

CAL POLY POMONA PHILANTHROPIC FOUNDATION

Financial Statements and Supplementary Information

Year Ended June 30, 2022



CAL POLY POMONA PHILANTHROPIC FOUNDATION
Financial Statements and Supplementary Information
Year Ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Audit Committee
Cal Poly Pomona Philanthropic Foundation

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the major fund and aggregate remaining fund information of Cal Poly Pomona Philanthropic Foundation (a nonprofit organization referred to as the Philanthropic Foundation), a component unit of Cal Poly Pomona, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Cal Poly Pomona Philanthropic Foundation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund and aggregate remaining fund information of Cal Poly Pomona Philanthropic Foundation as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Cal Poly Pomona Philanthropic Foundation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management's 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Cal Poly Pomona Philanthropic Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

INDEPENDENT AUDITOR'S REPORT, CONTINUED

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Cal Poly Pomona Philanthropic Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Cal Poly Pomona Philanthropic Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 – 11 to 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information for the California State University Chancellor's Office, beginning on page 31, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT, CONTINUED

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2022, on our consideration of the Philanthropic Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Philanthropic Foundation's internal control over financial reporting and compliance.

Aldrich CPAs + Advisors LLP

San Diego, California
November 14, 2022

CAL POLY POMONA PHILANTHROPIC FOUNDATION
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2022

INTRODUCTION

The Cal Poly Pomona Philanthropic Foundation (Philanthropic Foundation) is a 501(c)(3) nonprofit auxiliary organization of California State Polytechnic University, Pomona (University). In March 2019, the Philanthropic Foundation received IRS designation as a nonprofit organization. On July 1, 2019, the Philanthropic Foundation began its operations, when, at the request of the University, the Cal Poly Pomona Foundation, Inc. (Foundation) transferred, by gift, approximately \$133 million of restricted assets to the Philanthropic Foundation. The Philanthropic Foundation has entered into Support Services Agreement wherein the Foundation provides fiscal and administrative services to the Philanthropic Foundation. The Philanthropic Foundation has no direct employees.

The Philanthropic Foundation was formed to support and advance the mission of the University. To fulfill its mission, the Philanthropic Foundation promotes, secures and stewards private support for the University through the receipt and management of gift assets, including endowment and program funds. It works in close partnership with the University's advancement division, which oversees the University's fundraising efforts. The Philanthropic Foundation accepts gifts of cash, securities, real estate, artwork, estate plans, and other in-kind gifts. The Philanthropic Foundation does not accept or administer government grants or contracts.

INTRODUCTION TO FINANCIAL STATEMENTS

This annual report consists of a series of financial statements prepared in accordance with the Governmental Accounting Standards Board (GASB) principles. The financial statements include the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; Statement of Cash Flows; Statement of Fiduciary Net Position; and Statement of Changes in Fiduciary Net Position. These statements are supported by notes to the basic financial statements and this section. All sections must be considered together to obtain a complete understanding of the financial picture of the Philanthropic Foundation.

Fiduciary funds are used to account for resources held for the benefit of parties outside the Philanthropic Foundation. The Philanthropic Foundation holds funds for the Cal Poly Pomona Alumni Association (Alumni Association). The Philanthropic Foundation's fiduciary activities are reported in separate statements of fiduciary net position and statements of changes in fiduciary net position. Fiduciary funds are not reflected in the Philanthropic Foundation's financial statements because the resources of those funds are not available to support the Philanthropic Foundation's own programs.

The following discussion and analysis provide an overview of the financial position and activities of the Philanthropic Foundation for the year ended June 30, 2022.

See independent auditor's report.

CAL POLY POMONA PHILANTHROPIC FOUNDATION
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2022

STATEMENT OF NET POSITION

The Philanthropic Foundation's net position (the difference between assets and liabilities plus deferred inflows of resources), which is reported in the Statement of Net Position, is one indicator of the Philanthropic Foundation's financial health. The change in net position is an indicator of whether the overall financial condition has improved or worsened during the year. It also identifies major categories of restrictions on the net position of the Philanthropic Foundation.

Assets and liabilities are generally measured using current values. Two notable exceptions are investments and capital assets, with investments measured at either fair value using quoted market prices or net asset value (NAV) and capital assets at historical costs less accumulated depreciation. For the purpose of distinguishing between current and noncurrent assets and liabilities, current assets and liabilities are those that can be reasonably expected to either generate or use cash, as part of normal business operations, within one year of the Statement of Net Position date.

CAL POLY POMONA PHILANTHROPIC FOUNDATION
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2022

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

	2022	2021
	<u>(in thousands)</u>	<u>(in thousands)</u>
Assets:		
Current assets	\$ 47,530	\$ 50,083
Non-current assets:		
Restricted cash and cash equivalents	1,905	3,315
Accounts receivable	397	397
Pledges receivable, net	2,110	2,751
Endowment investments	147,487	163,491
Capital assets, net	<u>13,582</u>	<u>13,654</u>
Total non-current assets	<u>165,481</u>	<u>183,608</u>
Total Assets	<u>213,011</u>	<u>233,691</u>
 Liabilities:		
Current liabilities	838	306
Non-current liabilities	<u>272</u>	<u>307</u>
Total Liabilities	<u>1,110</u>	<u>613</u>
 Deferred inflows of resources:		
Split interest agreements	<u>793</u>	<u>935</u>
Total Deferred Inflows of Resources	<u>793</u>	<u>935</u>
 Net position:		
Investment in capital assets, net	13,582	13,654
Restricted for:		
Nonexpendable - endowments	100,792	94,768
Expendable - endowments	15,943	38,649
Other - scholarships & programs	41,315	38,304
Unrestricted	<u>39,476</u>	<u>46,768</u>
Total Net Position	<u>\$ 211,108</u>	<u>\$ 232,143</u>

See independent auditor's report.

CAL POLY POMONA PHILANTHROPIC FOUNDATION
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2022

Assets totaled \$213.0 million and \$233.7 million for the fiscal years 2021-22 and 2020-21, respectively. The decrease in assets was mainly due to the \$16 million decrease in Endowment investments, as noted below in the Endowment Investments and Donation section. Total liabilities and deferred inflows were \$1.9 million & \$1.5 million for the fiscal years 2021-22 and 2020-21, respectively.

Net Position

Net position represents the residual interest in the Philanthropic Foundation's assets after liabilities plus deferred inflows of resources are deducted. Net position is summarized as follows:

	2022 <u>(in thousands)</u>	2021 <u>(in thousands)</u>
Investment in capital assets, net	\$ 13,582	\$ 13,654
Restricted for:		
Nonexpendable - endowments	100,792	94,768
Expendable - endowments	15,943	38,649
Other - scholarships & programs	41,315	38,304
Unrestricted	<u>39,476</u>	<u>46,768</u>
Total Net position	<u><u>\$ 211,108</u></u>	<u><u>\$ 232,143</u></u>

Restricted nonexpendable net position includes the permanent endowment funds and restricted expendable net position includes funds designated to support scholarships and fellowships and other program activities, as well as the expendable portion of endowment funds. Unrestricted net position includes general fund net assets of the Philanthropic Foundation. The decrease of \$21 million in net position was due to decrease in endowment investment assets, as noted below in the Endowment Investments and Donation section.

Endowment Investments and Donations

Additions to endowment portfolio were \$6 million for the fiscal year ended June 30, 2022. The endowment portfolio had unrealized investment losses of \$18.4 million and had endowment distributions of \$3.68 million and administrative and investment fees of approximately \$1.4 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 Philanthropic 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.

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.

See independent auditor's report.

CAL POLY POMONA PHILANTHROPIC FOUNDATION
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2022

General investments consist of expendable funds that have been invested in the Philanthropic Foundation's general investment portfolio. The Philanthropic 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 2021-2022, net investment losses were approximately \$6.6 million (net of fees) as a result of capital markets influencing asset values and under-performance to the benchmark. Investment returns, net of fees, consists of a change in the fair market value of general investments, including interest, dividends, and realized and unrealized gains and losses.

During fiscal year 2021-2022 the University generated gifts of \$23.76 million. This amount does not include payments made on prior year pledges or commitments. The commitments by source are reported by University Advancement following Council for Advancement and Support Education (CASE) standards as follows:

Cal Poly Pomona Philanthropic Foundation

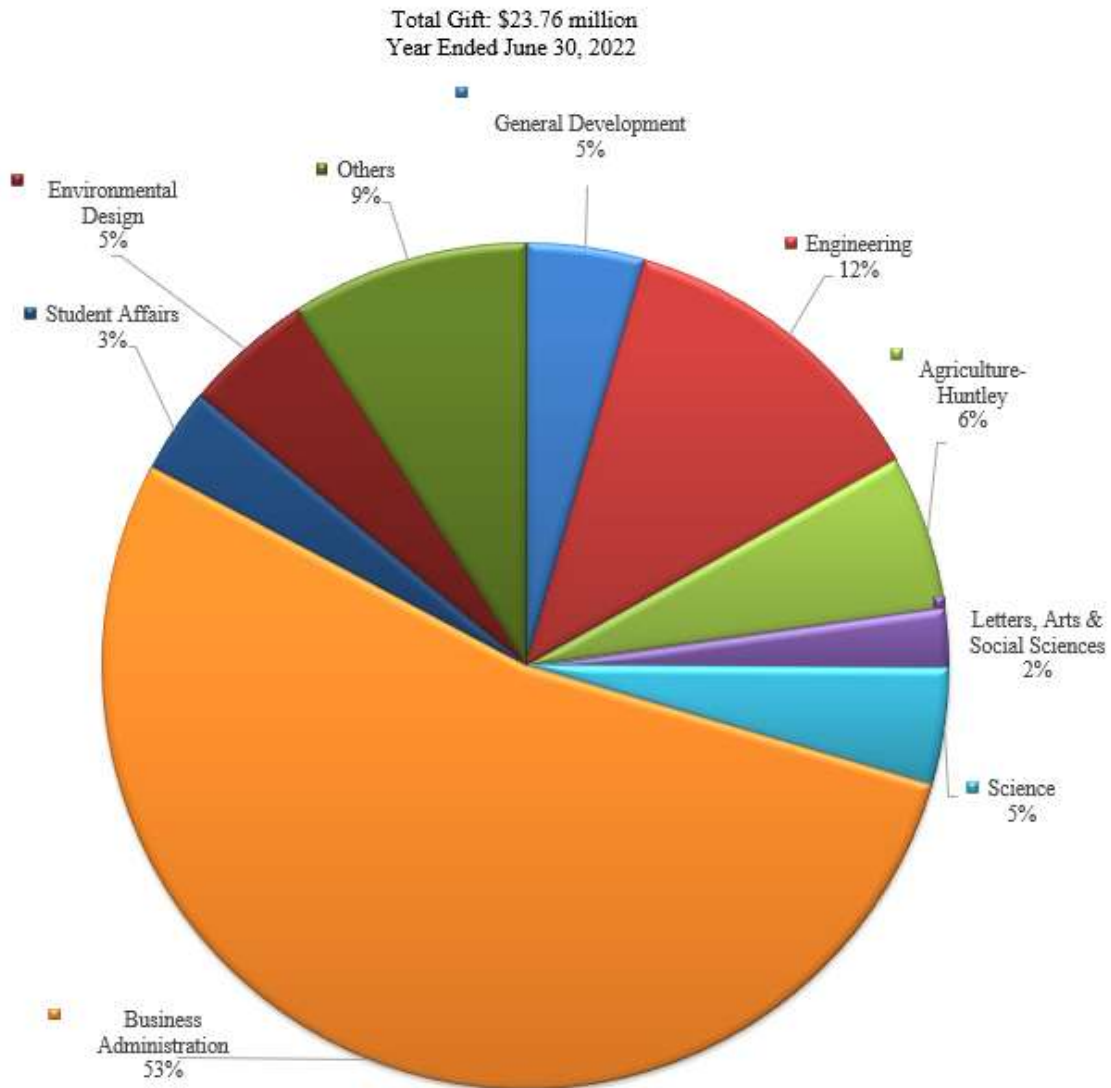
Commitments by Source
Campaign and Non-Campaign
Year Ended June 30, 2022

College/Area	Cash, GIK, Stock, Current Yr Pledge Payments	New Pledges	Planned Giving	Grand Total of New Gifts and Commitments
Agriculture-Huntley	\$ 1,387,949	\$ 18,750	\$ -	\$ 1,406,699
Athletics	\$ 186,303	\$ -	\$ -	\$ 186,303
Business Administration	\$ 2,163,918	\$ 10,481,122	\$ -	\$ 12,645,040
Education & Integrative Studies	\$ 88,387	\$ 333,000	\$ 450,000	\$ 871,387
Engineering	\$ 1,375,432	\$ 926,375	\$ 650,000	\$ 2,951,807
Environmental Design	\$ 972,344	\$ 42,000	\$ 150,000	\$ 1,164,344
General Development	\$ 570,097	\$ 69,878	\$ 430,000	\$ 1,069,975
Hospitality-Collins	\$ 569,766	\$ 10,500	\$ -	\$ 580,266
Letters, Arts & Social Sciences	\$ 377,043	\$ 159,500	\$ -	\$ 536,543
Library	\$ 8,784	\$ -	\$ -	\$ 8,784
Other-Acad Affairs, Alum, CEU, IT, NCD	\$ 476,067	\$ 8,000	\$ -	\$ 484,067
Science	\$ 954,552	\$ 99,250	\$ -	\$ 1,053,802
Student Affairs	\$ 473,833	\$ -	\$ 300,000	\$ 773,833
Suspense/Pending	\$ 28,679	\$ -	\$ -	\$ 28,679
Grand Total	\$ 9,633,154	\$ 12,148,375	\$ 1,980,000	\$ 23,761,529

See independent auditor's report.

CAL POLY POMONA PHILANTHROPIC FOUNDATION
 Management's Discussion and Analysis (MD&A)
 Year Ended June 30, 2022

Commitments by Source



*Others Includes: Hospitality-Collins, Athletics, Education & Integrative Studies, Library, and Suspense/Pending.

Capital Assets and Net Investment

Net position invested in capital assets represents the Philanthropic Foundation's capital assets, net of accumulated depreciation. Capital asset purchases for the year totaled approximately \$67,000 and approximately \$44,491 in net capital assets were transferred to the University. Depreciation expense for the year ended June 30, 2022 totaled \$139,435.

See independent auditor's report.

CAL POLY POMONA PHILANTHROPIC FOUNDATION
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2022

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses, and Changes in Net Position presents revenues earned and expenses incurred during the year. Activities are reported as either operating or nonoperating. This statement is prepared using the accrual basis of accounting.

A summary of the Philanthropic Foundation's revenues, expenses, and changes in net position for the years ended June 30 are as follows:

	2022 <u>(in thousands)</u>	2021 <u>(in thousands)</u>
Operating revenues:		
Gifts, noncapital	\$ 7,990	\$ 46,515
Gifts, endowments	5,522	2,789
Other operating revenues	163	879
Total operating revenues	<u>13,675</u>	<u>50,183</u>
Operating expenses	<u>9,163</u>	<u>6,546</u>
Operating income	<u>4,512</u>	<u>43,637</u>
Nonoperating revenues (expenses):		
Investment income (loss), net	(6,630)	4,607
Endowment income (loss), net	(18,873)	31,382
Transfer to the University	(44)	(210)
Total nonoperating revenues, net	<u>(25,547)</u>	<u>35,779</u>
Increase (decrease) in net position	(21,035)	79,416
Net position:		
Net position at beginning of year	<u>232,143</u>	<u>152,727</u>
Net position at end of year	<u>\$ 211,108</u>	<u>\$ 232,143</u>

Operating revenues include endowment gifts and noncapital gifts and can be affected by the timing of when a pledge payment is received, correspondingly the expenditures (i.e., instruction, academic and institutional support) may not be incurred in the same fiscal year. Cal Poly Pomona has received \$12.5M pledge commitment from an alumnus and his wife to name and expand the graduate programs within the College of Business. Of the total pledges received during the year, \$10M is a pledge for an endowment that is not recorded in the financial statements as it has not been fully funded. The pledge will be fully funded over the next 4 years.

See independent auditor's report.

CAL POLY POMONA PHILANTHROPIC FOUNDATION
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2022

Operating revenues also include a one-time 5% fee charged on all new gifts, a .75% annual fee charged on endowed fund balances (except for the Kellogg Legacy Endowment and the Osher Endowment), and the interest and dividends earned by the General Investment Pool.

Operating expenses for the Philanthropic Foundation include expenses for university programs, student scholarships, and administrative activities. University programs includes expenses associated with programs managed by the University, including expenses associated with University Advancement. Administrative activities include the contracted fees for service with the Foundation, audit fees, legal fees, and insurance fees.

STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides relevant information about sources and uses of cash of an entity during a given period. It provides additional information on the Philanthropic Foundation's financial results by reporting the major sources and uses of cash. In addition, it provides information on the effects that cash and noncash investing, capital, and financing transactions during the year have on the Philanthropic Foundation's financial position.

The Statement of Cash Flows is prepared using the direct method of cash flows, and therefore presents gross transaction amounts rather than presenting the changes in Statement of Net Position line items year over year. It also provides insight into the reasons for differences between operating income and associated cash receipts and payments.

FACTORS IMPACTING FUTURE PERIODS

The on-going COVID-19 pandemic, while waning, has created instability within the higher education industry. Along with inflation and market volatility, it has also created broad economic uncertainty, which may impact the ability of donors to contribute to the Philanthropic Foundation. Measuring the impact of the pandemic on future periods is difficult; however, it has the potential to create a significant disruption in Philanthropic Foundation's operations. Management continues to monitor the impact of the pandemic and make operational adjustments when appropriate.

CAL POLY POMONA PHILANTHROPIC FOUNDATION

Statement of Net Position

June 30, 2022

Assets:

Current assets:

Short-term investments	\$ 44,711,510
Accounts receivable	21,463
Accounts receivable from related parties	25,494
Pledges receivable, net	2,771,713
Total current assets	47,530,180

Non-current assets:

Restricted cash and cash equivalents	1,904,610
Accounts receivable	396,641
Pledges receivable, net	2,110,421
Endowment investments	147,486,852
Capital assets, net	13,582,180
Total non-current assets	165,480,704
Total assets	213,010,884

Liabilities:

Current liabilities:

Accounts payable	370,190
Accounts payable to related parties	208,355
Due to Fiduciary Fund	259,429
Total current liabilities	837,974

Non-current liabilities

271,681

Total liabilities

1,109,655

Deferred inflows of resources:

Split interest agreements	792,946
	792,946

Net position:

Investment in capital assets, net	13,582,180
Restricted for:	
Nonexpendable - endowments	100,791,928
Expendable:	
Programs	34,347,307
Endowments	15,942,753
Scholarships and fellowships	6,968,145
Unrestricted	39,475,970
Total net position	\$ 211,108,283

See accompanying notes to financial statements.

CAL POLY POMONA PHILANTHROPIC FOUNDATION
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2022

Revenues:

Operating revenues:		
Gifts, noncapital	\$	7,989,873
Gifts, endowments		5,521,915
Other operating revenues		163,578
Total operating revenues		13,675,366

Expenses:

Operating expenses:		
University programs		5,605,168
Student scholarships		3,023,835
Administrative activities		533,847
Total operating expenses		9,162,850
Operating income		4,512,516

Nonoperating revenues (expenses):

Investment income (loss), net		(6,630,177)
Endowment income (loss), net		(18,872,631)
Other nonoperating expenses		(44,491)
Net nonoperating revenues (expenses)		(25,547,299)
Increase (decrease) in net position		(21,034,783)

Net position:

Net position at beginning of year		232,143,066
Net position at end of year	\$	211,108,283

See accompanying notes to financial statements.

CAL POLY POMONA PHILANTHROPIC FOUNDATION

Statement of Cash Flows
Year Ended June 30, 2022

Cash Flows from Operating Activities:

Cash contributions received	\$	12,954,054
Payments to suppliers		(8,750,961)
Other receipts		167,856
Net cash provided by operating activities		4,370,949

Cash Flows from Noncapital Financing Activities:

Other noncapital financing activities		180,040
Net cash provided by noncapital financing activities		180,040

Cash Flows from Capital and Financing Activities:

Acquisitions of capital assets		(67,202)
Net cash used by capital and related financing activities		(67,202)

Cash Flows from Investing Activities:

Proceeds from sales and maturities of investments		89,230,571
Purchases of investments		(102,177,340)
Investment income		6,391,060
Net cash used by investing activities		(6,555,709)

Net increase (decrease) in cash and cash equivalents (2,071,922)

Cash and cash equivalents at beginning of year 3,976,532

Cash and cash equivalents at end of year \$ 1,904,610

Breakdown of ending cash balance:

Restricted cash and cash equivalents \$ 1,904,610

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

Operating income	\$	4,512,516
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation		139,435
Change in assets and liabilities:		
Accounts receivable		4,278
Pledges receivable, net		(557,734)
Accounts payable and amounts payable to related parties		272,454
Net cash provided by operating activities	\$	4,370,949

See accompanying notes to financial statements.

CAL POLY POMONA PHILANTHROPIC FOUNDATION

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2022

	<u>Alumni Association</u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 351,762
Due from other fund	259,429
Accounts receivable	610
Total current assets	<u>611,801</u>
 Non-current assets:	
Endowment investments	473,274
Total non-current assets	<u>473,274</u>
Total assets	<u>1,085,075</u>
 Liabilities:	
Current liabilities:	
Unearned revenue	1,900
Total current liabilities	<u>1,900</u>
 Net position:	
Restricted for:	
Nonexpendable - endowments	450,000
Expendable:	
Programs	602,738
Endowments	23,274
Scholarships and fellowships	7,163
Total net position	<u>\$ 1,083,175</u>

See accompanying notes to financial statements.

CAL POLY POMONA PHILANTHROPIC FOUNDATION

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

June 30, 2022

	<u>Alumni Association</u>
Additions:	
Commissions and fees	\$ 25,010
Contributions	9,726
Dues	58,684
Endowment distribution	22,340
Investment earnings	(79,620)
Total additions	<u>36,140</u>
Deductions:	
Operating expenses	37,035
Scholarships	2,000
Professional services	11,017
Fees	476
Total deductions	<u>50,528</u>
Increase (decrease) in net position	<u>(14,388)</u>
Net position:	
Net position at beginning of year	<u>1,097,563</u>
Net position at end of year	<u>\$ 1,083,175</u>

See accompanying notes to financial statements.

CAL POLY POMONA PHILANTHROPIC FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2022

Note (1) Organization

Cal Poly Pomona Philanthropic Foundation (Philanthropic Foundation) was organized as a nonprofit corporation and auxiliary organization of California State Polytechnic University, Pomona (University) in 2019. The Philanthropic Foundation provides and augments programs that are an integral part of the educational mission of the University. It was organized to assist the University primarily in the acquisition, investment and administration of gifts and endowments for the benefit of the University. The Philanthropic Foundation began its operations effective July 1, 2019, when, at the request of the University, the Cal Poly Pomona Foundation, Inc. (Foundation) transferred assets to the Philanthropic Foundation consisting of gifts and endowments which the Foundation held for the benefit of the University.

Note (2) Summary of Significant Accounting Policies

(a) *Financial Reporting Entity*

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

The Philanthropic Foundation's board appointments require approval from the University President, and as a result, the Philanthropic Foundation follows the reporting principles promulgated by the GASB. The basic financial statements present only the Statement of Net Position, Statement of Revenue, Expenses, and Changes in Net Position, and the Statement of Cash Flows of the Philanthropic Foundation. These statements do not purport to present financial information of the CSU system as a whole.

The Philanthropic Foundation is the trustee, or fiduciary, for assets that belong to the Cal Poly Pomona Alumni Association (Alumni Association). The Philanthropic Foundation is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The Philanthropic Foundation excludes these activities from their financial statements because the Philanthropic Foundation cannot use these assets to finance its operations.

CAL POLY POMONA PHILANTHROPIC FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2022

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

(b) Basis of Presentation

The Philanthropic Foundation records revenue in part from assisting the University in various activities as described in Note 1 above and accordingly, presents 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 Philanthropic Foundation to be reported in a single column each year in each of the basic financial statements. The effect of any internal activity between funds or groups of funds has been eliminated from these basic financial statements.

(c) 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 GASB. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Fiduciary fund financial statements include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The Philanthropic Foundation's fiduciary funds only include Custodial Funds, which are used to report fiduciary activities where the Philanthropic Foundation does not control the assets and the assets are for the benefit of the Alumni Association. These assets are not held in a trust and are distributed based on the direction of the Alumni Association. The Custodial Funds are accounted for on a spending or "economic resources" measurement focus and the accrual basis of accounting in accordance with GASB Statement No. 84, Fiduciary Activities.

(d) Classification of Current and Noncurrent Assets and Liabilities

The Philanthropic Foundation considers assets to be current that can reasonably be expected, as part of its normal business operations, to be converted to cash and be available for liquidation within 12 months of the statement of net position date. Liabilities that reasonably can be expected, as part of normal Philanthropic 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 PHILANTHROPIC FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2022

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

(e) Cash and Cash Equivalents

The Philanthropic Foundation considers all highly liquid investments with an original maturity date of three months or less to be cash equivalents. Restricted cash consists of cash and other highly liquid investments with original maturity dates of three months or less held in the Philanthropic Foundation's endowment portfolio.

(f) Investments and Endowment Investments

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

The Philanthropic Foundation's general investment policy authorizes the investment of excess funds in a range of investments to seek an average total annual return of 2.0% plus the percentage change in the greater Higher Education Price Index (HEPI). The Philanthropic Foundation's endowment investment policy authorizes the investment of endowment funds in a range of investments to seek an average total annual return of 4.0% plus the percentage change in the greater Los Angeles area consumer price index.

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

(g) Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Philanthropic Foundation provides for losses on account receivables using the allowance method. The allowance is based on the length of time the receivable has been outstanding. There was no allowance for doubtful accounts at June 30, 2022 as management believes all receivables are collectible.

(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 rate used ranges from 0.43% to 5.75% depending upon the year the pledge began. An allowance for uncollectible pledges is provided based upon management's judgment, including such factors as prior collection history, type of contribution and nature of fundraising activity.

CAL POLY POMONA PHILANTHROPIC FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2022

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

(i) *Capital Assets*

Capital assets are stated at 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 Philanthropic Foundation or title to an asset is transferred to the University and not included in the Philanthropic Foundation's capital assets. Depreciation is determined using the straight-line method over the estimated lives of the assets ranging from 7 to 30 years. 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.

(j) *Deferred Inflows of Resources*

Deferred inflows of resources represent an acquisition of net assets by the Philanthropic Foundation that is applicable to a future reporting period and thus, will not be recognized as an inflow of resources (income) until then. The Philanthropic Foundation has a deferred gain on split interest agreements with charitable trusts reported in the statement of net position.

(k) *Net Position*

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

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

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

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

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

CAL POLY POMONA PHILANTHROPIC FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2022

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

(l) Classification of Revenues and Expenses

The Philanthropic 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 Philanthropic Foundation's primary functions. Exchange transactions include charges for services rendered and the acquisition of goods and services. Certain other transactions are reported as nonoperating revenues and expenses in accordance with GASB Statement No. 33. These nonoperating activities include the Philanthropic Foundation's net investment income/loss, endowment income/loss, transfer of assets to the University, and net assets transferred from the Foundation.

(m) Income Taxes

The Philanthropic 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 Philanthropic 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 Philanthropic 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.

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

(o) Subsequent Events

The Philanthropic Foundation has evaluated subsequent events through November 14, 2022, which is the date the financial statements were available to be issued.

CAL POLY POMONA PHILANTHROPIC FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2022

Note (3) Cash, Cash Equivalents, and Investments

Custodial Credit Risk

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

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

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Philanthropic Foundation will not be able to recover the value of its investments that are in the possession of the counterparty. As of June 30, 2022, all investments are in the name of the Philanthropic Foundation, and the Philanthropic Foundation is not exposed to custodial credit risk associated with its investments.

Following is a list of acceptable instruments to invest in as of June 30, 2022:

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

CAL POLY POMONA PHILANTHROPIC FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2022

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

Interest Rate Risk

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

As of June 30, 2022, all mutual funds and exchange traded funds invested in fixed income securities, with total fair value of \$56,867,735, have a duration between one and four years. Of that total, \$16,828,106 were in general investments and \$40,039,629 were in endowment investments.

Credit Risk

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

The Philanthropic Foundation had the following investments subject to credit risk:

<u>Investment Type</u>	<u>Rating (S&P/Moody's)</u>	<u>Fair Value</u>
Mutual Funds - Domestic Fixed Income	Not rated	\$ 56,385,495
Mutual Funds - Global Fixed Income	Not rated	\$ 482,240

Concentration of Credit Risk

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

CAL POLY POMONA PHILANTHROPIC FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2022

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

Concentration of Credit Risk, continued

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

Asset Class	General Investments	Endowment Investments
	Range	Range
Equities	10-60%	25-60%
U.S Equity	10-40%	25-60%
Non-U.S. Equity	0-20%	10-35%
Fixed Income	40-80%	15-40%
Alternatives	0-20%	0-30%
Cash Equivalents	0-10%	0-10%

As of June 30, 2022, the Philanthropic Foundation was not exposed to concentration of credit risk as there were no investments in a single issuer in excess of 5%.

Fair Value Measurement

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

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

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

CAL POLY POMONA PHILANTHROPIC FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2022

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

Fair Value Measurement, continued

The carrying value of cash, receivables, and payables approximates fair value as of June 30, 2022 due to the relative short maturities of these instruments.

	Assets at Fair Value				
	Total	Level 1	Level 2	Level 3	NAV
Mutual Funds:					
Domestic Fixed Income	\$ 56,385,495	\$ 56,385,495	\$ -	\$ -	\$ -
Global Fixed Income	482,240	482,240			
Large Cap Equities	18,204,168	18,204,168	-	-	-
Small-Mid Cap Equities	7,313,704	7,313,704	-	-	-
Int'l & EM Equities	39,837,603	39,837,603	-	-	-
Hedged Equity	3,924,299	3,924,299	-	-	-
Exchange Traded Funds:					
Small-Mid Cap Equities	15,219,360	15,219,360	-	-	-
Int'l & EM Equities	7,842,754	7,842,754	-	-	-
Equity Securities:					
Large Cap Equities	25,230,939	25,230,939	-	-	-
Alternative Investments:					
Private Equity	9,180,614	-	-	-	9,180,614
Hedge Funds	4,905,316	-	-	-	4,905,316
REITS and ETPs	4,145,144	-	-	-	4,145,144
	<u>\$ 192,671,636</u>	<u>\$ 174,440,562</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,231,074</u>

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

	Investments	Fiduciary Funds	Total Investments
Short-Term Investments	\$ 44,711,510	\$ -	\$ 44,711,510
Endowment Investments	<u>147,486,852</u>	<u>473,274</u>	<u>147,960,126</u>
	<u>\$ 192,198,362</u>	<u>\$ 473,274</u>	<u>\$ 192,671,636</u>

CAL POLY POMONA PHILANTHROPIC FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2022

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

Fair Value Measurement (continued)

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2022.

- a) Mutual funds are managed by separate investment management firms. These mutual funds are valued using quoted market prices for identical investments in active markets which approximate fair value.
- b) Exchange traded funds are valued at the closing price reported on the active market on which the individual securities are traded.
- c) Equity securities are valued at quoted market prices in active markets.
- d) Hedge funds are managed by four separate investment management firms in either pooled master limited partnerships or mutual funds. Hedge Funds are valued using net asset value per share.
- e) Private equity funds are master limited partnership multi-manager program investments valued using net asset value per share.
- f) Real estate investment trusts (REITs) are managed by an investment management firm (Blackstone) and are valued using net asset value per share.
- g) Money market valued at cost plus interest.

Investments Measured at NAV

Commitments and redemption schedules for those investments value based on net asset values are as follows:

Description	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Private Equity Funds - Hamilton Lane	\$ 9,180,614	\$ 2,819,386	None	None
Private Credit Funds - BP Credit Opportunities Fund BVI, LP	1,436,152	1,063,848	None	None
Hedge Fund of funds - Ironwood	1,603,756	-	Quarterly	65 days
Hedge Fund of funds - Balyasny	1,865,408	-	Semi-annual	30 days
REIT - Blackstone	4,145,144	-	Daily	0 Days

The Philanthropic Foundation invested in the private equity funds, Hamilton Lane and has unfunded commitments of \$2,819,386 against its commitment of \$12,000,000 in the endowment portfolio. The market value is \$9,180,614 as of June 30, 2022. The funds are managed by a general partnership and is not redeemable during the term of 12 years with a three year option to extend by the general partner.

CAL POLY POMONA PHILANTHROPIC FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2022

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

Investments Measured at NAV (continued)

The Philanthropic Foundation's hedge fund investments are managed by three separate investment management firms in either pooled limited partnerships or mutual funds. The Philanthropic Foundation's REIT investments are managed by Blackstone. Hedge funds and REITs have historically provided a differentiated risk and rate-of-return profile than equities or fixed income and thus are expected to increase portfolio diversification and help smooth overall portfolio returns. The market value of the hedge fund investments is \$4,905,316 as of June 30, 2022. The market value of the REIT is \$4,145,144 as of June 30, 2022. There are no unfunded commitments for the REIT.

Investment Earnings

Net investment losses were \$25,502,808 for the year ended June 30, 2022, which is comprised of interest, dividends, realized gains and losses, and unrealized gains and losses due to changes in the fair value of investments held at year-end, net of investment fees. Investment income or losses are distributed ratably to participating funds.

Note (4) Accounts and Pledges Receivable

Receivables consisted of the following:

Pledges receivable:	
Within one year	\$ 2,812,253
Within two to five years	2,231,407
Less allowance for uncollectible pledges	(40,540)
Less discount to reflect pledges receivable at present value	<u>(120,986)</u>
Pledge receivable, net	4,882,134
Other activities:	
Accounts receivable	418,104
Due from ASI	<u>25,494</u>
Total receivables, net	<u>443,598</u>
Total accounts and pledges receivable	<u>\$ 5,325,732</u>

CAL POLY POMONA PHILANTHROPIC FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2022

Note (5) Endowments

As of June 30, 2022, the Philanthropic Foundation has approximately \$147.5 million in its endowments portfolios.

Endowments are administered in an investment pool using the dollar weighted daily average methodology. Contributions to an individual endowment increase the percentage of the endowment's dollar weighted daily average thus increasing the endowment's share of investment returns for the month. It is the goal of the Philanthropic 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.

The Philanthropic Foundation follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA). 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 Philanthropic Foundation's administration of endowment funds policy provides the guidance for the distribution of the net appreciation of restricted endowments. It is the Philanthropic Foundation's policy to distribute annually an amount up to 4% of the endowment market value based on the 12-quarter moving average market value. The effective rate equals the amount distributed divided by the market value on September 30th. At the time of valuation, no distribution will be made from an individual endowment if its market value is equal to or less than 90% of its corpus. Partial distributions will be made as long as a distribution shall not cause the market value to drop below 90% of the corpus. Endowment earning distributions will occur as approved by the Board.

CAL POLY POMONA PHILANTHROPIC FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2022

Note (6) Capital Assets

The following provides a summary of changes in capital assets for the year ended June 30, 2022:

	Balance June 30, 2021	Additions	Retirements	Balance June 30, 2022
Capital assets not being depreciated:				
Land	\$ 5,015,474	\$ -	\$ -	\$ 5,015,474
Works of art and historical treasures	1,663,065	-	-	1,663,065
Construction work in progress (CWIP)	3,005,738	67,202	-	3,072,940
Total capital assets not being depreciated	9,684,277	67,202	-	9,751,479
Capital assets being depreciated:				
Buildings and buildings improvements	4,117,519	-	-	4,117,519
Equipment, furniture, and vehicles	15,291	-	-	15,291
Total capital assets being depreciated	4,132,810	-	-	4,132,810
Total capital assets	13,817,087	67,202	-	13,884,289
Less accumulated depreciation for:				
Buildings and building improvements	160,126	137,251	-	297,377
Equipment, furniture, and vehicles	2,548	2,184	-	4,732
Total accumulated depreciation	162,674	139,435	-	302,109
Depreciable assets, net	3,970,136	(139,435)	-	3,830,701
Total capital assets, net	\$ 13,654,413	\$ (72,233)	\$ -	\$ 13,582,180

Note (7) Transactions with Related Parties

California State Polytechnic University, Pomona

The Philanthropic Foundation and the University provide various services on each other's behalf. Such services are appropriately billed. Accounts payable include \$35,583 due to the University at June 30, 2022.

Amounts paid by the Philanthropic Foundation for the year ended June 30, 2022 totaled \$3,759,481. Amounts paid to the Philanthropic Foundation for the year ended June 30, 2022 totaled \$56,478.

During the year ended June 30, 2022, the Philanthropic Foundation transferred capital assets totaling \$44,491 comprised of building improvements, equipment and renovations to various facilities at the University. The University assumed ownership and management of the building improvements, equipment and facilities.

CAL POLY POMONA PHILANTHROPIC FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2022

Note (7) Transactions with Related Parties (continued)

Associated Students, Inc. California State Polytechnic University, Pomona (ASI)

The Philanthropic Foundation provides various services on ASI's behalf, a separate non-profit corporation that serves students. Such services are appropriately billed. At June 30, 2022, receivables from other activities and due from ASI are \$25,494. Accounts payable include \$1,731 due to ASI at June 30, 2022.

Amounts paid by the Philanthropic Foundation for the year ended June 30, 2022 totaled \$979. Amounts paid to the Philanthropic Foundation for the year ended June 30, 2022 totaled \$41,968.

Cal Poly Pomona Foundation, Inc.

The Foundation and Philanthropic Foundation are subject to Support Services Agreement, wherein the Foundation provides fiscal and administrative services to the Philanthropic Foundation. Such services are appropriately billed. Amounts paid by the Philanthropic Foundation for the year ended June 30, 2022 totaled \$2,367,197, of which \$470,000 was part of the Support Services Agreement. Accounts payable to the Foundation totaled \$171,042 as of June 30, 2022.

Note (8) Supplemental Non-Cash Disclosures

The following are non-cash transactions for the year ended June 30, 2022.

New Pledges receivable made during the year	<u>\$ 3,796,053</u>
Transfer of Capital Assets to the University	<u>\$ 44,491</u>

Note (9) COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States caused business disruption through mandated and voluntary closings of businesses and shelter in place orders until the start of the 2021-2022 fiscal year. The Philanthropic Foundation has continued its operations partially remotely since the shutdown and reopening, and has continued to support University program operations and provide scholarships to students. The effect of the pandemic on gift revenue cannot be quantified based on the variable nature of these revenues. While the continued disruption is expected to be temporary, there is considerable uncertainty around the ultimate impact of the pandemic and governmental initiatives. It is at least reasonably possible that this matter will continue to negatively impact the Philanthropic Foundation. However, the financial impact and duration cannot be reasonably estimated at this time.

SUPPLEMENTARY INFORMATION

CAL POLY POMONA PHILANTHROPIC FOUNDATION

Schedule of Net Position

June 30, 2022

(for inclusion in the California State University)

Assets:

Current assets:

Cash and cash equivalents	\$	-
Short-term investments		44,711,510
Accounts receivable, net		46,957
Lease receivables, current portion		-
Notes receivable, current portion		-
Pledges receivable, net		2,771,713
Prepaid expenses and other current assets		-
Total current assets		<u>47,530,180</u>

Noncurrent assets:

Restricted cash and cash equivalents		1,904,610
Accounts receivable, net		396,641
Lease receivables, net of current portion		-
Notes receivable, net of current portion		-
Student loans receivable, net		-
Pledges receivable, net		2,110,421
Endowment investments		147,486,852
Other long-term investments		-
Capital assets, net		13,582,180
Other assets		-
Total noncurrent assets		<u>165,480,704</u>
Total assets		<u>213,010,884</u>

Deferred outflows of resources:

Unamortized loss on debt refunding		-
Net pension liability		-
Net OPEB liability		-
Leases		-
Others		-
Total deferred outflows of resources		<u>-</u>
Total assets		<u>213,010,884</u>

See independent auditor's report

CAL POLY POMONA PHILANTHROPIC FOUNDATION

Schedule of Net Position

June 30, 2022

(for inclusion in the California State University)

Liabilities:

Current liabilities:

Accounts payable	578,545
Accrued salaries and benefits	-
Accrued compensated absences, current portion	-
Unearned revenues	-
Lease liabilities, current portion	-
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	259,429
Total current liabilities	837,974

Noncurrent liabilities:

Accrued compensated absences, net of current portion	-
Unearned revenues	-
Grants refundable	-
Lease liabilities, net of current portion	-
Long-term debt obligations, net of current portion	-
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Net other postemployment benefits liability	-
Net pension liability	-
Other liabilities	271,681
Total noncurrent liabilities	271,681
Total liabilities	1,109,655

Deferred inflows of resources:

Service concession arrangements	-
Net pension liability	-
Net OPEB liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Lease	-
Others	792,946
Total deferred inflows of resources	792,946

Net position:

Net investment in capital assets, net	13,582,180
Restricted for:	
Nonexpendable – endowments	100,791,928
Expendable:	
Scholarships and fellowships	6,968,145
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	50,290,060
Unrestricted	39,475,970
Total net position	\$ 211,108,283

See independent auditor's report

CAL POLY POMONA PHILANTHROPIC FOUNDATION
Schedule of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2022
(for inclusion in the California State University)

Revenues:

Operating revenues:

Student tuition and fees, gross	\$	-
Scholarship allowances (enter as negative)		-
Grants and contracts, noncapital:		
Federal		-
State		-
Local		-
Nongovernmental		-
Sales and services of educational activities		-
Sales and services of auxiliary enterprises, gross		-
Scholarship allowances (enter as negative)		-
Other operating revenues		163,578
Total operating revenues		<u>163,578</u>

Expenses:

Operating expenses:

Instruction		578,188
Research		96,631
Public service		111,970
Academic support		2,971,587
Student services		144,944
Institutional support		1,537,165
Operation and maintenance of plant		25,248
Student grants and scholarships		3,023,835
Auxiliary enterprise expenses		533,847
Depreciation and amortization		139,435
Total operating expenses		<u>9,162,850</u>
Operating income (loss)		<u>(8,999,272)</u>

See independent auditor's report

CAL POLY POMONA PHILANTHROPIC FOUNDATION
Schedule of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2022
(for inclusion in the California State University)

Nonoperating revenues (expenses):	
State appropriations, noncapital	\$ -
Federal financial aid grants, noncapital	-
State financial aid grants, noncapital	-
Local financial aid grants, noncapital	-
Nongovernmental and other financial aid grants, noncapital	-
Other federal nonoperating grants, noncapital	-
Gifts, noncapital	13,511,788
Investment income (loss), net	(6,630,177)
Endowment income (loss), net	(18,872,631)
Interest expense	-
Other nonoperating revenues (expenses)	(44,491)
Net nonoperating revenues (expenses)	(12,035,511)
Income (loss) before other revenues (expenses)	(21,034,783)
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
Increase (decrease) in net position	(21,034,783)
Net position:	
Net position at beginning of year, as previously reported	232,143,066
Restatements	-
Net position at beginning of year, as restated	232,143,066
Net position at end of year	211,108,283

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CAL POLY POMONA PHILANTHROPIC FOUNDATION

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Year Ended June 30, 2022

(for inclusion in the California State University)

1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments	\$	1,904,610
All other restricted cash and cash equivalents		-
Noncurrent restricted cash and cash equivalents		1,904,610
Current cash and cash equivalents		-
Total	\$	1,904,610

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CAL POLY POMONA PHILANTHROPIC FOUNDATION

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Year Ended June 30, 2022

(for inclusion in the California State University)

2.1 Composition of investments:

Investment Type	Current	Noncurrent	Total
Money market funds	\$ -	-	-
Repurchase agreements	-	-	-
Certificates of deposit	-	-	-
U.S. agency securities	-	-	-
U.S. treasury securities	-	-	-
Municipal bonds	-	-	-
Corporate bonds	-	-	-
Asset backed securities	-	-	-
Mortgage backed securities	-	-	-
Commercial paper	-	-	-
Mutual funds	42,150,666	83,523,569	125,674,235
Exchange traded funds	2,560,844	20,501,270	23,062,114
Equity securities	-	25,230,939	25,230,939
Alternative investments:			
Private equity (including limited partnerships)	-	9,180,614	9,180,614
Hedge funds	-	4,905,316	4,905,316
Managed futures	-	4,145,144	4,145,144
Real estate investments (including REITs)	-	-	-
Commodities	-	-	-
Derivatives	-	-	-
Other alternative investment	-	-	-
Other external investment pools	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-
Other investments:			
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
Total Other investments	-	-	-
Total investments	44,711,510	147,486,852	192,198,362
Less endowment investments (enter as negative number)	-	(147,486,852)	(147,486,852)
Total investments, net of endowments	\$ 44,711,510	-	44,711,510

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CAL POLY POMONA PHILANTHROPIC FOUNDATION

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Year Ended June 30, 2022

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2.2 Fair value hierarchy in investments:

Investment Type	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
Money market funds	\$ -	-	-	-	-
Repurchase agreements	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
U.S. agency securities	-	-	-	-	-
U.S. treasury securities	-	-	-	-	-
Municipal bonds	-	-	-	-	-
Corporate bonds	-	-	-	-	-
Asset backed securities	-	-	-	-	-
Mortgage backed securities	-	-	-	-	-
Commercial paper	-	-	-	-	-
Mutual funds	125,674,235	125,674,235	-	-	-
Exchange traded funds	23,062,114	23,062,114	-	-	-
Equity securities	25,230,939	25,230,939	-	-	-
Alternative investments:					
Private equity (including limited partnerships)	9,180,614	-	-	-	9,180,614
Hedge funds	4,905,316	-	-	-	4,905,316
Managed futures	4,145,144	-	-	-	4,145,144
Real estate investments (including REITs)	-	-	-	-	-
Commodities	-	-	-	-	-
Derivatives	-	-	-	-	-
Other alternative investment	-	-	-	-	-
Other external investment pools	-	-	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-
Other investments:	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
Total Other investments	\$ -	-	-	-	-
Total investments	192,198,362	173,967,288	-	-	18,231,074

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CAL POLY POMONA PHILANTHROPIC FOUNDATION

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Year Ended June 30, 2022

(for inclusion in the California State University)

2.3 Investments held by the University under contractual agreements:

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

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CAL POLY POMONA PHILANTHROPIC FOUNDATION
Other Information
Year Ended June 30, 2022
(for inclusion in the California State University)

3.1 Composition of capital assets:

	Balance June 30, 2021	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2021 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2022
Non-depreciable/Non-amortizable capital assets:									
Land and land improvements	\$ 5,015,474	-	-	-	\$ 5,015,474	-	-	-	\$ 5,015,474
Works of art and historical treasures	1,663,065	-	-	-	1,663,065	-	-	-	1,663,065
Construction work in progress (CWIP)	3,005,738	-	-	-	3,005,738	67,202	-	-	3,072,940
Intangible assets:									
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Intangible assets in progress (PWIP)	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total Other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable capital assets	\$ 9,684,277	-	-	-	\$ 9,684,277	67,202	-	-	\$ 9,751,479
Depreciable/Amortizable capital assets:									
Buildings and building improvements	4,117,519	-	-	-	4,117,519	-	-	-	4,117,519
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leaschold improvements	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	15,291	-	-	-	15,291	-	-	-	15,291
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total Other intangible assets:	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	4,132,810	-	-	-	4,132,810	-	-	-	4,132,810
Total capital assets	\$ 13,817,087	-	-	-	\$ 13,817,087	67,202	-	-	\$ 13,884,289

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Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)								
Buildings and building improvements	(160,126)	-	-	-	(160,126)	(137,251)	-	(297,377)
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-
Personal property:								
Equipment	(2,548)	-	-	-	(2,548)	(2,184)	-	(4,732)
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
Total Other intangible assets:	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	<u>(162,674)</u>	-	-	-	<u>(162,674)</u>	<u>(139,435)</u>	-	<u>(302,109)</u>
Total capital assets, net excluding lease assets	<u>\$ 13,654,413</u>	-	-	-	<u>\$ 13,654,413</u>	<u>(72,233)</u>	-	<u>\$ 13,582,180</u>
Lease assets, net	-	-	-	-	-	-	-	-
Total capital assets, net	-	-	-	-	-	-	-	<u>\$ 13,582,180</u>

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Year Ended June 30, 2022

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Composition of lease assets:	Balance June 30, 2021	Additions	Remeasurements	Reductions	Balance June 30, 2022
Non-depreciable/Non-amortizable lease assets:					
Land and land improvements	\$ -	-	-	-	\$ -
Total non-depreciable/non-amortizable lease assets	-	-	-	-	\$ -
Depreciable/Amortizable lease assets:					
Land and land improvements	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-
Infrastructure	-	-	-	-	-
Personal property:					
Equipment	-	-	-	-	-
Total depreciable/amortizable lease assets	\$ -	-	-	-	\$ -
Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)					
Land and land improvements	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-
Infrastructure	-	-	-	-	-
Personal property:					
Equipment	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-
Total lease assets, net	\$ -	-	-	-	\$ -

3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense related to capital assets	\$	139,435
Amortization expense related to other assets		-
Total depreciation and amortization	\$	139,435

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4 Long-term liabilities:

	Balance June 30, 2021	Prior Period Adjustments/Reclassifications	Balance June 30, 2021 (Restated)	Additions	Reductions	Balance June 30, 2022	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2. Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-
3. Capital lease obligations:								
Gross balance	-	-	-	-	-	-	-	-
Unamortized net premium/(discount)	-	-	-	-	-	-	-	-
Total capital lease obligations	\$ -	-	\$ -	-	-	\$ -	-	\$ -
4. Long-term debt obligations:								
4.1 Auxiliary revenue bonds (non-SRB related)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4.2 Commercial paper	-	-	-	-	-	-	-	-
4.3 Notes payable (SRB related)	-	-	-	-	-	-	-	-
4.4 Others:	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total others	-	-	-	-	-	-	-	-
Sub-total long-term debt	\$ -	-	\$ -	-	-	\$ -	-	\$ -
4.5 Unamortized net bond premium/(discount)	-	-	-	-	-	-	-	-
Total long-term debt obligations	\$ -	-	\$ -	-	-	\$ -	-	\$ -

5. Lease Liabilities

-	-	-
-	-	-
\$ -	-	\$ -

Total long-term liabilities

	Balance	Additions	Remeasurements	Reductions	Balance	Current Portion	Noncurrent Portion
Lease liabilities	-	-	-	-	-	-	-
Total	\$ -	-	-	-	\$ -	-	\$ -

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5 Lease Liabilities schedule:

	Lease Liabilities related to SRB			All other lease liabilities			Total lease liabilities		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-
2028 - 2032	-	-	-	-	-	-	-	-	-
2033 - 2037	-	-	-	-	-	-	-	-	-
2038 - 2042	-	-	-	-	-	-	-	-	-
2043 - 2047	-	-	-	-	-	-	-	-	-
2048 - 2052	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum lease payments	\$ -	-	-	-	-	-	-	-	-
Less: amounts representing interest									-
Present value of future minimum lease payments									-
Total lease liabilities									-
Less: current portion									-
Lease liabilities, net of current portion									<u>\$ -</u>

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6 Long-term debt obligations schedule:

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
Year ending June 30:									
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-
2028 - 2032	-	-	-	-	-	-	-	-	-
2033 - 2037	-	-	-	-	-	-	-	-	-
2038 - 2042	-	-	-	-	-	-	-	-	-
2043 - 2047	-	-	-	-	-	-	-	-	-
2048 - 2052	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum payments	\$ -	-	-	-	-	-	-	-	-
Less: amounts representing interest									-
Present value of future minimum payments									-
Unamortized net premium/(discount)									-
Total long-term debt obligations									-
Less: current portion									-
Long-term debt obligations, net of current portion									-

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	471,880
Payments to University for other than salaries of University personnel	3,287,602
Payments received from University for services, space, and programs	56,478
Gifts-in-kind to the University from discretely presented component units	-
Gifts (cash or assets) to the University from discretely presented component units	44,491
Accounts (payable to) University	(35,583)
Other amounts (payable to) University	-
Accounts receivable from University	-
Other amounts receivable from University	-

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CAL POLY POMONA PHILANTHROPIC FOUNDATION

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Year Ended June 30, 2022

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8 Restatements

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

		Debit/(Credit)
Restatement #1		
		-
Restatement #2		
		-

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CAL POLY POMONA PHILANTHROPIC FOUNDATION
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9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	198,647	6,706	-	-	-	372,835	-	578,188
Research	-	-	-	-	-	96,631	-	96,631
Public service	21,434	148	-	-	-	90,388	-	111,970
Academic support	1,135,689	72,780	-	-	-	1,763,118	-	2,971,587
Student services	1,642	-	-	-	-	143,302	-	144,944
Institutional support	140,696	-	-	-	-	1,396,469	-	1,537,165
Operation and maintenance of plant	-	-	-	-	-	25,248	-	25,248
Student grants and scholarships	-	-	-	-	3,023,835	-	-	3,023,835
Auxiliary enterprise expenses	-	-	-	-	-	533,847	-	533,847
Depreciation and amortization	-	-	-	-	-	-	139,435	139,435
Total operating expenses	\$ 1,498,108	79,634	-	-	3,023,835	4,421,838	139,435	9,162,850

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10 Deferred outflows/inflows of resources:

1. Deferred Outflows of Resources

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

Total deferred outflows - others	<u>-</u>
Total deferred outflows of resources	<u>\$ -</u>

2. Deferred Inflows of Resources

Deferred inflows - service concession arrangements	-
Deferred inflows - net pension liability	-
Deferred inflows - net OPEB liability	-
Deferred inflows - unamortized gain on debt refunding(s)	-
Deferred inflows - nonexchange transactions	-
Deferred inflows - leases	-
Deferred inflows - others:	-
Sales/intra-entity transfers of future revenues	-
Gain/loss on sale leaseback	-
Loan origination fees and costs	-
Change in fair value of hedging derivative instrument	-
Irrevocable split-interest agreements	792,946

Total deferred inflows - others	<u>792,946</u>
Total deferred inflows of resources	<u>\$ 792,946</u>

11 Other nonoperating revenues (expenses)

Other nonoperating revenues	
Other nonoperating (expenses)	(44,491)
Total other nonoperating revenues (expenses)	<u>\$ (44,491)</u>

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Statement of Fiduciary Net Position

DPCU - Fiduciary Funds Net Position

Description	Pension trust funds	Other employee benefit trust funds	Investment trust funds	Private-purpose trust funds	Custodial funds	Total
	Net Position 992	Net Position 993	Net Position 994	Net Position 995	Net Position 996	
Assets						
Current assets:						
Cash and cash equivalents					351,762	351,762
Short-term investments					-	-
Accounts receivable, net					260,039	260,039
Capital lease receivable, current portion						-
Notes receivable, current portion						-
Pledges receivable, net						-
Prepaid expenses and other current assets						-
Total current assets	-	-	-	-	611,801	611,801
Noncurrent assets:						
Restricted cash and cash equivalents						-
Accounts receivable, net						-
Capital lease receivable, net of current portion						-
Notes receivable, net of current portion						-
Student loans receivable, net						-
Pledges receivable, net						-
Endowment investments					473,274	473,274
Other long-term investments						-
Capital assets, net						-
Other assets	-	-	-	-	-	-
Total noncurrent assets	-	-	-	-	473,274	473,274
Total assets	-	-	-	-	1,085,075	1,085,075
Deferred outflows of resources:						
Unamortized loss on debt refunding(s)						-
Net pension liability						-
Net OPEB liability						-
Others						-
Total deferred outflows of resources	-	-	-	-	-	-

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Statement of Fiduciary Net Position

Description	DPCU - Fiduciary Funds Net Position					Total
	Pension trust funds Net Position 992	Other employee benefit trust funds Net Position 993	Investment trust funds Net Position 994	Private-purpose trust funds Net Position 995	Custodial funds Net Position 996	
Liabilities						
Current liabilities:						
Accounts payable						-
Accrued salaries and benefits						-
Accrued compensated absences, current portion						-
Unearned revenues					1,900	1,900
Capital lease obligations, current portion						-
Long-term debt obligations, current portion						-
Claims liability for losses and loss adjustment expenses, current portion						-
Depository accounts						-
Other liabilities						-
Total current liabilities	-	-	-	-	1,900	1,900
Noncurrent liabilities:						
Accrued compensated absences, net of current portion						-
Unearned revenues						-
Grants refundable						-
Capital lease obligations, net of current portion						-
Long-term debt obligations, net of current portion						-
Claims liability for losses and loss adjustment expenses, net of current portion						-
Depository accounts						-
Net other postemployment benefits liability						-
Net pension liability						-
Other liabilities						-
Total noncurrent liabilities	-	-	-	-	-	-
Total liabilities	-	-	-	-	1,900	1,900
Deferred inflows of resources:						
Service concession arrangements						-
Net pension liability						-
Net OPEB liability						-
Unamortized gain on debt refunding(s)						-
Nonexchange transactions						-
Others						-
Total deferred inflows of resources	-	-	-	-	-	-
Net position						
Total ending net position	-	-	-	-	1,083,175	1,083,175

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CAL POLY POMONA PHILANTHROPIC FOUNDATION

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Statement of Changes in Fiduciary Net Positions

GAAP Account	Description	DPCU - Fiduciary Funds Net Position					Total
		Pension trust funds	Other employee benefit trust funds	Investment trust funds	Private-purpose trust funds	Custodial funds	
		Net Position 992	Net Position 993	Net Position 994	Net Position 995	Net Position 996	
Additions	Contributions from employers						-
Additions	Contributions from nonemployer contributing entities						-
Additions	Contributions from plan members						-
Additions	Contributions from all sources					9,726	9,726
Additions	Investment earnings					(79,620)	(79,620)
Additions	Investment costs						-
Additions	Commissions and fees					25,010	25,010
Additions	Dues					58,684	58,684
Additions	Endowment Distribution					22,340	22,340
Additions							-
Additions							-
Additions							-
Additions							-
Additions							-
Additions							-
Total Additions		-	-	-	-	36,140	36,140
Deductions	Benefit payments to plan members						-
Deductions	Total administrative expenses						-
Deductions	Benefit payments						-
Deductions	Redemptions						-
Deductions	Operating Expenses					37,035	37,035
Deductions	Scholarships					2,000	2,000
Deductions	Professional Services					11,017	11,017
Deductions	Fees					476	476
Deductions							-
Deductions							-
Deductions							-
Deductions							-
Deductions							-
Total Deductions		-	-	-	-	50,528	50,528
Increase (decrease) in net position		-	-	-	-	(14,388)	(14,388)
Net position at beginning of year, as previously reported						1,097,563	1,097,563
Restatements							-
Net position at beginning of year, as restated		-	-	-	-	1,097,563	1,097,563
Net position at end of year		-	-	-	-	1,083,175	1,083,175

See 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*

To the Audit Committee
Cal Poly Pomona Philanthropic Foundation

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 the major fund and aggregate remaining fund information of Cal Poly Pomona Philanthropic Foundation (a nonprofit organization referred to as the Philanthropic Foundation), as of and for the year ended June 30, 2022, the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated November 14, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Philanthropic 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 Philanthropic Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Philanthropic Foundation's internal control.

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

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

2022- 001 Accuracy of Trial Balance

During the course of the audit, we received three different trial balances from the Philanthropic Foundation as a result of material errors identified during audit procedures. Beginning net position did not agree to the prior year audited financial statements due to the Philanthropic Foundation not properly closing out prior year revenues and expenses. An adjustment of \$2,659,506 was made to correct the error. Internal controls over financial reporting should include review and reconciliation procedures to identify discrepancies in the trial balance. There has been significant turnover in the accounting department in the last year which caused this deficiency. We recommend that management implement a standard year end closing procedure to ensure a control structure is in place to timely detect and correct errors in closing of prior year financials.

Management's Response to Finding

Immediate steps have been taken to ensure opening balances in the trial balance are matched to prior year closing totals and confirmed through secondary review. Additional measures have been implemented to ensure there is cross-training among staff, specifically around fiscal year-end procedures.

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

Report on Compliance and Other Matters

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

Philanthropic Foundation's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Philanthropic Foundation's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Philanthropic Foundation's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Philanthropic Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Aldrich CPAs + Advisors LLP

San Diego, California
November 14, 2022