benefits payable	501,411
Accrued compensated absences— current portion	467,928
Unearned revenue	1,204,437
Capitalized lease obligations – current portion	824,847
Long-term debt obligations – current portion	—
Claims Liability for losses and LAE - current portion	—
Depository accounts	—
Other liabilities	4,783,265
Total current liabilities	<u>10,139,280</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	224,237
Unearned revenue	—
Grants refundable	—
Capitalized lease obligations, net of current portion	27,908,778
Long-term debt obligations, net of current portion	—
Claims Liability for losses and LAE, net of current portion	—
Depository accounts	—
Other postemployment benefits obligation	335,469
Other liabilities	878,284
Total noncurrent liabilities	<u>29,346,768</u>
Total liabilities	<u>39,486,048</u>
Deferred inflows of resources:	
Deferred inflows from SCAs, grants, and others	—
Total deferred inflows of resources	<u>—</u>
Net Position:	
Net investment in capital assets	25,634,062
Restricted for:	
Nonexpendable – endowments	86,644,218
Expendable:	
Scholarships and fellowships	3,775,117
Research	—
Loans	—
Capital projects	6,495,187
Debt service	—
Other	29,560,682
Unrestricted	17,559,384
Total net position	<u>\$ 169,668,650</u>

See the accompanying independent auditor's report.

Cal Poly Pomona Foundation
Schedule of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2014
(for inclusion in the California State University)

Revenues:	
Operating revenues:	
Student tuition and fees (net of scholarship allowances of \$ _____)	\$ 4,526,777
Grants and contracts, noncapital:	
Federal	8,088,751
State	2,109,954
Local	—
Nongovernmental	2,104,900
Sales and services of educational activities	5,242,447
Sales and services of auxiliary enterprises (net of scholarship allowances of \$ _____)	37,107,485
Other operating revenues	<u>2,811,222</u>
Total operating revenues	<u>61,991,536</u>
Expenses:	
Operating expenses:	
Instruction	9,342,570
Research	4,192,847
Public service	513,728
Academic support	4,432,254
Student services	740,922
Institutional support	1,806,925
Operation and maintenance of plant	342,643
Student grants and scholarships	1,309,356
Auxiliary enterprise expenses	37,929,971
Depreciation and amortization	<u>3,867,508</u>
Total operating expenses	<u>64,478,724</u>
Operating income (loss)	<u>(2,487,188)</u>
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	17,405,682
Investment income (loss), net	3,072,152
Endowment income (loss), net	11,516,922
Interest Expenses	(1,342,328)
Other nonoperating revenues (expenses)	<u>(2,538,970)</u>
Net nonoperating revenues (expenses)	<u>28,113,458</u>
Income (loss) before other additions	25,626,270
State appropriations, capital	—
Grants and gifts, capital	—
Additions (reductions) to permanent endowments	<u>—</u>
Increase (decrease) in net position	25,626,270
Net position:	
Net position at beginning of year, as previously reported	144,042,380
Restatements	—
Net position at beginning of year, as restated	<u>144,042,380</u>
Net position at end of year	<u>\$ 169,668,650</u>

See the accompanying independent auditor's report.

CAL POLY POMONA FOUNDATION, INC.
Other Information
June 30, 2014
(for inclusion in the California State University)

1 Restricted cash and cash equivalents at June 30, 2014:

Portion of restricted cash and cash equivalents related to endowments	\$ 1,022,524
All other restricted cash and cash equivalents	167,997
Total restricted cash and cash equivalents	<u>\$ 1,190,521</u>

2.1 Composition of investments at June 30, 2014:

	Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	4,528,860	-	4,528,860	-	-	-	4,528,860
Wachovia Short Term Fund	-	-	-	-	-	-	-
Wachovia Medium Term Fund	-	-	-	-	-	-	-
Wachovia Equity Fund	-	-	-	-	-	-	-
CSU Consolidated Investment Pool (includes SWIFT and 0948 SMIF)	-	-	-	-	-	-	-
Common Fund - Short Term Fund	-	-	-	-	-	-	-
Common Fund - Others	-	-	-	-	-	-	-
Debt securities	8,080,286	-	8,080,286	-	740,177	740,177	8,820,463
Equity securities	-	-	-	-	415,288	415,288	415,288
Fixed income securities (Treasury notes, GNMA's)	-	-	-	-	1,313,050	1,313,050	1,313,050
Land and other real estate	-	-	-	-	-	-	-
Certificates of deposit	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-
Mutual funds	-	-	-	-	-	-	-
Money Market funds	-	-	-	-	-	-	-
Collateralized mortgage obligations:							
Inverse floaters	-	-	-	-	-	-	-
Interest-only strips	-	-	-	-	-	-	-
Agency pass-through	-	-	-	-	-	-	-
Partnership interests (includes private pass-through)	-	-	-	-	-	-	-
Alternative investments	-	-	-	-	-	-	-
Hedge funds	-	-	-	-	-	-	-
Other major investments:							
Private Equity Capital	-	-	-	829,069	-	829,069	829,069
Private Reit	-	-	-	1,355	-	1,355	1,355
Mutual Funds - Equity	-	-	-	10,311,740	84,951,662	95,263,402	95,263,402
Mutual Funds - Fixed	-	-	-	20,851,168	-	20,851,168	20,851,168
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Total investments	<u>12,609,146</u>	<u>-</u>	<u>12,609,146</u>	<u>31,993,332</u>	<u>87,420,177</u>	<u>119,413,509</u>	<u>132,022,655</u>
Less endowment investments (enter as negative number)	-	-	-	-	(85,621,694)	(85,621,694)	(85,621,694)
Total investments	<u>\$ 12,609,146</u>	<u>-</u>	<u>12,609,146</u>	<u>31,993,332</u>	<u>1,798,483</u>	<u>33,791,815</u>	<u>46,400,961</u>

2.2 Investments held by the University under contractual agreements at June 30, 2014:

Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2014 :	-	-	-	-	-	-	-
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See the accompanying independent auditor's report.

CAL POLY POMONA FOUNDATION, INC.
Other Information
June 30, 2014
(for inclusion in the California State University)

2.3 Restricted current investments at June 30, 2014 related to:	<u>Amount</u>
Add description	\$ —
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Total restricted current investments at June 30, 2014	<u>\$ —</u>
2.4 Restricted noncurrent investments at June 30, 2014 related to:	<u>Amount</u>
Endowment investment	\$ 85,621,694
Charitable Remainder Trusts	1,798,483
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Total restricted noncurrent investments at June 30, 2014	<u>\$ 87,420,177</u>

See the accompanying independent auditor's report.

CAL POLY POMONA FOUNDATION, INC.
Other Information
June 30, 2014
(for inclusion in the California State University)

3.1 **Composition of capital assets at June 30, 2014:**

	Balance June 30, 2013	Prior period Adjustments	Reclassifications	Balance June 30, 2013 (restate)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2014
Nondepreciable/nonamortizable capital assets:								
Land and land improvements	\$ 6,471,543	-	-	6,471,543	822,700	-	-	7,294,243
Works of art and historical treasures	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	1,432,794	-	-	1,432,794	2,265,519	(2,156,512)	-	1,541,801
Intangible assets:								
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-
Internally generated intangible assets in progress	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total nondepreciable/nonamortizable capital assets	7,904,337	-	-	7,904,337	3,088,219	(2,156,512)	-	8,836,044
Depreciable/amortizable capital assets:								
Buildings and building improvements	66,958,147	-	-	66,958,147	738,279	(809,990)	-	66,886,436
Improvements, other than buildings	131,863	-	-	131,863	-	-	-	131,863
Infrastructure	8,598,748	-	-	8,598,748	-	(10,790)	-	8,587,958
Residential improvements	-	-	-	-	-	-	-	-
Personal property:								
Equipment	13,311,616	-	-	13,311,616	881,639	(24,094)	-	14,169,161
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyright and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
Interest capital	1,267,547	-	-	1,267,547	-	-	-	1,267,547
Startup costs/license fees	141,123	-	-	141,123	-	-	-	141,123
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total intangible assets	1,408,670	-	-	1,408,670	-	-	-	1,408,670
Total depreciable/amortizable capital assets	90,409,044	-	-	90,409,044	1,619,918	(844,874)	-	91,184,088
Total capital assets	98,313,381	-	-	98,313,381	4,708,137	(3,001,386)	-	100,020,132
Less accumulated depreciation/amortization:								
Buildings and building improvements	(30,208,086)	-	-	(30,208,086)	(2,887,284)	54,280	-	(33,041,090)
Improvements, other than buildings	(128,616)	-	-	(128,616)	-	-	-	(128,616)
Infrastructure	(1,058,568)	-	-	(1,058,568)	(214,306)	-	-	(1,272,874)
Residential improvements	-	-	-	-	-	-	-	-
Personal property:								
Equipment	(10,462,241)	-	-	(10,462,241)	(701,604)	7,463	-	(11,156,382)
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyright and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
Interest capital	(383,020)	-	-	(383,020)	(46,774)	-	-	(429,794)
Startup costs/license fees	(91,712)	-	-	(91,712)	(17,540)	-	-	(109,252)
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Total intangible assets	(474,732)	-	-	(474,732)	(64,314)	-	-	(539,046)
Total accumulated depreciation/amortization	(42,332,243)	-	-	(42,332,243)	(3,867,508)	61,743	-	(46,138,008)
Total capital assets, net	\$ 55,981,138	-	-	55,981,138	840,629	(2,939,643)	-	53,882,124

See the accompanying independent auditor's report.

CAL POLY POMONA FOUNDATION, INC.
Other Information
June 30, 2014
(for inclusion in the California State University)

6 Long-term debt obligation schedule

	Revenue Bonds			All other long-term debt obligations			Total		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
Year ending June 30:									
2015	\$ -	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-
2020 - 2024	-	-	-	-	-	-	-	-	-
2025 - 2029	-	-	-	-	-	-	-	-	-
2030 - 2034	-	-	-	-	-	-	-	-	-
2035 - 2039	-	-	-	-	-	-	-	-	-
2040 - 2044	-	-	-	-	-	-	-	-	-
2045 - 2049	-	-	-	-	-	-	-	-	-
2050 - 2054	-	-	-	-	-	-	-	-	-
2055 - 2059	-	-	-	-	-	-	-	-	-
2060 - 2064	-	-	-	-	-	-	-	-	-
Total	\$ -	-	-	-	-	-	-	-	-

7 Calculation of net position

	Auxiliary Organizations		Total
	GASB	FASB	Auxiliaries

7.1 Calculation of net position - Net investment in capital assets

Capital assets, net of accumulated depreciation	\$ 53,882,124	—	53,882,124
Capitalized lease obligations - current portion	(824,847)	—	(824,847)
Capitalized lease obligations, net of current portion	(27,908,778)	—	(27,908,778)
Long-term debt obligations - current portion	—	—	—
Long-term debt obligations, net of current portion	—	—	—
Portion of outstanding debt that is unspent at year-end	—	—	—
Other adjustments: (please list)			
Unamortized loss on refunding	485,563	—	485,563
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Net position - net investment in capital asset	\$ 25,634,062	—	25,634,062

See the accompanying independent auditor's report.

CAL POLY POMONA FOUNDATION, INC.
Other Information
June 30, 2014
(for inclusion in the California State University)

7.2 Calculation of net position - Restricted for nonexpendable - endowments

Portion of restricted cash and cash equivalents related to endowments	\$	1,022,524	1,022,524
Endowment investments		85,621,694	85,621,694
Other adjustments: (please list)			
Add description		—	—
Add description		—	—
Add description		—	—
Add description		—	—
Add description		—	—
Add description		—	—
Add description		—	—
Add description		—	—
Add description		—	—
Add description		—	—
Net position - Restricted for nonexpendable - endowments per SNP	\$	<u>86,644,218</u>	<u>86,644,218</u>

8 Transactions with Related Entities

	<u>Amount</u>
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 1,589,721
Payments to University for other than salaries of University personnel	10,147,346
Payments received from University for services, space, and programs	12,067,167
Gifts-in-kind to the University from discretely presented component units	—
Gifts (cash or assets) to the University from discretely presented component units	2,538,970
Accounts (payable to) University (enter as negative number)	(809,010)
Other amounts (payable to) University (enter as negative number)	—
Accounts receivable from University	1,516,549
Other amounts receivable from University	—

9 Other Postemployment Benefits Obligation (OPEB)

Annual required contribution (ARC)	\$ 672,582
Contributions during the year	<u>(1,567,569)</u>
Increase (decrease) in net OPEB obligation (NOO)	(894,987)
NOO - beginning of year	<u>1,230,456</u>
NOO - end of year	<u>\$ 335,469</u>

See the accompanying independent auditor's report.

CAL POLY POMONA FOUNDATION, INC.
Other Information
June 30, 2014
(for inclusion in the California State University)

10 Pollution remediation liabilities under GASB Statement No. 49:

<u>Description</u>	<u>Amount</u>
Add description	\$ —
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Total pollution remediation liabilities	\$ —
Less: current portion	—
Pollution remediation liabilities, net of current portion	—

11 The nature and amount of the prior period adjustment(s) recorded to beginning net position

	<u>Net Position</u>	<u>Amount</u>
	<u>Class</u>	<u>Dr. (Cr.)</u>
Net position as of June 30, 2013, as previously reported		\$ 144,042,380
Prior period adjustments:		
1 (list description of each adjustment)		—
2 (list description of each adjustment)		—
3 (list description of each adjustment)		—
4 (list description of each adjustment)		—
5 (list description of each adjustment)		—
6 (list description of each adjustment)		—
7 (list description of each adjustment)		—
8 (list description of each adjustment)		—
9 (list description of each adjustment)		—
10 (list description of each adjustment)		—
Net position as of June 30, 2013, as restated		\$ 144,042,380

See the accompanying independent auditor's report.

CAL POLY POMONA FOUNDATION, INC.
Other Information
June 30, 2014
(for inclusion in the California State University)

Provide a detailed breakdown of the journal entries (at the financial statement line item level) booked to record each prior period adjustment:

	Debit	Credit
Net position class: _____ 1 (breakdown of adjusting journal entry)	\$ —	—
Net position class: _____ 2 (breakdown of adjusting journal entry)	—	—
Net position class: _____ 3 (breakdown of adjusting journal entry)	—	—
Net position class: _____ 4 (breakdown of adjusting journal entry)	—	—
Net position class: _____ 5 (breakdown of adjusting journal entry)	—	—
Net position class: _____ 6 (breakdown of adjusting journal entry)	—	—
Net position class: _____ 7 (breakdown of adjusting journal entry)	—	—
Net position class: _____ 8 (breakdown of adjusting journal entry)	—	—
Net position class: _____ 9 (breakdown of adjusting journal entry)	—	—
Net position class: _____ 10 (breakdown of adjusting journal entry)	—	—

See the accompanying independent auditor's report.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

The Board of Directors
Cal Poly Pomona Foundation, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of the Cal Poly Pomona Foundation, Inc. (a California State University Auxiliary Organization) (the Foundation) as of and for the year ended June 30, 2014 and have issued our report thereon dated September 10, 2014.

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) to determine the 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 financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

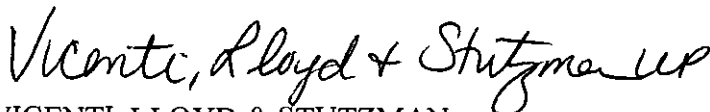
**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



VICENTI, LLOYD & STUTZMAN LLP

Glendora, CA

September 10, 2014

CAL POLY POMONA FOUNDATION, INC.

Single Audit Reports

For the Year Ended June 30, 2014

(With Independent Auditor's Report Thereon)

CAL POLY POMONA FOUNDATION, INC.

Single Audit Reports

For the Year Ended June 30, 2014

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**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Cal Poly Pomona Foundation, Inc.
3801 W. Temple Avenue
Pomona, CA 91768

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Cal Poly Pomona Foundation, Inc. (a California State University Auxiliary Organization) (the Foundation) as of and for the year ended June 30, 2014 and have issued our report thereon dated September 10, 2014.

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) to determine the 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 financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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


VICENTI, LLOYD & STUTZMAN LLP
Glendora, California
September 10, 2014



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM; REPORT
ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS REQUIRED BY OMB CIRCULAR A-133**

Board of Directors
Cal Poly Pomona Foundation, Inc.
3801 W. Temple Avenue
Pomona, CA 91768

Report on Compliance for Each Major Federal Program

We have audited Cal Poly Pomona Foundation, Inc.'s (a California State University Auxiliary Organization) (the Foundation) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the Foundation's major federal programs for the year ended June 30, 2014. The Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Foundation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Foundation's compliance.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM; REPORT
ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS REQUIRED BY OMB CIRCULAR A-133**

Opinion on Each Major Federal Program

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance, for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM; REPORT
ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS REQUIRED BY OMB CIRCULAR A-133**

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the Foundation, as of and for the year ended June 30, 2014, and have issued our report thereon dated September 10, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 basic 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.


VICENTI, LLOYD & STUTZMAN LLP
Glendora, California
September 10, 2014

CAL POLY POMONA FOUNDATION, INC.

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014**

Federal grantor/program title	Federal CFDA number	Pass-through grantor	Pass-through #	Total Federal expenditures
U.S. Department of Education:				
TRID Cluster:				
ARCHES-Student Support Services	84.042A			\$ 270,177
College Reading Skills - Student Support Services	84.042A			326,308
TRID Talent Search Program - Chino Valley Unified	84.044A			202,065
Upward Bound - North	84.047A			332,232
Upward Bound - South	84.047A			301,982
Upward Bound - Chino Valley Unified	84.047A			251,168
Upward Bound Math & Science Competition - North	84.047M			234,470
Upward Bound Math & Science Competition - South	84.047M			241,918
McNair Scholars Program	84.217A			195,864
Total TRIO Cluster				<u>\$ 2,356,184</u>
Other Programs				
San Gabriel Valley Mathematics	84.367	University of California, Office of the President	CN120273	\$ 5,201
San Gabriel Valley Mathematics Projects	84.367	University of California, Office of the President	CN130242	39,455
Great Leaders for Great Schools	84.363A			415,585
Applied Mathematics	84.011A	Bakersfield City Elementary School District	S011A120005	57,586
CCAMPIS	84.335A			203,771
Pasadena City College - Cal Poly Pomona STEM Pathways	84.031C	Pasadena City College	P031C110056	261,012
Total Other Programs				<u>\$ 982,610</u>
Total Department of Education				<u>\$ 3,338,794</u>
National Science Foundation:				
Increasing the Number and Quality of High School Physics Teachers	47.049	The American Physical Society	PHY0808790	\$ 12,699
Bringing NSF MARGINS/GeoPRISMS Continental Margins Research into Undergraduate Curriculum	47.076			11,059
College of Science Scholars Program	47.076			112,637
CSU LSAMP Senior Alliance	47.076	University Enterprises, Inc.	HRD-1302873	22,314
NSF Noyce Master Teacher Fellows Program	47.076			254,262
Reinvigorating Elementary Science (RESPECT)	47.076			1,032,942
ARRA: Robert Noyce Teacher Scholarship Program	47.082			202,853
Three Strategies to Improve STEM Graduation Rates	47.076			152,364
MESA NSF-S STEM Scholarship Grant	47.076	The Regents of the University of California	DUE-0631188	(708)
BioTIER Scholars Program	47.076			111,525
National Cybersecurity Sports Federation	47.076			95,922
Preparing Students for Writing in Civil Engineering Practice	47.076	Portland State University	DUE-1323259	7,289
CyberWatch West	47.076	Whatcom Community College	DUE-1104278	101,540
Regional Information Systems Security Center	47.076	Mt San Antonio College	DUE-1104278	44,182
Total National Science Foundation				<u>\$ 2,160,880</u>
Research and Development Cluster:				
Department of Health and Human Services:				
Genital Herpes Vaccine Discovery	93.855	Molecular Express, Inc.	2R44A1066621-03	\$ 20,296
Targeted Dendritic Cell Activation	93.855	Molecular Express, Inc.	1R43A109489101A1	45,298
Molecular Physiology of γ -Aminobutyric Acid Transporters	93.859		1SC1GM086344-01	28,622
DNA Microarray Analysis of Clostridium Botulinum	93.859		5SC3GM086303-04	69,782
RISE Program	93.859		2R25GM061190-05A2	208,802
Effects of Cannabinoids and the Peripheral Cannabinoid Receptor	93.859		1SC3GM087220-01	12,054
Effects of Threatening Environments on Women's Success in Biomedical Majors	93.859			19,809
Control of Cell Differentiation: Inhibition of Sperm Activation	93.859		5SC3GM087212-02	61,152
Regulation of a Novel Xenopus Polo-Like Kinase I Substrate	93.859		1SC2GM089622-01	95,918
Adipogenic Toxicity Study of Dbesogenic Drugs	93.859		1SC3GM094078-01	111,938
Signaling Cascade in Skeletal Muscle	93.859		1SC3GM096945-01A1	70,443
Herpes Simplex Vaccine Efficacy in Male and Female Mice	93.000	Molecular Express, Inc.	1-R43-A1066621-01A1	6,963

See accompanying notes to Schedule of Expenditures of Federal Awards and Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133.

CAL POLY POMONA FOUNDATION, INC.

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014**

Federal grantor/program title	Federal CFDA number	Pass-through grantor	Pass-through #	Total Federal expenditures
U.S. Department of Energy Ultra-Low Energy Use Appliance Design	81.000	Lawrence Berkeley National Laboratory	DE-AC02-05CH12231	5,208
U.S. Department of Defense Remote Sensing Technology for Plant Species	12.000			141,399
U.S. Environmental Protection Agency Capturing CO2 with MgO Aerogels	66.516			222
U.S. Department of Interior: Improving the Use of Depth Phases of Earthquakes	15.807	United States Geological Service	G11AP20194	12,765
Monitoring the Dynamics of Rocky Populations in So. Cal	15.423	CSU Fullerton Auxiliary Services, Corp	M10AC20000	28,546
Documentation of Forty Acres in Delano California	15.000			9,356
National Science Foundation: NEESR-CR: NEESsoft Seismic Risk Reduction for Soft Story Woodframe Buildings	47.041	Board of Governors of the Colorado State University System	CMMI-1314957	45,318
SRN: Routes to Sustainability for Natural Gas Development	47.071	Regents of the University of Colorado	CBET-1240584	94,194
Robust Nonlinear Adaptive Control of Unmanned Aerial Vehicles	47.041			79,539
Teaching Software Modularity Through Design Reviews	47.076	Carnegie Mellon University	DUE-1140760	15,018
Comparative Genomics of Phenotypic Variation	47.074	The Trustees of the Indiana University	IUB-4824334-CPPF	3,039
Scholar's Award: -Transnational Science During the Cold War and Beyond	47.075			25,898
ARRA: The California-Arizona Minority Partnership for Astronomy Research	47.082			350,793
ADVANCE-IT Catalyst Project	47.076	CSU Fullerton Auxiliary Services, Corp.	HRD-1209200	6,633
Electromagnetic Force Assisted Centrifugal Nanocasting	47.041			39,844
The California-Arizona Minority Partnership for Astronomy Research	47.049			10,905
Collaborative Research: RUI: Revisionary Systematics of Herbivorous Sea Slugs	47.074			9,287
U.S. Department of Agriculture: Development, Implementation and Evaluation of a Spanish Dietetic Curriculum	10.223			4,623
Next Generation Lettuce Breeding: Genes to Growers	10.309	University of California, Davis	2010-51181-21631	68,344
Sowing the Seeds for the Next Generation of Plant Breeders	10.223			191,360
Development of an Option in Agricultural Leadership	10.326	The CSU, Chico Research Foundation	2012-70001-20148	21,854
Algae for Conversion of Manure Nutrients to Animal Food	10.310			32,950
Towards Sustainability of Lettuce Production Through Breeding	10.170	California Department of Food and Agriculture	12-8130-0223-CA	5,002
Methods of Development of Tamarixia Radiata Used for Asian Citrus Psyllid	10.025	Citrus Research Board	12-25-B-1657	47,241
National Aeronautics and Space Administration: Contributions to the ARIA-EQ System Development	43.000	California Institution of Technology	NAS7-1407	18,604
Engineered Coatings for Sublimation Suppression	43.000	Glenn Research Center	NNC12VA09P	5,189
Environmental Gas Monitoring Using Unmanned Aerial Vehicles	43.001	Jet Propulsion Laboratory	NAS7-03001	10,489
Novel Spacecraft Thermal Design Concepts	43.001	Jet Propulsion Laboratory	NAS7-03001	12,990
Radiation-Tolerant Implementation of Delta Sigma Concenter	43.001	Jet Propulsion Laboratory	NAS7-03001	3,670
Attitude Control Research for Small Satellites	43.001	Jet Propulsion Laboratory	NAS7-03001	14,503
Vertical Habitability Layout Studies	43.003	National Space Grant Foundation	NNX10AJ76A	500
Aluminaide Coating Development for Thermoelectric Materials	43.000	Glenn Research Center	NNC14VB77P	4,704
JPL Methane Sniffer Field Test	43.000	Jet Propulsion Laboratory	NNN12AA01C	5,594
U.S. Department of Transportation Empirical Bayes-Estimated OTS Collision Rankings for Cities	20.610	State of California - Office of Traffic Safety	2700-101-0890	88,494
US Department of Homeland Security Electrically Synthesized Nanocomposites for Explosive Detection	97.000	Oak Ridge Institute for Science and Education	HSHQPM-11-X-0006	291
Total Research and Development Cluster				\$ 2,165,443

See accompanying notes to Schedule of Expenditures of Federal Awards and Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133.

CAL POLY POMONA FOUNDATION, INC.

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014**

Federal grantor/program title	Federal CFDA number	Pass-through grantor	Pass-through #	Total Federal expenditures
U.S. Department of Justice:				
Violence Prevention Program	16.525			\$ 40,551
				\$ 40,551
Department of Health and Human Services				
State Preschool Program 2012/13 (CSPP)	93.575	CA Department of Education	CSPP-3145	\$ 98,210
General Child Care and Development Program (CCTR)	93.575	CA Department of Education	CCTR-3069	\$ 32,306
				\$ 130,516
U.S. Department of Defense				
Directed Support of the Collegiate Cyber Defense Competition	12.300	University of Texas, San Antonio	FA8750-12-2-0100	\$ 5,450
U.S. Department of Agriculture:				
Business Marketing Planning for New Agricultural Products	10.233			\$ 37,353
National Register Evaluation and Recreation Resident Tract	10.000			3,520
Summer Food—Upward Bound Programs	10.559	CA Department of Education	19-7719-0V	22,011
Child and Adult Care Food Program	10.558			40,930
Focus on the Future: 21st Century Multicultural Workforce	10.223			82,492
				\$ 186,306
National Aeronautics and Space Administration				
Jet Propulsion Laboratory Student Intern	43.001	Jet Propulsion Laboratory	NAS7-03001	\$ 13,665
U.S. Department of Transportation				
Supporting Educational Programs in Transportation Engineering and Planning	20.701	The Regents of the University of California	DTRT12-G-UTC09	\$ 47,146
Total Federal Expenditures				\$ 8,088,751

See accompanying notes to Schedule of Expenditures of Federal Awards and Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133.

CAL POLY POMONA FOUNDATION, INC.

Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Note 2: Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting.

Subrecipients

Of the Federal expenditures present in the Schedule of Expenditures of Federal Awards, the Foundation provided Federal Awards to subrecipients as follow:

Federal Grantor/Program/ Subrecipients	CFDA Number	Amount Provided to Subrecipients
National Science Foundation		
ARRA: The California-Arizona Minority Partnership		
Arizona Board of Regents	47.082	\$ 103,940
The California-Arizona Minority Partnership		
SETI Institute	47.082	62,548
Reinvigorating Elementary Science (RESPECT)		
Biological Sciences Curriculum Study	47.076	580,173
Department of Defense		
Remote Sensing Technology for Plant Species		
Brown University	12.000	97,730
U.S. Department of Agriculture		
Algae for Conversion of Manure Nutrients		
Cal Poly Corporation	10.310	1,583
		<u>\$ 845,974</u>

CAL POLY POMONA FOUNDATION, INC.

Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

Note 3: Relationship to Federal Financial Reports

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, with amounts reported in the related financial reports filed by the Cal Poly Pomona Foundation, Inc. The following presents a reconciliation of grant expenditures to those reported in the financial statements:

Total expenditures per the schedule of expenditures of federal awards	\$ 8,088,751
Add expenditures of nonfederal awards	<u>4,214,854</u>
Total expenditure of federal and nonfederal awards per the financial statements	<u>\$12,303,605</u>

CAL POLY POMONA FOUNDATION, INC.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

Section I : Summary of Auditor's Results

Financial Statements

Type of auditor's report issued September 10, 2014: *Unmodified*

Internal control over financial reporting:

Material weaknesses identified? *No*

Significant deficiencies identified that are not considered to be material weaknesses? *No*

Noncompliance material to financial statements noted? *No*

Federal Awards

Internal control over major programs:

Material weaknesses identified? *No*

Significant deficiencies identified that are not considered to be material weaknesses? *No*

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

Any audit findings disclosed that are required to be reported in accordance
with section 510(a) of (Circular A-133)? *No*

Identification of major programs:

TRIO Cluster, CFDA # Various
ARRA: Robert Noyce Teacher Scholarship Program, CFDA #47.082
Reinvigorating Elementary Science (RESPeCT), CFDA # 47.076
Great Leaders for Great Schools, CFDA # 84.363A

Dollar threshold used to distinguish between type A and type B programs: *\$300,000*

Auditee qualified as low-risk auditee? *Yes*

CAL POLY POMONA FOUNDATION, INC.

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2014**

Section II: Financial Statement Findings

None noted.

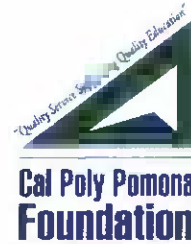
CAL POLY POMONA FOUNDATION, INC.

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2014**

Section III—Federal Award Findings and Questioned Costs

None noted.

Memorandum



Date: August 25, 2014

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

From: *G. Paul Storey*
G. Paul Storey
Executive Director

Subject: ENDOWMENT EARNINGS DISTRIBUTION 2014-15

On an annual basis, the performance of the endowment portfolio and the values of the undistributed earnings are reviewed to determine if there are funds available for an endowment distribution per the Administration of Program, Scholarship and Endowment Funds Policy # 133, please see attached for further details. Please keep in mind, some endowments may have terms and conditions that take precedence over this policy and accordingly the following recommendation will include such terms and conditions.

Upon review of the performance of the endowment portfolio and the values of the undistributed earnings, Foundation management is proposing an endowment distribution of \$4,330,892 or 5.00% comprised of the lesser of 5% of the endowment value (corpus plus undistributed earnings) or the undistributed earnings value as of June 30, 2014 subject to any endowment terms and conditions that would take precedence as follows:

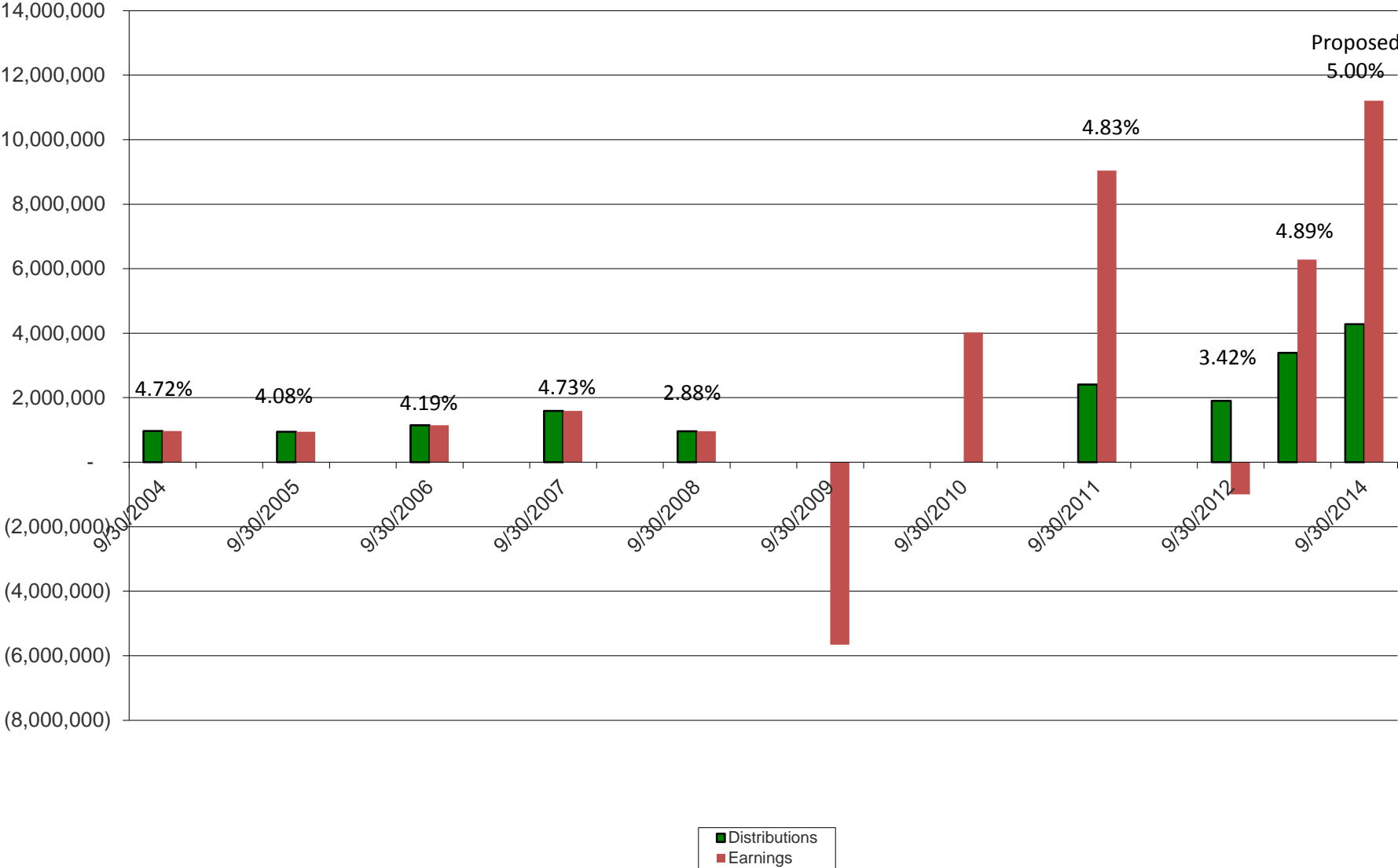
- Propose a distribution of \$819,509 to 236 scholarship endowment operating accounts.
- Propose a distribution of \$1,535,775 to 97 program endowment operating accounts.
- Propose a distribution of \$1,975,608 (less \$50,000 for administration) from the Kellogg Foundation Legacy endowment per the terms and conditions of the grant.

Now therefore be it resolved that the Board of Directors approves an endowment distribution proposal by Foundation management of a net distribution of \$4,280,892 to 236 scholarship endowment operating accounts, 97 program endowment operating accounts and the Kellogg Foundation Legacy endowment operating account and \$50,000 administration.

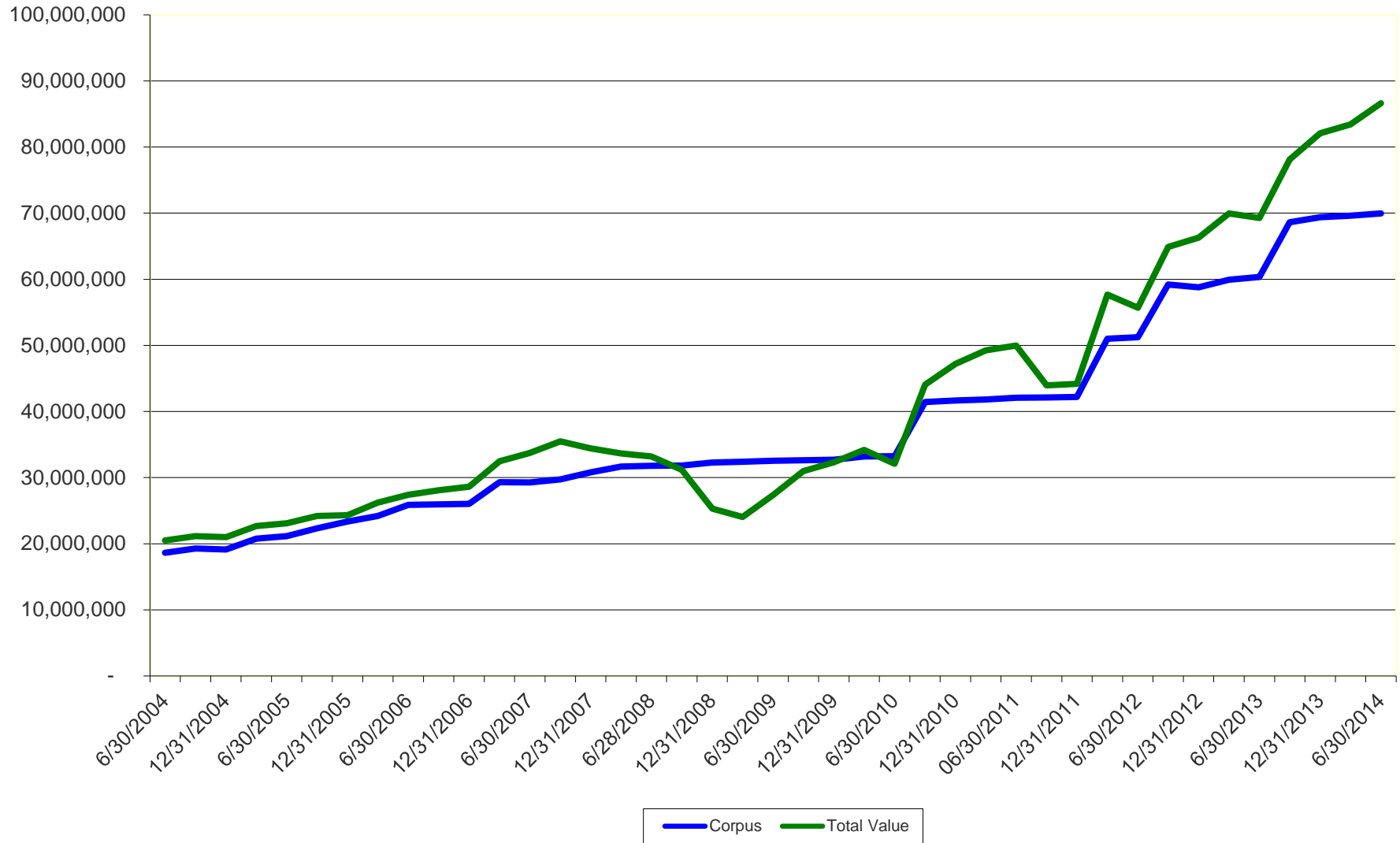
PASSED AND ADOPTED THIS 23rd DAY OF SEPTEMBER 2014

By: *Rachel Dominguez*
Rachel Dominguez, Secretary
Board of Directors

Endowment Distributions



Endowment Corpus and Total Value



CAL POLY POMONA FOUNDATION, INC.

POLICIES AND PROCEDURES

Subject:	Administration of Program, Scholarship and Endowment Funds	Policy No.	133
		Old No.	1996-3
Reference:	283-II-C, 301-II-D, 320-III-A, 333-III-B 350-III-B	Date:	10/01/97
Replaces:	1973-4, 1992-1	Revision:	02/27/01, 02/17/05, 11/15/07 02/13/12

PURPOSE

To provide guidance for the administration of Program, Scholarship and Endowment Funds. The recovery of administrative costs represented by this policy include a Foundation "gift of support" equivalent to 25% of the Foundation's estimated administrative cost for maintaining Foundation program, scholarship, endowment/endowment operating accounts.

POLICY

The yield, mark-to-market and fees assessed will be determined by the type of funds. It is understood that donated funds may contain terms and conditions that take precedence over this policy.

Foundation Program Funds - represent funds invested by the Foundation per the General Investment Policy # 131 in support of University activities.

1. Yield will be allocated quarterly on the average daily balance of the respective account.
2. The yield is the weighted average yield (coupon rate of the security plus or minus the amortization or accretion of any premium or discount) of the interest bearing securities and cash equivalents in the General Investment Portfolio less an annual investment administrative fee of 0.50% basis points to provide support to the general fund of the Foundation.
3. An administrative fee of **2.55%** will be assessed on all expenditures processed, including transfer of funds, payroll and accounts payable disbursements to provide support to the general fund of the Foundation. The maximum administrative fee per transaction is \$2,550.
4. All donations will be assessed a fee of 5%.

Scholarships Funds - represent funds invested by the Foundation per the General Investment Policy # 131 that are restricted only for the distribution of scholarships.

1. Yield will be allocated quarterly on the average daily balance of the respective account.
2. The yield is the weighted average yield (coupon rate plus or minus the amortization or accretion of any premium or discount) of the interest bearing securities and cash equivalents in the

General Investment Portfolio less an annual investment administrative fee of 0.50% basis points to provide support to the general fund of the Foundation.

3. An administrative fee of **0.0%** will be assessed on all expenditures processed, including transfer of funds, payroll and accounts payable disbursements.
4. All donations will be assessed a fee of 5%.

Endowment Funds - represent funds invested per the Foundation Endowment Investment Policy 130.

1. It is the Foundation's goal to distribute annually a minimum net return of 5% of endowment value as established on June 30th. Earnings for the fiscal year in excess of the Consumer Price Index (CPI) for the Los Angeles area, as reported in July for the prior 12 months, and in excess of 5% endowment value, may also be distributed. Endowment earnings shall generally be available for distribution from those endowments invested for no less than three (3) consecutive months. Exceptions may be authorized per approval by the Executive Director or his/her designee and the Board of Directors. Endowment earning distribution will occur in the first quarter of each fiscal year based upon the percentage of the endowment value and or an amount as approved by the Board.
2. Endowment scholarship funds with little or no earnings are eligible for an interest free loan up to 5% of the endowment value at June 30th upon approval by the Board. Loans are to be repaid within 3 years to the General Fund from future scholarship endowment earning distributions.
3. The endowment funds will be assessed an annual administrative fee of seventy-five basis points (0.75%). If the annual earnings are less than 0.75%, fees will first be recovered from prior undistributed earnings and if no available prior year earnings, then from corpus.
4. All donations will be assessed a fee of 5%.

Endowment Operating Funds - represent funds invested by the Foundation per the General Investment Policy 131.

1. Yield will be paid quarterly on the average daily balance of the respective account.
2. The yield is the weighted average yield (coupon rate of the security plus or minus the amortization or accretion of any premium or discount) of the interest bearing securities and cash equivalents in the General Investment Portfolio less an annual investment administrative fee of 0.50% basis points to provide support to the general fund of the Foundation.
3. An administrative fee of **2.55%** will be assessed on all expenditures processed, including transfer of funds, payroll and accounts payable disbursements to provide support the general fund of the Foundation. The maximum administrative fee per transaction is \$2,550.
4. All donations will be assessed a fee of 5%.



MEMORANDUM

Date: August 25, 2014

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

From: G. Paul Storey, Executive Director *G. Paul Storey*

Subject: **Real Property Development Project for Innovation Village Phase V, Commercial Office and Research Facility for Southern California Edison Company**

The Cal Poly Pomona Foundation, Inc. has received approval from the University to enter into a third long-term relationship with the Southern California Edison Company to develop Phase V at Innovation Village pending CSU Board of Trustees approval. The project is a 123,000 square foot commercial office and research building on approximately 7 acres located across Innovation Way and oriented toward Kellogg Drive.

Summary

15 years ago in November 1999, the CSU Board of Trustees approved the concept for a public/private development on 65 acres at California State Polytechnic University, Pomona (Innovation Village). The Innovation Village was conceived as a 960,000 square foot development with multiple projects and was incorporated into the campus master plan at the July 2000 Board of Trustees meeting. The first project in Innovation Village, the 52,000 square foot Center for Training, Technology and Incubation (CTTi) was approved by the Board of Trustees in 2000 and opened in 2001. The CTTi project was financed in partnership with NASA, the Economic Development Administration, the California Technology, Trade and Commerce Agency, the College of Extended University, and the Cal Poly Pomona Foundation. In January 2003 the Board of Trustees approved the Development of the second Innovation Village project with the American Red Cross. The Phase II project is a 201,000 square foot blood processing facility for the Southern California Blood Services region and was financed entirely by the American Red Cross and they continue their occupancy of this building. The Trustees approved Innovation Village Phase III, a development partnership with Trammell Crow Company in May 2005. Phase III is a 123,000 square foot class A commercial office and research building entirely financed by Trammell Crow Company and subsequently purchased and occupied by the Southern California Edison Company for their Transmission and Distribution Business Unit. They completed their tenant improvements and occupied the building in early 2010. The Phase IV project was approved by the Board of Trustees in September 2006. It was approved as another 123,000 square foot office and research building entirely financed by Trammell Crow with an anticipated construction commencement upon 50% lease up of the Phase III building. Southern California Edison, in 2009, assumed Trammell Crow's ground lease and built their second building within Innovation Village, thus bringing the project to 50% completion in August 2011.

Background

Innovation Village promotes and supports technology transfer, student and faculty professional advance and employment, and economic development. Significant benefits from the first four phases at Innovation Village include:

- Innovation Village tenant companies have developed collaborative relationships and research partnerships with the Colleges of Science and Engineering
- The economic impact of Innovation Village as of 2011 was estimated to be \$700 million annually to the local economy and is estimated to be \$1.2 billion at full build-out of the project pursuant to an independent analysis by Stanley R. Hoffman Associates.
- The long-term ground sub-leases ensure that Innovation Village is self-supporting and will return economic benefits to the university for many years.
- The infrastructure developed for Innovation Village promotes improved traffic circulation around campus through the extensions of Kellogg Drive and South Campus Drive, and provides improvements to the campus potable water system. They have also improved the walkable environment in this corridor of the campus.

In the Fall of 2013 Southern California Edison engaged the Campus and Trammell Crow Company in discussions to build their 3rd building within the project. The development team has been working to that end since and agreements have been reached to begin their next project within Innovation Village. Southern California Edison is one of the largest electric utility providers in the nation and has been serving the Southern and Central California communities for 125 years. Their commitment to creating safe, reliable and affordable power to its customers is felt within the walls of their two buildings at Innovation Village where their Transmission & Distribution Business Units are engaged in creating the smart grid with engineers and analysts working side by side – many of whom are graduate of Cal Poly Pomona.

Project Description

The project will be entirely financed by Southern California Edison, who will have sole responsibility for the cost of construction and any ancillary costs associated with its development within Innovation Village. No state or Trustees financing will be required and the project will not incur debt of any kind and will not be reflected on the CSU's financial statements. This project is the fifth development within the approved 65 acre site of Innovation Village and consists of a 123,000 square foot commercial office and research building, as well as landscape and site improvements to accommodate 446 parking stall on approximately 6.94 acres. Phase V, located across Innovation Way and oriented toward Kellogg Drive, is on a fast track with Southern California Edison looking to begin construction in early 2015. Trammell Crow will manage the development process on behalf of Southern California Edison under a separate agreement along with their general contractor.

Summary of Agreement Terms

CSU will enter into a ground lease with the Cal Poly Pomona Foundation, Inc., a recognized auxiliary organization. The Foundation will then sub-lease the land to Southern California Edison Company. Some of the terms of the agreement follow:

- An initial 75 year term, with an option for one 15-year extension.
- Southern California Edison will finance and construct the project on approximately 6.94 acres of land.
- Base rent has been established at \$1.05 per square foot of gross land area (\$317,527/year at full base rent for the initial 5-year period).
- Rent will be phased as follows:
 1. Rent at 50% of base rent after the beginning of the 19th month or first month after issuance of a certificate of occupancy.
 2. Rent at 100% of base rent at beginning of 37th month or upon issuance of certificate of occupancy.
 3. Rent escalation will occur every five years and is tied to the Consumer Price Index (CPI).
 4. Maximum increase of 20% for years 1-30 and 25% for years 31-75. The CPI increase
 5. Can be as low as 0% but cannot result in a reduction of rent from a previous period.
 6. If the 15-year option is exercise, the rental rate will be adjusted according to a new land appraisal and the new market rate will be discounted by 5%.
- Cal Poly Pomona (through the Foundation) will establish a reserve to pay for the demolition or renovation of the project, as necessary.
- All improvements revert to Cal Poly Pomona upon expiration of the ground lease and any exercised option.
- During the term of the ground lease and any extensions thereof, if the improvements are sold or transferred, the Lessee will pay the Foundation a Transfer Fee.

Educational Benefits

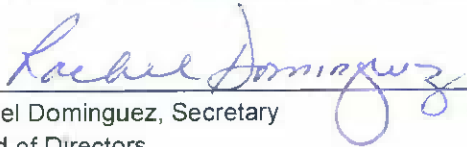
This project holds academic benefits for the students and faculty at Cal Poly Pomona. Southern California Edison has historically been supportive of the mission of the university and a partner in education for many years. Through their involvement on campus within the College of Engineering they have provided opportunities for students to intern in addition to hiring graduates from the program. They have also provided financial support to the College, most recently giving \$100,000 to support and encourage women in the field of engineering. Their management team engages with faculty and administration on various levels, including participation with the President and the Dean of the College of Engineering with the goal of improving students' knowledge as they complete their education. Finally, Southern California Edison has engaged with the campus through two grants since January 2010 for a total of \$929,996 for a test battery energy storage system called the Tehachapi Wind Energy Storage project, and the second for upgraded HVAC facilities in the College of Engineering to include an advanced hands-on lab and educational training curriculum to be used to educate engineering students in the design of efficient HVAC systems.

Recommended Action

The Board of Directors of the Cal Poly Pomona Foundation, Inc. recommends approval of the following resolution.

RESOLVED, The Cal Poly Pomona Foundation, Inc. Board of Directors approves the development of the Commercial Office and Research Facility Phase V at California State Polytechnic University, Pomona as described, and confirms the Executive Director's authority to execute the agreements necessary to implement the development plan for this project.

PASSED AND ADOPTED THIS 23rd DAY OF SEPTEMBER 2014.

By: 

Rachel Dominguez, Secretary
Board of Directors

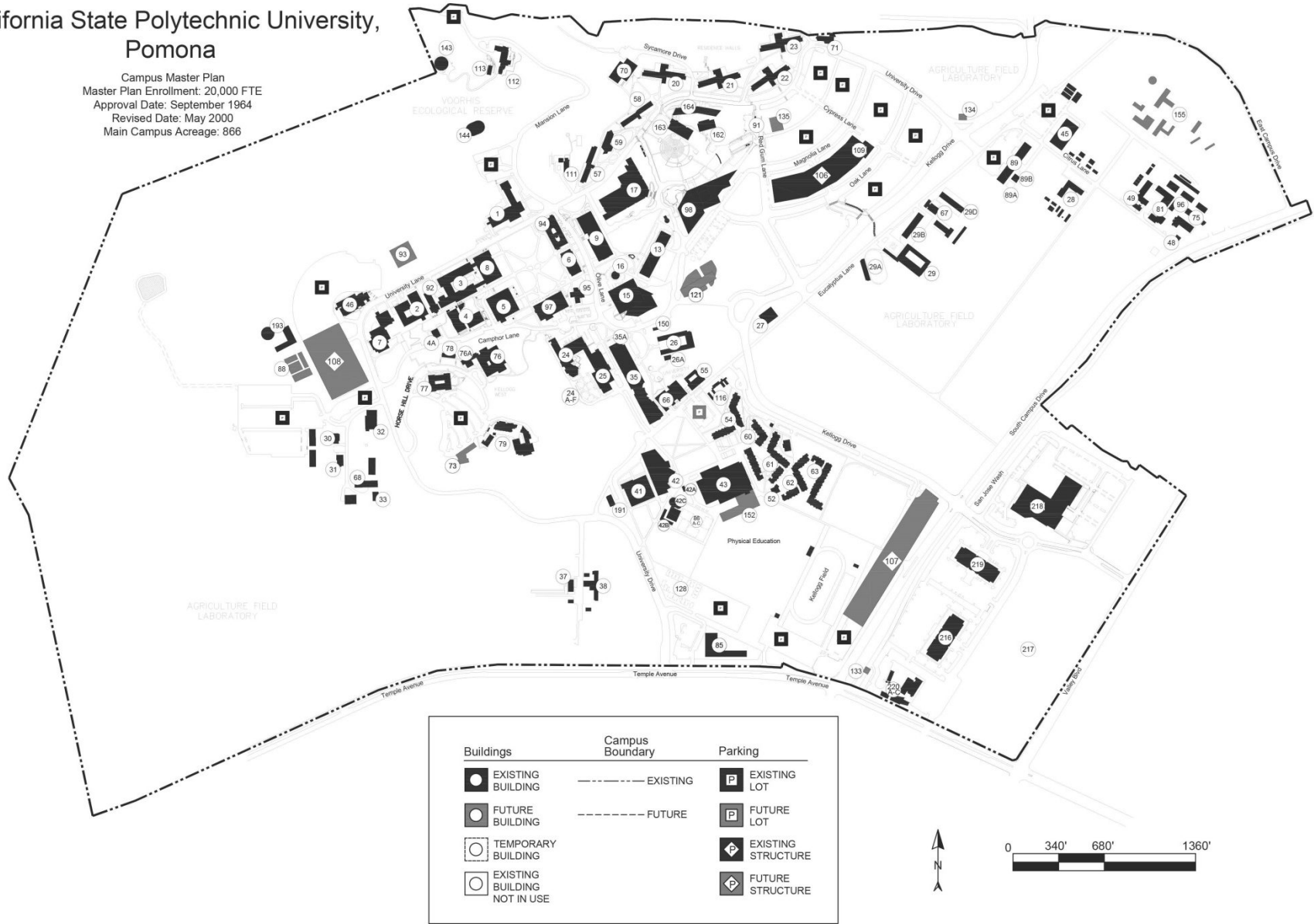


Innovation. It starts here.



California State Polytechnic University, Pomona

Campus Master Plan
 Master Plan Enrollment: 20,000 FTE
 Approval Date: September 1964
 Revised Date: May 2000
 Main Campus Acreage: 866



CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA

Master Plan Enrollment: 20,000 FTE

Master Plan Approved by the Board of Trustees: September 1964

Master Plan Revision Approved by the Board of Trustees: March 1965, October 1967, September 1970, March 1971, May 1972, January 1975, November 1978, September 1979, September 1980, February 1981, May 1982, September 1984, May 1985, November 1985, September 1986, September 1987, May 1989, May 1991, July 2000.

1	ADMINISTRATION	52	COMMONS BUILDING	111	MANOR HOUSE
2	AGRICULTURE CLASSROOMS	54	HOUSING RESID. SUITE PHASE II	112	UNIVERSITY HOUSE
3	SCIENCE	55	KELLOGG FOUNDATION SERVICES	113	KELLOGG GUEST HOUSE
4	BIOTECHNOLOGY			116	CHILD CARE CENTER
4 A	BIOTREK LEARNING CENTER	57	PALMITAS HALL	118	HAZARDOUS WASTE MATERIAL STORAGE
5	LETTERS, ARTS & SOCIAL SCIENCE	58	CEDRITOS HALL	121	<i>Administration Replacement Building</i>
		59	LA CIENEGA CENTER	133	<i>Visitor Information</i>
6	BUSINESS ADMINISTRATION	60	VISTA BONITA	134	<i>Visitor Information</i>
7	ENVIRONMENTAL DESIGN	61	VISTA DEL SOL	135	<i>Academic Building</i>
8	SCIENCE	62	HOUSING RESID. SUITE PHASE II	143	UPPER RESERVOIR
9	ENGINEERING	63	HOUSING RESID. SUITE PHASE II	144	LOWER RESERVOIR
13	ART / ENGINEERING ANNEX	66	BRONCO BOOKSTORE	150	MASA BUILDING
13 B-D	LEARNING RESOURCE CENTER	67	EQUINE RESEARCH FACILITY	152	<i>Physical Education Expansion</i>
15	LIBRARY	68	HAY BARN	155	<i>Center for Animal Veterinary Science Education</i>
16	LIBRARY MECHANICAL EQUIPMENT	70	LOS OLIVOS COMMONS	162	COLLEGE OF BUSINESS ADMINISTRATION #B
17	ENGINEERING LABS	71	HOUSING MAINTENANCE BUILDING	163	COLLEGE OF BUSINESS ADMINISTRATION #C
20	ENCINITAS HALL	73	<i>Collins College Faculty Offices & Classrooms</i>	164	COLLEGE OF BUSINESS ADMINISTRATION #A
21	MONTECITO HALL	74	<i>Collins Hotel Suites</i>	191	ELECTRICAL SUBSTATION
22	ALAMITOS HALL	75	PURCHASING AND RECEIVING	193	CENTRAL PLANT-CHILLER
23	ALISO HALL	76	KELLOGG WEST	200	UNIVERSITY VILLAGE
24	MUSIC	76 A	KELLOGG WEST ADDITION	208	<i>Center for Regenerative Studies Phase II</i>
24 A-F	MODULAR SURGE SPACE	77	KELLOGG WEST MAIN LODGE	209	JOHN T. LYLE CENTER FOR REGENERATIVE STUDIES
25	DRAMA/THEATER	78	KELLOGG WEST LODGE ADDITION	210	LANDLAB INFORMATION CENTER
26	UNIVERSITY PLAZA	79	THE COLLINS COLLEGE OF HOSPITALITY & MANAGEMENT	211	AGRISCAPES
26 A	STUDENT ORIENTATION CENTER	81	PHYSICAL PLANT OFFICE	211 A-H	AGRISCAPES GREENHOUSE
27	WATER FILTRATION PLANT	85	I POLY HIGH SCHOOL	212	<i>Resources Evaluation and Research Center</i>
28	FRUIT AND CROP/GREENHOUSE	86	ENGLISH LANGUAGE INSTITUTE	215	<i>Innovation Village Phase V</i>
29	ARABIAN HORSE CENTER	86 A-C	TEMPORARY CLASSROOMS/ FACULTY OFFICES II	216	INNOVATION VILLAGE PHASE IV
29 A	HORSE ARENA	88	<i>Facilities Management & Corporation Yard</i>	217	INNOVATION VILLAGE INFRASTRUCTURE
29 B	WEANING BARN	89	INTERIM DESIGN CENTER	218	AMERICAN RED CROSS HEADQUARTERS
29 C	PADDOCKS	89 A	INTERIM DESIGN CENTER ADDITION	219	INNOV. VILLAGE PH. III OFFICE/RESEARCH FACILITY
29 D	HORSE BARN	89 B	INTERIM DESIGN CENTER FACULTY OFFICES	220 A-C	CENTER FOR TECHNOLOGY, TRAINING & INCUBATION
30	AGRICULTURE UNIT	91	TEMP. ADMIN. OFFICES		
31	POULTRY UNIT	92	LABORATORY CARE FACILITY		
32	BEEF UNIT	93	<i>Environmental Design Center</i>		
33	FEED MILL UNIT	94	UNIVERSITY OFFICE BUILDING		
35	BRONCO STUDENT CENTER	95	MULTI-CULTURE CENTER		
35 A	KELLOGG ART GALLERY	96	PAINT SHOP		
37	SWINE UNIT	97	CAMPUS CENTER		
38	SHEEP UNIT	98	CLASSROOM/LAB/ ADMINISTRATION BUILDING		
41	DARLENE MAY GYMNASIUM	106	PARKING STRUCTURE 1		
42	BRONCO RECREATION & INTRAMURAL COMPLEX	107	<i>Parking Structure 2</i>		
42 A	RESTROOM BUILDING	108	<i>Parking Structure 3</i>		
42 B	POOL SUPPORT BUILDING	109	PUBLIC SAFETY & PARKING SERVICES		
42 C	POOL				
43	KELLOGG GYMNASIUM				
45	AGRICULTURE ENGINEERING				
46	HEALTH SERVICE				
48	CUSTODIAL SERVICES				
49	BEAVER HOUSE				

LEGEND:

EXISTING FACILITY / *Proposed Facility*

Note: Building numbers correspond with building numbers in the Space Facility Data Base (SFDDB)



Cal Poly Pomona Foundation
3801 W. Temple Avenue Building #55
Pomona California 91768
(909) 869-2950

Innovation Village Research Park - Phase 5 Conceptual Design
Los Angeles County, California

TCC070.10
06.16.2014

TrammellCrowCompany

3501 JAMBOREE RD. #230
NEWPORT BEACH, CA 92660

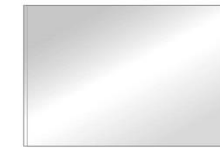




A. BUILDING LIGHT
WALL COLOR RANGE



B. BUILDING MEDIUM
WALL COLOR RANGE



C. CLEAR ANOD. ALUM. FINISH
MULLION & ACCENT METAL



D. AQUA GLAZING
MEDIUM REFLECTIVE

Cal Poly Pomona Foundation
3801 W. Temple Avenue Building #55
Pomona California 91768
(909) 869 - 2950

Innovation Village Research - Phase 5 Material Color Board
Los Angeles County, California

TCC070.10
06.16.2014

Trammell Crow Company

3501 JAMBOREE RD. #230
NEWPORT BEACH, CA 92660





In keeping with the Trammell Crow Company desire to implement environmentally friendly design elements into their projects, numerous sustainable design features have been implemented into this project. Implementation of these features have resulted in the building exceeding State required design standards, Title 24 standards by more than 20% above industry and code required standards and resulted in a net water reduction over competitive similar projects. Sustainable design elements

included in this project are:

Site

- Drought resistant planting consisting of oak trees, sycamore trees, pepper trees and ornamental grasses creating an informal planting and naturalized landscape planting theme.
- Generous landscape planting areas to aid in reducing solar heat islands.
- Large and numerous site people places encouraging people to spend time outdoors.
- Utilization of reclaimed irrigation water.
- Use of low flow water emitters in the site irrigation system.
- Installation of two large below grade infiltration pits to control storm water runoff and recharge the ground water.
- Installation of recyclable trash storage areas.
- Installation of infiltration swales along the site perimeter to collect and control storm water runoff and recharge the ground water.
- Installation of pervious paving materials in the parking areas instead of hard paving surfaces again allowing water percolation into the ground and reduced solar heat islands.
- Inclusion of bicycle racks to encourage alternative transportation.
- Close proximity to campus and mass transit bus stops thus encouraging alternative transportation.

Building

- Integration of a dual glazed, insulated glazing system with a low "E" glass coating for reduced solar heat gain.
- Installation of sunshades over the first floor windows, at the building entrances and cornices around the building perimeter to assist in reducing solar heat gain.
- Installation of window blinds in all exterior windows to reduce solar heat gain.
- Incorporation of interior building materials utilizing low VOC emitting adhesives, etc.
- Installation of high efficiency cooling units.
- Installation of Variable Frequency Drives (VFD's) on the building mechanical equipment allowing for variation in fan speed and reduced electrical demand during low tenant usage.
- Incorporation of a variable flow pumping system on the building heating hot water mechanical system thus reducing building electrical demand.
- Installation of the latest climate control system to assist in efficient management of the building mechanical system.
- Incorporation of an air side economizer on the building mechanical units thus reducing the amount of energy usage during cooler months while increasing outside air qualities and improving indoor air quality.
- Installation of auto flush valves and low flow restroom fixtures to aid in water conservation.

Building

- Roof drainage that drains to the site and thus recharges the local ground water.
- Inclusion of large floor to ceiling exterior windows thus allowing as much light as possible to penetrate to the interior of the building thus reducing electrical lighting demands.
- Inclusion of a large expansive two story main entrance lobby allowing exterior lighting to penetrate to the building interior thus reducing building electrical demands.
- Installation of high efficiency light fixtures to reduce building electrical demands.
- Installation of high efficiency parking lot lighting to reduce the amount of ambient light that is transferred to the surrounding area.

Lease Terms

Phase	V
Project Description	SCE BTS by Trammell Crow
BOT status	11/15/2014
Occupancy status	pending
Type of Development	Owner-occupant
Land Area	6.82 acres (approx)
Option Area	n/a
F.A.R.	38% (approx)
Building Size	123,000
Initial Term	75 years
Options	One 15-year option
Maximum Term	90 years
Early Termination Rights	None
Initial Annual Base Rent per Land sq. ft.	\$1.05
Annual Base Rent as of July 1, 2014	\$1.050
Annual Base Rent (total dollars)	\$311,933.16 (approx)
Rent Commencement	50% base rent after beginning of 19th month or first month after issuance of certificate of occupancy. 100% base rent at beginning of 37th month or upon issuance of certificate of occupancy
Rent Escalation	Every 5 years based upon CPI; limited to 20% per period for 1st 30 years and 25% thereafter
Re-appraisal	At start of option period at 95% of then Fair Market Rent
Deposits Not Applicable to Future Rents	\$75,000
Brokerage Fee	None

Educational Benefits

This project holds academic benefits for the students and faculty at Cal Poly Pomona. The Southern California Edison Company has continued its long-standing support of the campus and its College of Engineering in several ways, including donations to the campus to support women in Engineering, donation of equipment used by the College, hiring of students and graduates for both internships as well as permanent employment, and involvement by their management team at the campus on various boards and committees.

CEQA

Mitigation Measures	Time Frame / Monitoring Milestone	Responsible Monitoring Party
<p>Traffic/Circulation</p> <ol style="list-style-type: none"> 1. <i>South Campus Drive & Temple Avenue:</i> Convert the existing southbound shared through/left-turn lane into a shared through/left-turn/right-turn lane. This can be implemented by restriping the center shared through/left-turn lane for a shared through/left-turn/right-turn operation. After the mitigation, the southbound approach would provide one left-turn lane, one shared through/left-turn/right-turn lane, and one right-turn lane. This improvement can be accommodated within the existing right-of-way. 2. <i>Valley Boulevard & Temple Avenue:</i> Convert one of the existing southbound through lanes into a shared through/right-turn lane. This can be implemented by restriping the through lane for a shared through/right-turn operation. After the mitigation, the southbound approach would provide one left-turn lane, one through lane, one shared through/right-turn lane, and one right-turn lane. This improvement can be accommodated within the existing right-of-way. 	Prior to operation	California State Polytechnic University, Pomona
	Prior to operation	California State Polytechnic University, Pomona
<p>Solid Waste</p> <ol style="list-style-type: none"> 1. Space will be provided for recycling facilities (e.g. bins). 2. The facility will provide adequate storage area for collection and removal of recyclable materials. 	Throughout operation	California State Polytechnic University, Pomona

Project Schedule

Receive Approval to Start Project from CPPF	April 2014
Release CEQA Consultant for MND	April 2014
Issue Review Consultant Agreements	June 2014
Review 25% SD Plans (2 weeks)	July 2014
Review 50% SD Plans (2 weeks)	August 2014
Land Development Review Committee meeting	August 27, 2014
Review 95% SD Plans & Specs (2 weeks)	September 2014
Final MND submittal to CPDC for Nov. Board meeting	September 2, 2014
Submit SD package to CPDC	September 9, 2014
Submit Final SD Documents to CPDC for BOT	September 16, 2014
BOT approval for Major Master Plan Amendment	November 12 & 13, 2014
BOT approval of SD Submittal	November 12 & 13, 2014
BOT approval of the development of Innovation Village Phase V (Committee on Finance)	November 12 & 13, 2014
Working drawings and final design development	October – December 2014
Plan review and approval	December 2014 to January 2015
Construction (14 months)	February 2015 to March 2016
Furniture Fit-Out (2 months)	April to May 2016
SCE Move-in	June 2016



MEMORANDUM

Date: August 25, 2014
To: Board of Directors
Cal Poly Pomona Foundation, Inc.
From: *G. Paul Storey*
G. Paul Storey, Executive Director
Subject: **Capital Budget Request – Kellogg West Conference Center**

The Foundation is asking for a 2014-15 FY Capital Budget request for \$150,000 to assist Kellogg West Conference Center and Hotel (KW) with mitigation issues related to the Collins College (CC) Expansion Project. KW is faced with a severe loss of parking spaces as a result of the construction project. Prior to construction the KW Parking lot had 325 spaces as part of the property identified in the Kellogg West ground lease. A reduction of 135 spaces, related to the construction, now allows only 209 spaces (9 are Disabled and Medical) for KW guests. All funding for the parking lot is generated solely by event revenues from KW guests.

KW has currently identified many dates during the Fall Quarter that parking needs may exceed the available space. The dates do not take into consideration the 54 spaces that have been allocated in the past for KW and CC staff, plus additional spaces needed for the lunch only guests at KW and the CC Ranch Restaurant.

The \$150,000 will be used to expand the current on-site lot by taking some of the South West landscaped area adjacent to the parking lot and converting it into temporary parking with lighting. This will add approximately 30-50 spaces. At the end of the construction project this area will be redesigned and developed into permanent parking spaces and joined with the main parking lot. Funds will also be used to during the construction period to provide for expenses related to the relocation of guest parking to lot M via shuttle service, signage and lot attendants for guest assistance. The Foundation is also currently reviewing options for a daily conference/hotel parking permit system to allow for tighter control and restrictions on space use.

If approved, the capital improvement budget for 2014-15 will be amended to include the \$150,000.

NOW, THEREFORE, the Board of Directors recommends that the capital budget request for \$150,000 to aid with parking mitigation related to the Collins College Expansion Project be approved.

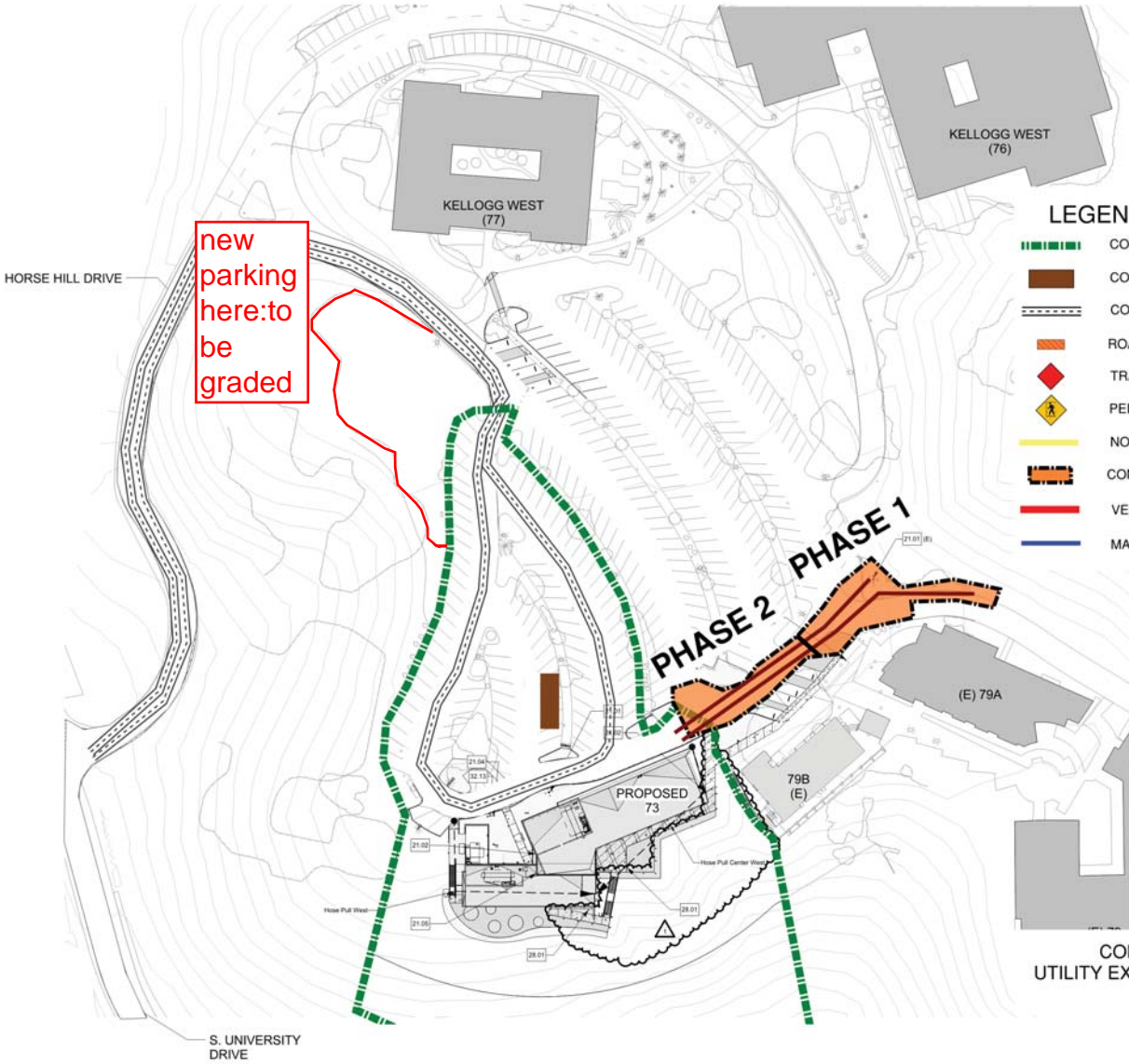
RESOLVED, the Board of Directors approves a capital budget request of \$150,000 for parking mitigation support for the Kellogg West Conference Center and Hotel during the Collins College Expansion Project.

PASSED AND ADOPTED THIS 23rd DAY OF SEPTEMBER 2014.

By: *Rachel Dominguez*
Rachel Dominguez, Secretary
Board of Directors



Parking Lot L



LEGEND

- CONSTRUCTION FENCE
- CONSTRUCTION TRAILER
- CONSTRUCTION HAUL ROUTE
- ROAD BARRICADE AND SIGNAGE
- TRAFFIC SIGNAGE
- PEDESTRIAN ACCESS SIGNAGE
- NO PARKING BARRICADE AND SIGNAGE
- CONSTRUCTION UTILITY EXCAVATION WORK ZONE
- VEHICULAR FLOW
- MAJOR PEDESTRIAN FLOW

OVERALL LOGISTICS PLAN

PHASE 1
PHASE 2


COLLINS COLLEGE EXPANSION
UTILITY EXCAVATION LOGISTICS PLAN
8/20/14

Memorandum



Date: September 3, 2014

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

From: 
G. Paul Storey
Executive Director

Subject: Kikka Replacement

In June the Foundation decided to end our 12-year business agreement with Kikka Sushi in the Bronco Student Center. The choice was made due to growing concerns with the health and food safety of the operations.

Dining Services explored several dining options, looking for venue that would fit well with the Cal Poly Pomona community and meet the Dining Service Master Plan requirements. In late June of this year, Panda Express management suggested that a Panda brand under development might be appropriate for the vacant Kikka space. We have had a wonderful relationship with Panda, and it seemed a good fit for the location. It includes sushi, Asian wraps, and a very nice tea bar. A tour was arranged for ASI Management to view and sample the different elements of this concept in Panda's Innovation Kitchen in Pasadena, Panda's test kitchen.

Dining Services has been in discussions with Brian Jarvis, Business Development Manager for Panda Restaurant Group, who in turn has been discussing the implementation of an in-line version of this concept with Andrew Cherng, Founder and co-CEO, of Panda Restaurant Group, who supports this program and is excited to get it launched at Cal Poly Pomona first. Unfortunately, the in-line version of this concept will not be available until February 2015.

Based on ASI concerns about having a BSC food operation closed during the fall, Dining Services has created an in-house Asian-inspired brand to keep this space operational. A variety of noodle bowls, rice bowls, teriyaki, and katsu will be served. Additionally, a variety of Asian inspired confections will be served. Sushi will be sold as grab-n-go item out of Poly Fresh concurrently.

Our current schedule:

- Drawing Production Begins: 9/2/14
- Drawing Production Complete: 10/10/14
- Apply for Permits : 10/13/14
- Permits Ready: 12/5/14
- Construction Begins: 12/8/14
- Construction Complete: 1/30/15
- Open for Business: 2/2/15



DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL



OFFICE OF AUDIT SERVICES
NATIONAL EXTERNAL AUDIT REVIEW CENTER
1100 WALNUT STREET, SUITE 850
KANSAS CITY, MO 64106

JUL 25 2014

Report Number: A-09-14-25663

BOARD OF DIRECTORS
CAL POLY POMONA FOUNDATION, INC.
3801 WEST TEMPLE AVENUE
POMONA, CALIFORNIA 91768-4038

Dear Board Members:

We have received the audit report on the Foundation for the period July 1, 2012, through June 30, 2013. The report was received by the Federal Audit Clearinghouse on February 11, 2014, (identification number 124493). The audit was performed by VICENTI LLOYD STUTZMAN LLP, Certified Public Accountants.

There were no findings associated with this report that were identified for formal resolution action by the Department of Health and Human Services (HHS).

In accordance with the principles of the Freedom of Information Act (Public Law No. 90-23), reports issued on the Department's grantees and contractors are made available, if requested, to members of the press and general public to the extent that information contained therein is not subject to exemptions in the Act which the Department chooses to exercise. (See 45 CFR Part 5 Section 5.21 of the Department's Public Information Regulations.)

If you have any questions, please contact our office at (800) 732-0679.

Sincerely,

Patrick J. Cogley
Regional Inspector General for Audit Services