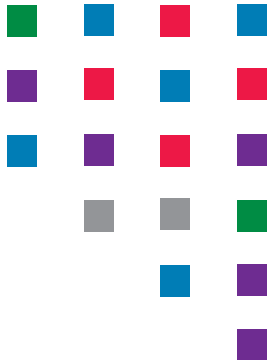




Cal Poly Pomona Foundation, Inc.



Cal Poly Pomona Foundation, Inc.
BIENNIAL REPORT
1999 - 2000
2000 - 2001

Vision

To be the best ... an organization of employees must be committed to quality and must be recognized as leaders and "award winners." An organization having the best business practices. An organization where service and quality consistently exceeds customer expectations and financial performance consistently exceeds comparable industry norms. An organization with a stimulating and gratifying workplace where employees can achieve their full potential.

Mission

The Cal Poly Pomona Foundation, Inc., established in 1966, is an integral component of the educational mission of the university. In pursuit of this mission, the Foundation is a partner in the university community that includes students, faculty, staff, administrators, alumni, and members of the larger community. The Foundation exists to provide the highest level of service and financial support while maintaining corporate fiscal integrity. The role of the Foundation is to provide convenient and appropriate goods and services at a reasonable price and to develop additional assets and resources for the university. The Foundation also promotes and celebrates the cultural diversity of the university, helps foster and maintain an effective learning environment to provide educational opportunities, reflects an institutional image of competence and quality and encourages cooperative relations within the university community.



Excellence in service to the university is the highest priority of the Foundation. The Foundation accomplishes this by:

- ♦ Operating in a professional and conscientious manner.
- ♦ Continually updating its planning for the future and emphasizing the importance of quality and excellence.
- ♦ Promoting high standards for ethics, honesty, competency, and professionalism in all its employees.

- ♦ Developing and motivating employees to express an entrepreneurial spirit by using creativity, innovation, initiative and open communication.
- ♦ Maintaining its commitment to affirmative action, equal opportunity, and career development in a safe working environment.

The Cal Poly Pomona Foundation, Inc. is an equal opportunity, affirmative action employer. The Foundation subscribes to all state and federal regulations and prohibits discrimination based on sex, race, sexual orientation, national origin, handicap, marital status, age, religious creed, color, ancestry, medical condition, or veteran status. The Foundation hires only individuals lawfully authorized to work in the United States.

The Foundation operates as a public-benefit, charitable-educational organization under the provisions of the California Revenue and Taxation Code, Section 23701(d) and the United States Internal Revenue Code, Section 501(c)(3). As a recognized auxiliary of the California State University, the Foundation conforms to the regulations established by the Board of Trustees of the California State University and approved by the California State Director of Finance as required by the California Education Code, Section 89900. The University administrative organization supervises the Foundation, as required by Title 5, California Code of Regulations, Section 42402.





Board of Directors

2000-2001

Bob H. Suzuki
Chair, Ex-Officio Director

Arturo Carmona
Ex-Officio Director

Patricia L. Farris
Ex-Officio Director

Edward Hohmann
(term completed 9/28/00)
A. Michael Berman (9/29/00)
Ex-Officio Director

Karen Martin
Ex-Officio Director

Marvin Klein
(term completed 9/28/00)
Jane Ollenburger (9/29/00)
Ex-Officio Director

Esteban Soriano
Ex-Officio Director

Donna Tillman
Ex-Officio Director

Laraine Turk
Ex-Officio Director

Edwin Barnes
Member at Large Director

Norman J. Priest
Community Director

Lowell Overton
Community Director

Oliver Santos
Community Director

Arthur Hacker
Faculty Director

J. Ernest Simpson
Faculty Director

Pati Barbosa
(term completed 9/28/00)
Jeff Tolonen (9/29/00)
Student Director

Davin Corona
Student Director

Marian Sherman
Staff Director

Charles Holt
Staff Director

Eduardo Ochoa
Dean Director

1999-2000

Bob H. Suzuki
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Gene I. Awakuni
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Ex-Officio Director

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Ex-Officio Director

Edward Hohmann
Ex-Officio Director

Richard Santillan
(term completed 5/10/00)
Marvin Klein (5/11/00)
Ex-Officio Director

Marian Sherman
Ex-Officio Director

Esteban Soriano
Ex-Officio Director

Donna Tillman
Ex-Officio Director

Norman J. Priest
Community Director

Lowell Overton
Community Director

Oliver Santos
Community Director

Arthur Hacker
Faculty Director

J. Ernest Simpson
Faculty Director

Pati Barbosa
Student Director

Josie Garcia
Student Director

Cheryl Meaux
Staff Director

Charles Holt
Staff Director

Eduardo Ochoa
Dean Director

In Memory of Norman J. Priest 1934 - 2001

In honor of Norman J. Priest, the Cal Poly Pomona Foundation, Inc. established a Norman J. Priest Endowed Scholarship to recognize one or more continuing full-time students working in the Foundation to honor their participation and leadership in campus activities, Foundation work activities, and community involvement.

Norman J. Priest joined the Cal Poly Pomona Foundation, Inc. Board of Directors in 1992 as a Community Director. He was the first member to serve three consecutive terms on our Board. Norman's background included working with the City of Anaheim and the Ontario Redevelopment Agency providing a wealth of knowledge to his colleagues. Norman was a detail-oriented person. He believed it was important to ask questions and seek clarification in order to make the most informed decisions. Norman's work with the Housing Sub-committee of the Program Committee was instrumental in many successful projects. He was very supportive of the Board's efforts to develop housing for faculty and staff.

We will miss Norman's support and his many contributions to the Foundation.



The Cal Poly Pomona Foundation, Inc.



Created for the express purpose of serving the "educational needs of the university," the Cal Poly Pomona Foundation, Inc. provides amenities and appropriate goods and services at affordable prices and develops additional assets and resources for California State Polytechnic University, Pomona.

As an integral partner in the university community, the Foundation is a self-supporting, nonprofit auxiliary organization, recognized as such by the California State University (CSU). The Foundation receives its authority from Title 5 of the California Education Code. Title 5 stipulates that the Foundation must remain legally "separate" and independent from the university. To attain independence, the Foundation is structured as a 501(c)(3) nonprofit organization presently governed by a 20-member Board of Directors.



In 2000-2001, the 20-member Board of Directors consisted of the President of the University, Vice President of Academic Affairs, Vice President of Student Affairs, Vice President of Administrative Affairs, Vice President of Instructional and Information Technology Division, Vice President of University Advancement, Chair of the Academic Senate, Chair of the Staff Council, President of Associated Students, Inc., two student representatives, two staff representatives, two faculty representatives, three community representatives, one dean representative and one member at large. The corporate bylaws were modified twice during 1999-2001 to increase the Board membership from 18 to 20 members.

The Board of Directors establishes financial and administrative policy for the Foundation. Representing the Foundation's administrative staff, the Executive Director serves as the Chief Executive Officer for the Foundation and reports to the Board of Directors. In 1999-2000 the Foundation Board

approved the transfer of permanent assets to the Cal Poly Pomona University Educational Trust (UET). The transfer to the UET became effective on July 1, 2000.

In addition, the Foundation celebrates and promotes cultural diversity and strives to foster and preserve a learning environment abundant with educational opportunities through diversity training and professional development training.



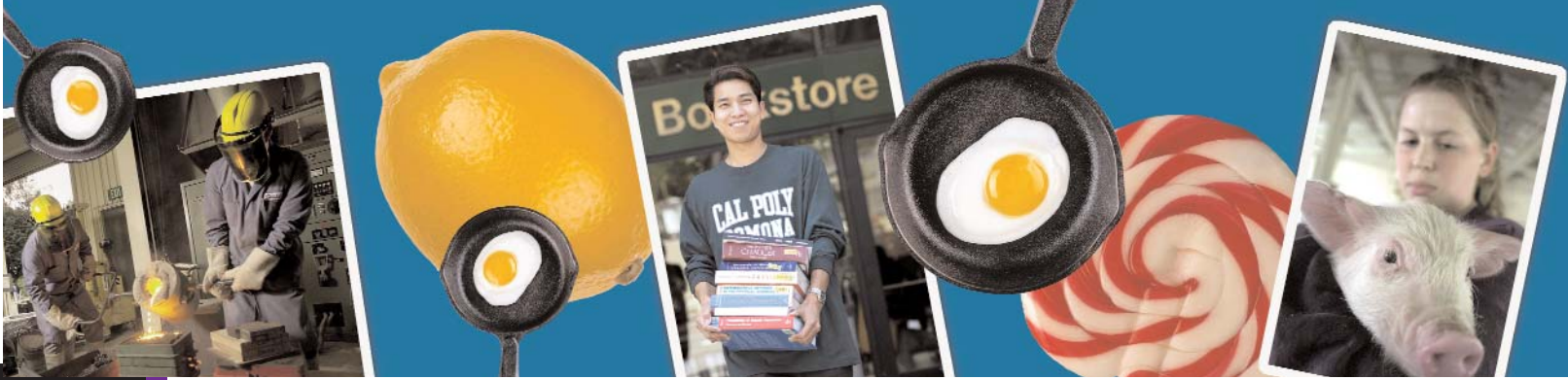
Customer patronage helps support a wide variety of campus services and programs. Through designated gifts to the university, construction of new facilities, equipment purchases, university event donations, campus advertising and staff assistance

for university activity planning and promotions, the Foundation returns surplus revenue to the campus. During the past 5 years, the Foundation has provided over \$2,400,000 to the university in direct financial support -- \$559,664 in 2000 and \$656,159 in 2001.

The Foundation further supports the university by serving as its administrator for grants and contracts awarded by private and public institutions. The Foundation is the recipient of all grants and contracts awarded on behalf of California State Polytechnic University, Pomona. The Foundation is the fiscal agent authorized by the university to administer externally funded activities. The services provided by the Foundation include review of contracts for consistency with established internal policy, agency regulations, and external governing laws.

As the largest employer of Cal Poly Pomona students, the Foundation provided jobs for 940 students in 1999-2000 and 984 students in 2000-2001. Students are drawn to working for the Foundation because we provide flexible hours, convenient locations, an environment that recognizes the demands of student life and the opportunities to gain practical work experience which utilizes skills learned in the classroom. In 1999-2000 \$3,838,556 was expended on student payroll and in 2000-2001 \$4,624,864. The Foundation continues to demonstrate its commit-





ment to students on an individual level, as well as its support of the educational mission of the university.

The Foundation actively supports the programs and projects by partnering with the university - the Annual Fall Conference, BroncoFest, Hot Dog Caper, and the Founders' Day celebration, to name a few. It also provides many employment opportunities in support of the Student Intern Program.

Recognizing that the community often extends beyond the borders of the university, a formalized program, Foundation CARES Program (Community Assistance Reinforcing Educational Success) was developed by employees to provide ongoing community outreach. The Foundation actively participated in community outreach by collecting clothing

for two local outreach organizations as well as sponsoring two local families with food baskets at Thanksgiving, during the winter holidays and in the spring. Clothing and school supplies were provided for the children. With a focus on supplying school-related necessities to the children, our desire is to provide them with a better opportunity to excel in school.

This report details many of the Foundation's activities, responsibilities and accomplishments for the past two years to illustrate ongoing efforts to offer the highest quality of goods and services to the campus and surrounding communities and to enhance the marketability of Cal Poly Pomona's educational excellence and its extraordinary public facilities and services.





Expenditures of Designated Funds are Summarized as Follows:

	2001	2000	1999	1998	Total
Athletics Programs	80,000	40,000	40,000	40,000	200,000
President's International Program				18,969	18,969
College of Engineering Fund-Raising Campaign				(79,956)*	(79,956)*
News & Publications	110,943	134,750	154,813	157,747	558,253
Office of Development	65,088	163,529	123,790	132,304	484,711
University Public Relations	331,393	211,004	78,170	72,452	693,019
Special Foundation Grants	68,735	10,361	2,763	8,099	89,958
Resident Dining Equipment			34,868		34,868
Sub-Total	656,159	559,644	434,404	349,615	1,999,822

* NOTE: Repayment of a Loan previously accounted for as an expense



"The university advancement infrastructure relies on Foundation support to help fund activities for which state general funds cannot be used. Funds from the Foundation have, for years, nearly fully underwritten all of the campus' external communication efforts, such as the publication of PolyTrends, PolyFriends, Panorama and the campus Annual Report. Foundation support is also used to help maintain the freshness of our databases, rebuild our technology infrastructure, and support the training of both central and decentralized development staff."

Esteban Soriano
Vice President of University Advancement



Administrative and Financial Services

www.foundation.csupomona.edu/financial

As part of its mission, the Foundation reaches out to the campus and community by providing quality goods and services. Along with key management, the Executive Director oversees self-sustaining operations to generate additional assets and resources for the university. The auxiliary operations, Bronco Bookstore, Campus Books, Dining Services, Foundation Housing Service (University Village) and Kellogg West Conference Center and Lodge generate revenue for the Foundation and earnings beyond operating expenses which are used for the benefit of the university.

Additional administrative support to the university is provided by the Foundation's Financial Services area. Although principally supporting campus programs, grants and contracts and its auxiliary operations and other activities with accounting reporting investment and management information systems, the department oversees \$79 million in assets and \$54 million in revenues for the year ended June 30, 2001. The services are provided through a fully integrated general ledger and financial reporting and management information systems. A considerable amount of effort is devoted to supporting post-administration of grants and contact requirements, conferences, scholarships, donations and expenditures from Campus Program accounts and the diverse activities of its auxiliary operations and other activities.

A dynamic relationship between the university and the Foundation is vital in maintaining a healthy financial environment. The Financial Services department has undertaken some major innovative projects to improve the services it provides including major upgrades in software and hardware technology and the implementation of software interfaces to improve the accuracy and timeliness of information.

This team transferred approximately \$11.5 million of endowment assets to the Cal Poly Pomona University Educational Trust (UET) and provided accounting services to the University Educational Trust (UET) and three major campus construction projects administered through the campus programs.

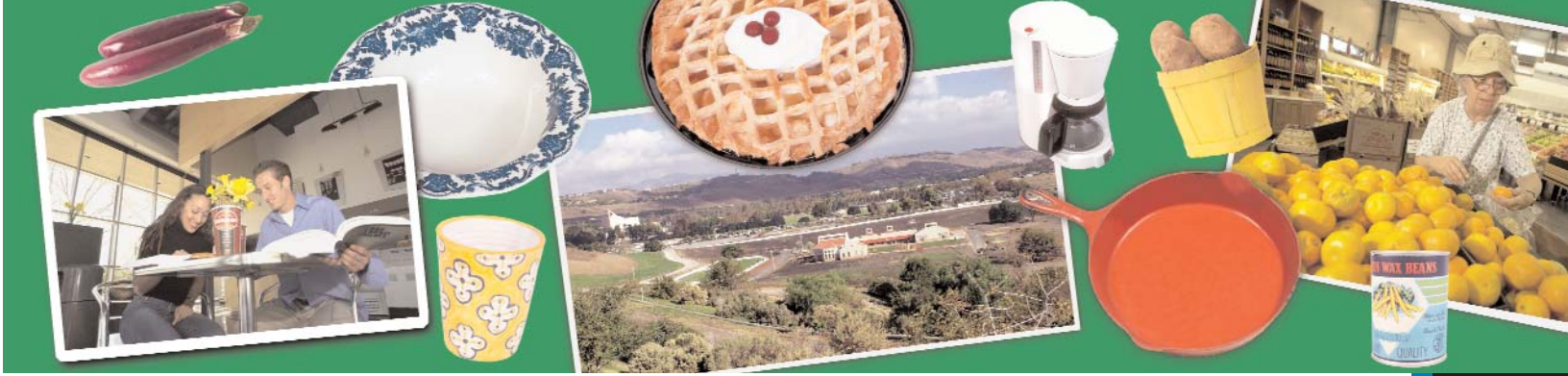
The administrative and financial services team successfully issued over \$5 million of investment grade tax exempt bonds to finance a portion of the construction of three buildings to house the University's continuing education complex. The complex also includes two federally funded business incubators, classrooms, computer labs, and commercial space for a Foundation bookstore and café along with other auxiliary activities.

To optimize fiscal gains, available cash is monitored on a daily basis; the Foundation currently manages cash and cash equivalents and long-term investments of \$28 million as of June 30, 2001. Monthly statements are analyzed regularly and discussed with professional money managers to determine profitable prospects in the bond and security markets.

The Foundation was involved in a number of audits including the Chancellor's Office compliance audit, the State Board of Equalization sales tax audit as well as the year-end financial and single audits. All audits indicated the Foundation's procedures or internal controls were strong.

Monthly project reports are distributed electronically through email over the Internet and include summary and detailed information concerning the project activities. Financial forms, instructions and procedures including Board approved policies are also available at the Foundation's web site at www.foundation.csupomona.edu.





As part of its outreach program, the Financial Services team distributes a newsletter (Financial Facts) to all account holders to provide them with the latest financial news, policies and procedures. Semi-annual focus groups are held with the Auxiliary operations, the Campus Programs and the Sponsored Programs, enabling an exchange of information and discussion of new ideas.

The Bronco Access Card has proved to be very convenient in enabling faculty, staff and students to purchase books and supplies at the Foundation Bookstores, purchase food items at the various dining facilities, pay rent and use laundry facilities at the University Village and vending machines through the Foundation. Funds can be placed on the Bronco Bucks Access Card using the features of a secure web site at www.broncobucks.com or at Campus Center and at the Foundation central office.

The Foundation's Human Resources department oversees the recruitment and training of over 800 full-time and part-time Foundation employees. A successful evaluation has been completed on every job description with a comparison review of each classification to current industry standards. With the implementation of the third phase of the employment development program, a survey of each employee's skills and career aspirations will identify potential matches for job growth and promotion opportunities within the organization. Among the numerous training sessions, employees at all levels attended a Respectful Environment Program addressing and educating participants on issues of sensitivity in the workplace.



Real Estate Development

The utilization and development of real estate projects have become a priority for the Foundation during the past two years. The need to address housing issues for faculty and staff has been identified as a critical element for the university's success. With the majority of incoming faculty members entering the local housing market from areas outside California, housing assistance has become a crucial recruitment issue. The Foundation is assembling information on local communities and agencies to provide data on locating and financing affordable homes in the close proximity to the university. A Housing Resource Kit, presenting this data, will be completed and distributed in the fall of 2001.



The Foundation is also working toward developing criteria to establish a public/private research park to create a community conducive to scientific excellence and innovative technology in cooperation with the university. The park will provide the opportunity for research-based companies and organizations to benefit from the proximity to Cal Poly Pomona's academic resources, while the university can benefit from the enhanced facilities and productivity of research activities.



Auxiliary Operations

Often the Cal Poly Pomona community's first interaction with the Foundation is through one of the Auxiliary Operations. Within each of these units, activities focus on enhancing campus life and reaching the larger community by providing quality services on a daily basis while generating revenues to benefit the long-term goals of the university.

Bookstores

www.broncobookstore.com



In keeping with their mission statement, the Bookstores completed two prosperous years with a commitment to service excellence, while supporting the university community in meeting their academic and individual needs. Significant changes in web development and e-commerce merchandising positioned the bookstores for future growth and development.

The Pony Pak on-line textbook reservation and mail order system was introduced in the summer quarter of 1999 and was well received by the students. The systems allow students to research which textbooks they will be using for the coming quarter, as well as order their books on-line. The books may then be

packed for pick-up at the bookstore, or shipped to their home address. The Pony Pak system has provided an easy and convenient option for busy students.



Subsequently, in September 1999, WebPRISM, the e-commerce solution from Nebraska Book Company, was launched. Fully integrated with the bookstore's inventory system, WebPRISM enables online sales of a full complement of bookstore merchandise. The site allows customers to view and purchase Cal Poly Pomona emblematic clothing and gifts, as well as materials authored by university professors.

Seeking to develop a vision for the future, the bookstores retained the services of Business Management Concepts, Inc. to facilitate a strategic planning process for both the Bronco Bookstore and Campus Books operations. The long-range strategic plan took into consideration the increased student population and projected calculations for future growth. Several focus group meetings were held and various surveys were conducted in order to compile data. In June 2000, the long-range strategic plan was unveiled. The comprehensive plan gives

the bookstores seven goals to accomplish in order to meet future trends and remain fiscally responsible.

In response to the long-range strategic plan, several changes have already been made. Surveys indicated that customers wanted to see books when they entered the Bronco Bookstore. In September 2001, the General Book Department was relocated to the first floor near the entrance to Bronco Bookstore, allowing for better visibility of general reading titles. Realignment and consolidation of our greeting card inventory allowed for this move without loss of revenue.

Again following strategic plan recommendations, organizational changes occurred when a new Bookstore Director was hired in December 2000. In order to reassign management responsibilities and have fewer staff reporting directly to the director, an Assistant Director was hired in January 2001.

During 2000-2001, the bookstore became a part of the Large Stores Group, a trade association for larger institutionally owned university bookstores. The bookstore ranks 58th in volume among the member stores and compares favorably in all other areas.

After a challenging year in 1999-2000, the Computer Department rebounded with increased hardware sales in 2000-2001. This was a result of continuing to forge close relationships with campus departments.

Campus Books, the off-campus bookstore site, continues to serve as an alternate resource for students seeking new and used textbooks. A United States Post Office Contract Station opened at Campus Books in November 1999, adding another service for the convenience of the university community. The Contract Post Office was also

a welcome addition to the surrounding community and a convenience to nearby businesses. Campus Books will be moving into the Center for Training, Technology and Incubation (CTTi), in a joint Foundation project with Dining Services, at the end of 2001. Campus Books will be renamed CTTi Books & Café and it will provide textbooks and supplies to Cal Poly Pomona graduate students, as well as continuing with its already established services.



Dining Services

www.foundation.csupomona.edu/dining



The mission of Foundation Dining Services is to serve the diverse Cal Poly Pomona community by providing it with quality food at a

reasonable price. Food must be served in an efficient and friendly manner in attractive, clean and comfortable gathering places that reflect a concern for the social and nutritional well being of the customer. The primary vision of the Foundation Dining Services, on the other hand, is to be recognized as a leader in the college and university food service industry by its customers, peers, educators, industry, allied associations and the media.

To meet the needs and tastes of the campus community, the award winning Foundation Dining Services operates various dining venues on campus. Niche catering was created to provide a wide range of catering options to the campus community and to meet the needs of our diverse campus community, Panda Express was added to our operations to provide a brand concept with wide appeal. Clients working in the Classroom, Laboratory and Administration building (CLA) and Engineering buildings requested a dining venue; to meet this need, a CLA-Convenience Store was opened to provide quick and convenient service to faculty, staff and students during and after work hours.

The Faculty/Staff dining operation located in Campus Center Marketplace received some upgrades of décor. New pictures on the walls, tablecloth service, flowers and a deli/salad bar were added for quick service to clients.

Los Olivos Dining Commons continues to please the students, staff and campus guests with their all-you-can-eat dining. With the addition of an Executive Chef and Pastry Chef, a wide variety of meal choices are provided to broaden its menu base to students, faculty and staff. Plans are underway to renovate Los Olivos during the coming year to improve ambiance and service capacity to accommodate the growing number of enrolled students.

To ensure that each food establishment is in compliance with the County of Los Angeles Environmental Health Division upgraded standards, Dining Services provided food sanitation classes and awarded 40 ServSafe certificates. During Los Angeles County Health Department inspections, we are proud to announce that all dining venues received an excellent rating of 'A' (equivalent to 90-100%).

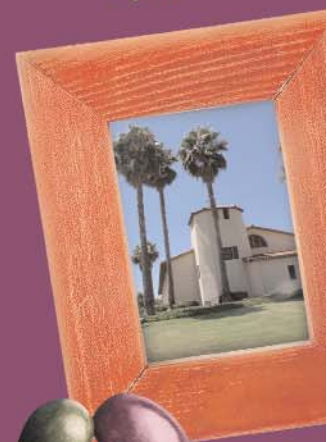
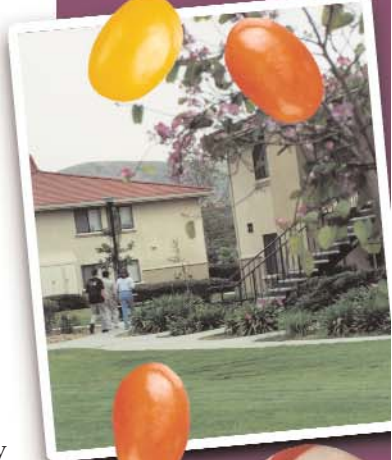
Because one day an emergency will become a reality ... a disaster drill was held in conjunction with University Housing leaving the university without water for the 1,300 students who live on campus. Lunch was served under disaster-like conditions at Los Olivos Dining Commons to educate the campus constituency about emergency preparedness. A California State Employee Commendation was received for this drill.

The Bronco Access Card has become a fast, easy and convenient method to make cashless purchases on campus. Card readers were set up at all dining service venues on campus and vending machines are being modified to utilize the declining balance card. A secure web page was created (www.broncobucks.com) to enable funds to be added to your Bronco Access Card. Plans are underway to implement the declining balance card system at the Farm Store at Kellogg Ranch, Collins School of Hotel & Restaurant Management and Administrative Services.

The main goal of the dining services unit continues to be maintaining its fiscal responsibility. To the credit of its dedicated staff, the dining service units are expected to exceed bottom line performance levels in spite of some restaurant outlets' inability to reach their individual goals because of campus construction projects.

Dining Services' Master Plan from Fessel Consultants was created in 1999, and a 5-year strategic plan was presented to the Board in December 2000. Foundation Dining Services will continue to change and adapt to meet the challenges of a changing environment characterized by rapidly changing technologies, increased competition, major adjustments in the workforce, and an increased need for financial accountability.

Long-term projects continue to be pursued aggressively. The CITi Books & Café will be opening in 2001-2002 with Krispy Kreme Doughnuts and Seattle's Best Coffee being provided to clients. The University Union Improvement Project (UUIP) will open in 2002-2003 providing a new food court for the campus community. The Los Olivos Renovation Project will be completed in 2001-2002, increasing the seating capacity and providing individual food stations to provide faster service to students, faculty and staff. Additional programs under development are aimed at designing meal plans for new residence halls (2002-2003) and increasing the number of vending machines on campus.





Kellogg West

www.kelloggwest.org



The past two years were among the most successful in the history of Kellogg West. Major property renovations were completed, guest amenity programs were instituted and sales and marketing efforts were in full swing. A new Global Distribution System (GDS) for reservations was in place, cost controls were implemented and the integration of dining services with the room's division and conference services was completed. The goal of Kellogg West was to execute the plan and provide the services to clients and guests at a level that would not only meet, but also exceed their expectations.

The most important accomplishment was the completion of the guest room renovations. The award winning iGroup of San Diego was selected to help design and oversee construction. Features such as pay-per-view movies, cordless phones, computer data ports and branded amenities such as Starbucks Coffee, Rembrandt Mouthwash and Bath and Body Works products were added. The project was completed on time and sufficiently within budget allowing an oversized pool area to be built, which includes an oversized spa and deck that is used for poolside receptions. The workout facility was expanded and moved adjacent to the pool, which freed up space to create a new meeting room, "The Boardroom," located at the main lodge.

Revenues increased each of the two years and operational expenses decreased each year. Profitability dropped the first year in comparison to the previous year primarily due to two factors. First, extensive expenditures not covered under the renovation project that were absorbed through operational expenses and second, during renovations, the property operated for nearly two months without any lodging rooms available, which minimized revenues during that time. However, the rebound the second year was astonishing, producing the first six-digit profit ever.

One of the key components has been the alliance with one of the leading GDS Reservation Systems in the

world. Once the property renovations and guest amenity upgrades were in place, Kellogg West was able to tap into a market segment that was previously unobtainable - the transient market; hotel guests not affiliated with a conference or the campus community. The original projections estimated a twelve-month period before profit would be obtained. However, profit was obtained in just three months and in the fifteen months since the program started, \$41,000 in additional new revenue was generated representing an average of 3.3% of lodging revenue.

Having a property that is extremely marketable has also assisted the Sales and Conference Services Departments in their efforts in attracting new business. With a new sales kit, direct mail pieces and the Premiere Club, the reward-based frequency program, the Sales Department via inside and outside personnel was able to attract several new high revenue generating clients. The Mattford Group, Verizon

Communications, Healing the Heart of Diversity and Hines Horticulture have all contracted for several years.



Conference Services was now placed in a position that allowed them to increase sales by offering revenue generating services and amenities that were previously unavailable.

An expanded Business Center was opened that included a fully self-contained and equipped office for client needs.

New programs were implemented in the Food and Beverage operations, such as expanding the hours of operation to include daily dinner service and in-room dining allowing guests to eat dinner in the privacy of their own room or even by the pool, if they so desired. A new catering program was rolled out under the direction of a new highly recruited Executive Chef. In addition to an expanded menu, a new, all-inclusive wedding package was implemented, taking care of not only all the wedding meal needs, but included a suite for the wedding couple.

Lastly, an important and essential result of the property renovations has been the effect it has had on the entire staff of Kellogg West. Employee performance is important to any business, but in the hospitality business, it is the single most important factor to determin-



ing the success or failure to be obtained. With the renovations came a pride never before seen at Kellogg West. With quarterly staff meetings and motivational programs in place, a new spirit rose up and a true team was built. The results were borne out by improved client and guest satisfaction survey scores and the receipt of numerous guest satisfaction awards and commendations.

Kellogg West continues to take the necessary steps needed to position itself as one of the pre-eminent Conference Centers in Southern California. The efforts outlined above, continued sales and marketing efforts to attract even more new clients, and the continuation of the commitment to service by the entire staff will help insure that Kellogg West will continue the strong growth path it has been on for the past several years, for many years to come.

Foundation Housing Service

www.csupomona.edu/~village/



Winner of the 2000 Western Association of College and University Housing Officers (WACUHO) Institutional Diversity Award, the Foundation Housing Service (University Village) provides apartment style living for Cal Poly Pomona students who have completed a minimum of 36-quarter units or are at least 21 years of age. Located within walking distance to the center of campus, Foundation Housing Service offers residents 24-hour live-in staff, Bronco Access Card accessible laundry facilities, computer room, swimming pool, basketball court, sand volleyball court and many other amenities. Apartments are furnished and designed to house 4 students per unit and contain either double or single bedrooms.

Foundation Housing Service assists the Foundation with its overall mission of providing the highest level of service and financial support to the university in a businesslike, professional manner while maintaining corporate fiscal integrity. It strives to create an environment where all residents feel physically and psychologically safe as they learn, work and play. It also promotes a community where each person's race, ethnic identity, age, marital status, religious affiliation,

gender, physical disability, and sexual orientation is cause for appreciation and learning.

Foundation Housing Service had exceptionally profitable operations for the past two years and boasts of its highest earnings to date - two years in a row.

The unit also takes pride in its 100% occupancy rate. All of the unit's resources are utilized to the optimum.

Foundation Housing staff developed and implemented over 100 programs with an average attendance of 30 plus students. Of the multitude of program offerings, the 6 O'clock Talks proved to be the most successful. Members of the university faculty actively presented programs dealing with issues ranging from sexual harassment to racial profiling.

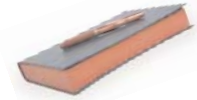
Foundation Housing Service managed to win the most coveted Institutional Diversity Award from the Western Association of College and University Housing Officers. The Foundation Housing Service was recognized for its exemplary promotion of diversity issues.

Capital improvements over the past two years have included: refurbishment of over 40 apartment units, development of the Bronco Access card laundry room card system, installation of a computer laboratory, strategic placement of three informational kiosks, design of a comprehensive furniture inventory system, creation of a maintenance plan for the kitchens, and the continued monitoring of HVAC and other building systems. These projects enhanced the living conditions of all guests.

Foundation Housing Service joined with University Housing Services in commissioning a study of supply and demand by a consultant to explore options to respond to the demand for more units. The study completed in June 2001 proved that additional housing space is required on the university campus.



Gifts, Bequests and Donations



During the past two years, California State Polytechnic University Pomona and its various organizations received donations, gifts and special revenue in the amount of \$19,376,515. Of that total, the Foundation received and administered \$11,578,801.

Endowments and Donations

The university encourages friends to invest in campus programs and projects that promote academic excellence. Effective July 2001, the Foundation transferred \$11,484,505 in permanent endowments to the Cal Poly Pomona University Educational Trust (UET).

Quasi-endowments (temporary endowments) will remain in the Foundation and be invested per the Foundation's investment policy. Any restriction on an endowment, either by the university or a donor external to the university, is classified as quasi-endowment.

Cal Poly Pomona endowments (Foundation and University Educational Trust) are now valued at \$14,689,011.

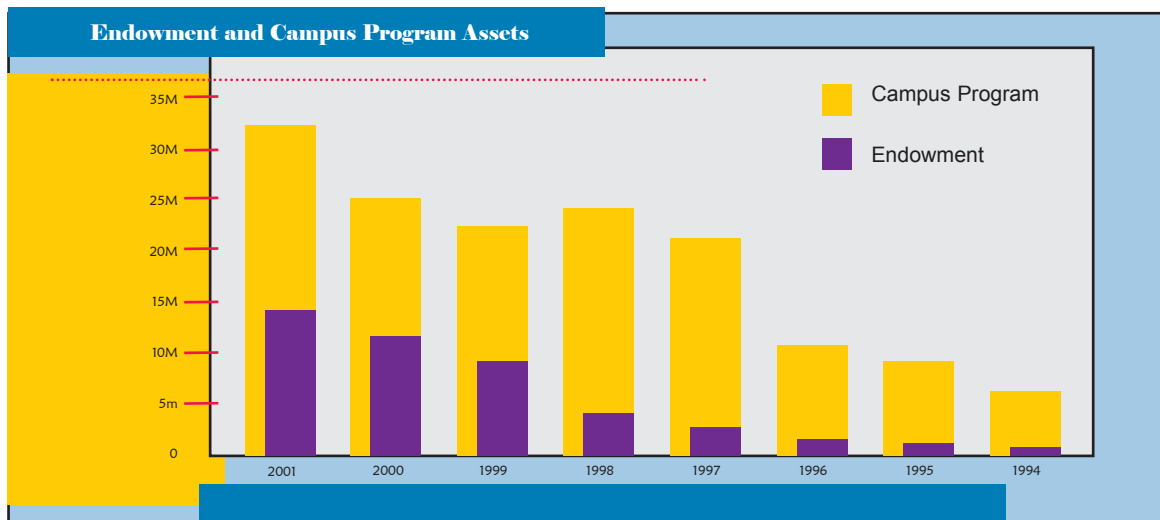
Tax Status of the Cal Poly Pomona Foundation, Inc.

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As provided in Section 170(c)(2) of the 1986 Internal Revenue Code and through previous determinations, contributions made to the Foundation are considered charitable contributions for federal and state income tax purposes. As such, donations are considered charitable contributions by donors in computing corporate, partnership, estate, trust and personal taxable income.

	Endowments	Campus Program
2001	14,689,011*	33,416,024
2000	12,461,798	24,281,803
1999	9,161,984	23,039,017
1998	4,162,134	24,248,727
1997	3,375,320	21,568,610
1996	2,616,043	11,621,414
1995	1,548,335	9,400,287
1994	1,348,219	6,176,561

* 2001 Endowments were allocated between the Foundation (\$936,211) and UET (\$13,752,800)



Expenditures of Designated Funds are Summarized as follows:

Exempt Organization Awards

AAUW Educational Foundation
Almond Board of California
California Building Industry Foundation
Camille & Henry Dreyfus Foundation
Chuang Foundation
City of Industry
Claremont Community Foundation
Crail-Johnson Foundation
J. Paul Getty Trust
John Haynes and Dora Haynes Foundation
Kauffman Center for Entrepreneurial Leadership
Main San Gabriel Basin Watermaster
National Collegiate Inventors Group
NCAA
Pacific Coast College Health
Paichai University, Korea
Rensselaer Center for Academic Transformation
Samuel Rubin Foundation
San Gabriel Mountains Regional Conservancy
Shinji Shumeikai
Social Science Research Council
The California Egg Commission
The Coleman Foundation, Inc.
The Rehnberg Center for Nutrition
The Town of Mammoth Lakes

Federal Awards

American College Health Association*
Arizona State University*
Cal State Long Beach*
Cal State San Francisco*
California Commission of Teacher Credentialing*
California Energy Commission*
California Post-Secondary Education Commission*
Defense Logistics Agency
Economic Development Administration
Georgia Institute of Technology*
Los Angeles County Superintendent of Schools*
Mt. San Antonio College*
NASA Dryden Flight Research Center
National Aeronautics & Space
National Institute of Health
National Science Foundation
Office of Naval Research
Stanford University*
The Regents of the University of California*

UCLA*
United States Department of Agriculture
United States Department of Education
United States Department of Interior
United States Department of Justice
United States Geological Survey
United States Information Agency
University of Alabama*
Virginia Polytechnic Institute*
World Learning*

Private Organization Awards

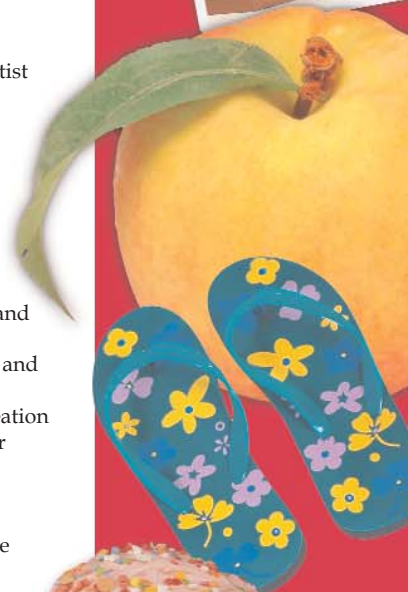
American Chemical Society
Applied P & Ch Laboratory
Avery Dennisen
Baxter Healthcare Corporation
Boeing North American, Inc.
Catalina Island Conservancy
City of Los Angeles
CoolJet
DMV International Nutritionals
Dupree, Inc.
Environmental Systems Research Institute, Inc.
EPT Corporation
Fairplex
Farmland National Beef Packing Company, L.P.
Fujisawa Healthcare, Inc.
Harvest Research and Investment
Heal the Bay
Hewlett Packard
IBM Corporation
International Medication Systems
Kimberly-Clark Corporation
Korea Ministry of Education
Landlab
Matsuyama Shinonome Jr. College
Maxim Bioystems, Inc.
Metropolitan Water District
Molecular Express, Inc.
Monterey County General Planning
Neocrin/Novocell Company
Nestle USA, Inc.
Nexstar Pharmaceuticals
Nicholas Dines and Kyle Brown
Novocell, Inc.
Pepsico
Rainbird, Inc.
Ready Pac
Rockwell Collins, Inc.
Sapphos Environmental
Seeds of Peace
Southern California Edison
Spadra Landfill

The IAMS Company
VC Bud Jenkins Coatings Scientist
Water Management Group
Zengen, Inc.

State Agency Awards

Air Resources Board
Cal State Los Angeles*
California Department of Education
California Department of Fish and Game
California Department of Food and Agriculture
California Department of Recreation
California Department of Water Resources
California Energy Resource Commission
California Trade and Commerce
Department of Mental Health
Hacienda La Puente School District*
Montebello School District*
San Bernardino County School District*
South Coast Air Quality Management District
Trustees of the California State University*
UC Berkley*
UC Davis*
UC Oakland*
UCLA*
University of California Office of the President*
Walnut Valley Unified School*

* Pass through entity





Campus Programs Support

Activity/Revenue

The Foundation provides administrative support for \$33,416,024 (as of June 30, 2001) in temporarily restricted Campus Programs agency assets of the Foundation for the benefit of the university.

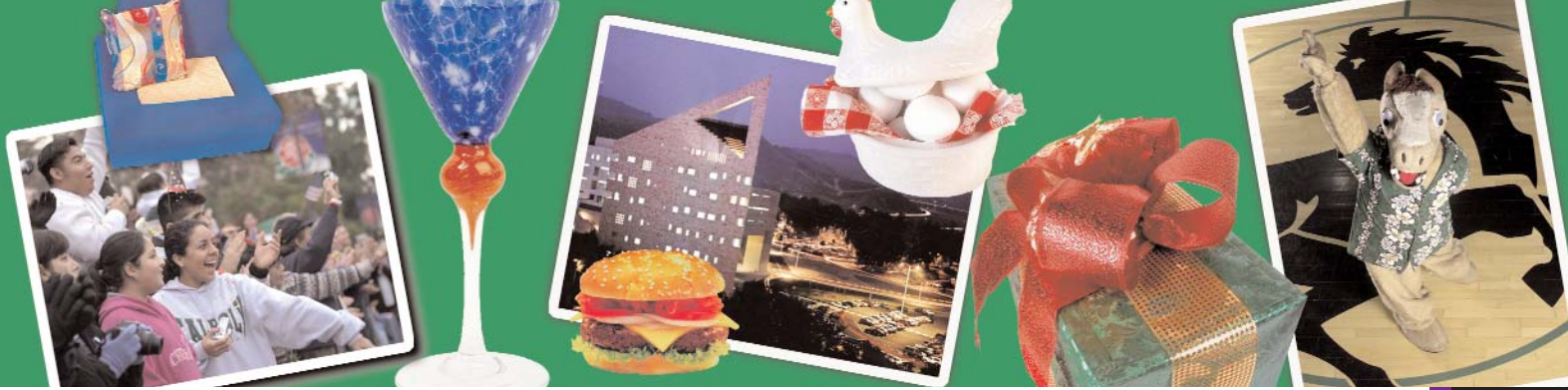
Through Campus Programs, the Foundation provides a controlled, flexible financial management environment that supports workshops, conferences, community-related projects and other valuable activities that enhance and enrich the university's educational goals and achievement.



The Foundation was instrumental to the success of the university's construction program, by far the largest in the university's history. The Foundation assisted the university in the construction of the Collins School of Hospitality Management, AGRIsapes, CTTi project, Engineering Laboratory Complex and the new Science building through financial management of non-state funds used to assist in the construction of the new buildings and procurement of equipment.

Processed revenues are as follows:

	2001-2000	1999-2000
College of Agriculture	528,106	372,630
Alumni Affairs	32,309	110,824
College of Letters, Arts and Social Sciences	377,445	319,641
Athletics	125,272	80,904
College of Business Administration	1,270,825	224,996
College of Extended University	382,642	353,997
School of Education and Integrative Studies	24,919	71,313
College of Engineering	619,770	677,731
College of Environmental Design	311,200	269,059
Collins School of Hotel & Restaurant Management	2,518,293	1,870,236
International Programs	53,514	179,079
Instructional Technology Center	36,446	(267,295)
Library	29,933	41,667
Learning Resource Center	2,439	2,751
Research and Sponsored Programs	6,816	5,418
College of Science	501,014	387,593
University Support	2,306,065	2,829,599
Total:	9,127,008	7,530,143



Agriculture Aid-To-Instruction Programs

Agriculture Aid-To-Instruction Programs



Agriculture Aid-to-Instruction Programs transform theory in classroom learning into practical application. Students gain actual entrepreneurial experience as these programs give them the opportunity to bring meat, fruit, horticultural and vegetable products, as well as entertainment venues, to the campus community and the public marketplace. Each of these programs also facilitates working together in teams, establishing close relationships with faculty and staff and augmenting the college experience, all of which result in increased retention.

Arabian Horse Show

More than just an essential part of the charter at Cal Poly Pomona, the Arabian Horse Show represents the colorful history and tradition of the W.K. Kellogg Arabian Horse Ranch. In honor of this tradition, which started in 1928, a show is held at 2:00 p.m. on the first Sunday of each month, October through June, weather permitting. Besides these programs, twelve shows are scheduled on Thursday mornings during the fall and spring quarters for the benefit of elementary students throughout Southern California.

Pine Tree Ranch

The Pine Tree Ranch is owned by the Foundation and operated by the College of Agriculture. Located in Ventura County, this 53-acre ranch provides students with a hands-on setting for practical education and work experience.

Beef, Swine and Sheep Units

These units offer experiential learning to Cal Poly Pomona students. Animals are involved in research project study factors that may affect their growth performance. Prime animals are exhibited at the Los Angeles County Fair and other local county fairs.

Meat Lab

The Meat Science & Processing Laboratory supports the classroom study, research and contract projects that address the discipline of meat science and processing. Via student laboratory projects, new items have been developed and approved by the USDA. These products augment the growing list of student-produced meat items offered by the unit.

Ornamental Horticulture

The Horticulture Unit markets an extensive selection of plants and cut flowers. Seasonal items such as poinsettias complement the various foliage, perennials, landscape color and flower plants available year-round.

Efforts continue to revolve around automating the current facility, expanding the perennial, rose and evergreen product line and tailoring products to meet the anticipated niche market at AGRIScapes.



The Horticulture Unit partners with California Polytechnic State University, San Luis Obispo to create a float for the annual Rose Parade held each New Year's day in Pasadena, California.

Agronomy Farm

The Fall Festival continued to provide an excellent venue for the College of Agriculture student clubs to generate revenue, as well as offer service back to the campus and surrounding community. As in the past couple of years, additional crops complemented the sales of pumpkins from the 45 acres planted for this event.

Development plans for AGRIScapes include building a new Farm Store, scheduled to open in the fall 2001-2002. The Agronomy Farm will have to grow additional crops to supply the anticipated customer base.





Management Perspective

LAYING A FOUNDATION FOR THE FUTURE - LEADERSHIP AND QUALITY

The manner in which the Foundation operates continues to evolve in response to the changing university environment. Our vision remains constant -- "Quality Service Supporting Quality Education."

The Cal Poly Pomona Foundation, Inc. continues to place a great deal of emphasis on planning and continuous improvement by addressing challenges. The Board of Directors guides and directs the Foundation in assessing opportunities and challenges facing the university.

Our planning process identifies activities with the potential for realizing long-term (strategic) dividends and objectives, which primarily focus on short-term processes or (tactical) procedures. Tactical activities promote continuity of operational effectiveness, but the greatest long-term benefits are derived through strategic planning. The Foundation's committed staff enthusiastically and professionally implement objectives to accomplish the many strategic and operational goals established within the organization.

By providing multiple avenues for feedback such as surveys, customer response cards, the secret shopper program, advisory committees, e-mail commentary from Foundation web sites and departmental/unit surveys, the Foundation allows its constituents to participate and feel invested in the operations. This feedback assists the Foundation in continually evolving the way we do business.

Communication is vital to our success. We are continually examining how we communicate internally and externally by tracking our performance. We recognize that diversity in disseminating information is critical to our success. Communication endeavors such as the Foundation web page, newsletters and press releases provide opportunities to communicate the Foundation's contributions to the Cal Poly Pomona community.



The awareness and understanding of the partnership between the Foundation and university has and will continue to facilitate many new opportunities. The management team and financial strength of the Foundation will continue to play a major role in assisting the university with this collaborative effort.

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Report of Independent Certified Public Accountants

The Board of Directors

Cal Poly Pomona Foundation, Inc.:

We have audited the accompanying statements of financial position of Cal Poly Pomona Foundation, Inc. (a California State University Auxiliary Organization) (the Foundation) as of June 30, 2001 and 2000 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cal Poly Pomona Foundation, Inc. as of June 30, 2001 and 2000 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 2 to the financial statements, during the year ended June 30, 2001, the Foundation retroactively adopted the provisions of Statement of Financial Accounting Standards No. 136, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 31, 2001 on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

KPMG LLP

August 31, 2001



Statements of Financial Position **June 30, 2001 and 2000**

Assets	General	Designated	Auxiliary Activities
Current assets:			
Cash and cash equivalents			
On hand and in commercial accounts	\$ 3,746,328	1,200	82,472
Cash equivalents (note 4)	1,413,608	182,765	2,110
Total cash and cash equivalents	5,159,936	183,965	84,582
Marketable securities, at fair value (note 4)	2,213,723	—	—
Short-term investments, at fair value (note 4)	6,574,317	—	—
Investments restricted as to use – debt service, at fair value (note 4)	—	—	1,598,899
Subtotal	8,788,040		1,598,899
Receivables:			
Sponsored programs (note 2)	—	—	—
Contributions, net (note 5)	—	—	—
Other activities, net of allowance for doubtful accounts of \$72,895 for 2001 and \$76,213 for 2000	662,992	27,402	1,600,570
Total receivables, net	662,992	27,402	1,600,570
Inventories	4,689	—	2,426,850
Prepaid expenses and deferred charges	27,744	15,000	120,331
Due (to) from other activities	(25,525,860)	5,854,619	1,922,750
Total current assets	(10,882,459)	6,080,986	7,753,982
Property, plant and equipment (note 6):			
Land	1,701	2,000	212,000
Buildings and improvements	2,419,791	—	16,672,611
Equipment, furniture and fixtures	728,805	5,680	5,829,739
Orchards	—	—	131,863
Construction in progress	—	1,000	3,080,579
	3,150,297	8,680	25,926,792
Less accumulated depreciation and amortization	(1,774,366)	(5,566)	(10,577,235)
Total property, plant and equipment	1,375,931	3,114	15,349,557
Other assets:			
Long-term investments restricted as to use -- debt service, at fair value (note 4)	—	—	—
Long-term investments, at fair value (note 4)	15,191,773	—	2,540,046
Contributions receivable, net of current portion (note 5)	—	—	—
Total other assets	15,191,773	—	2,540,046
Total assets	\$ 5,685,245	6,084,100	25,643,585
Liabilities and Net Assets			
Current liabilities:			
Accounts payable	\$ 266,816	44,511	1,446,757
Accrued liabilities	1,009,907	2,372,217	377,755
Deferred income	121,890	—	662,046
Deposits held in custody for others	—	—	—
Current portion of bonds and note payable (note 6)	—	—	470,000
Receipts in excess of expenditures on specific sponsored programs (note 2)	—	—	—
Total current liabilities	1,398,613	2,416,728	2,956,558
Long-term liabilities:			
Noncurrent portion of bonds and note payable (note 6)	—	—	10,115,000
Unitrust liability	—	—	—
Lease obligations	4,910	—	3,032
Total long-term liabilities	4,910	—	10,118,032
Total liabilities	1,403,523	2,416,728	13,074,590
Commitments and contingencies (notes 7, 8 and 10)	—	—	—
Net assets (notes 2 and 3):			
Unrestricted	4,281,722	3,667,372	12,568,995
Temporarily restricted (note 11)	—	—	—
Permanently restricted (note 9)	—	—	—
Total net assets	4,281,722	3,667,372	12,568,995
Total liabilities and net assets	\$ 5,685,245	6,084,100	25,643,585

See accompanying notes to
financial statements

Sponsored Programs	Campus Programs	Endowment	2001 Total	2000 Total
1,105	10,448	—	3,841,553	5,872,073
—	26,133	—	1,624,616	4,366,484
1,105	36,581	—	5,466,169	10,238,557
—	173,628	1,190,720	3,578,071	11,978,629
—	—	—	6,574,317	1,981,750
—	—	—	1,598,899	419,254
—	173,628	1,190,720	11,751,287	14,379,633
2,943,221	—	—	2,943,221	2,959,951
—	1,415,572	—	1,415,572	2,468,988
—	557,558	—	2,848,522	2,668,265
2,943,221	1,973,130	—	7,207,315	8,097,204
—	6,556	—	2,438,095	2,440,917
3,784	9,777	—	176,636	163,480
1,367,132	16,635,868	(254,509)	—	—
4,315,242	18,835,540	936,211	27,039,502	35,319,791
—	32,000	—	247,701	247,701
—	1,551,193	—	20,643,595	20,251,267
—	8,692	—	6,572,916	5,969,989
—	—	—	131,863	117,729
2,868,406	8,821,202	—	14,771,187	3,763,170
2,868,406	10,413,087	—	42,367,262	30,349,856
—	(402,808)	—	(12,759,975)	(11,636,134)
2,868,406	10,010,279	—	29,607,287	18,713,722
—	—	—	—	772,515
—	109,314	—	17,841,133	17,633,102
—	4,460,891	—	4,460,891	3,798,683
—	4,570,205	—	22,302,024	22,204,300
7,183,648	33,416,024	936,211	78,948,813	76,237,813
1,058,694	1,630,380	—	4,447,158	2,432,575
2,533	127,552	64,415	3,954,379	2,993,506
—	10,253	—	794,189	783,228
—	241,704	—	241,704	333,483
—	—	—	470,000	775,000
3,254,015	—	—	3,254,015	2,614,824
4,315,242	2,009,889	64,415	13,161,445	9,932,616
—	—	—	10,115,000	5,515,000
—	158,656	—	158,656	167,521
—	—	—	7,942	11,460
—	158,656	—	10,281,598	5,693,981
4,315,242	2,168,545	64,415	23,443,043	15,626,597
—	—	—	—	—
2,868,406	—	—	23,386,495	18,618,937
—	31,247,479	871,796	32,119,275	30,127,086
—	—	—	—	11,865,193
2,868,406	31,247,479	871,796	55,505,770	60,611,216
7,183,648	33,416,024	936,211	78,948,813	76,237,813



Statement of Activities

June 30, 2001

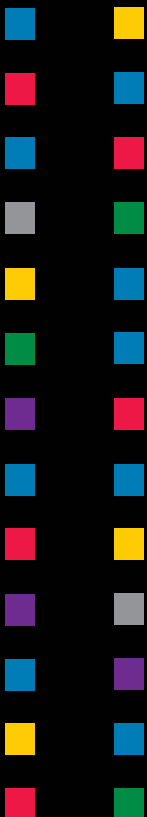
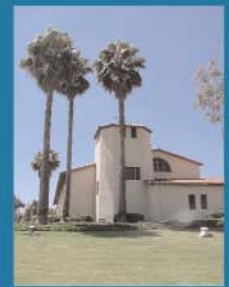
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues and support:				
Auxiliary activities:				
Sales	\$ 27,766,258	—	—	27,766,258
Commissions, fees and other	912,076	—	—	912,076
Investment income (note 4)	68,470	—	—	68,470
Total auxiliary activities	28,746,804	—	—	28,746,804
Sponsored programs revenue	13,997,254	—	—	13,997,254
Campus programs revenue:				
University programs support	3,581,007	—	—	3,581,007
Contributions	—	4,403,027	—	4,403,027
Investment income (note 4)	—	1,142,974	—	1,142,974
Total campus programs revenue	3,581,007	5,546,001	—	9,127,008
General activities:				
Investment income (note 4)	1,192,089	—	—	1,192,089
Rental property	723,488	—	—	723,488
Administrative fees and other revenue	315,365	—	—	315,365
Total general activities	2,230,942	—	—	2,230,942
Total revenues and support	48,556,007	5,546,001	—	54,102,008
Net assets released from restrictions	2,475,682	(2,475,682)	—	—
Total revenues and support and net assets released from restrictions	51,031,689	3,070,319	—	54,102,008
Expenses (note 2):				
Auxiliary activities:				
Bookstores	10,236,845	—	—	10,236,845
Food Services	7,691,190	—	—	7,691,190
Kellogg West Conference Center	1,786,918	—	—	1,786,918
Continuing Education	4,296,448	—	—	4,296,448
University Village	2,488,585	—	—	2,488,585
Agriculture units	684,743	—	—	684,743
Total auxiliary activities	27,184,729	—	—	27,184,729
Sponsored programs expenses:				
Direct expenses	10,346,035	—	—	10,346,035
Indirect expenses	1,099,226	—	—	1,099,226
Total sponsored programs expenses	11,445,261	—	—	11,445,261
Campus programs expenses:				
University programs support	5,612,348	—	—	5,612,348
Scholarships	408,218	—	—	408,218
Total campus programs expenses	6,020,566	—	—	6,020,566
General expenses:				
Rental property expense	560,357	—	—	560,357
Administrative	397,059	—	—	397,059
Total general expenses	957,416	—	—	957,416
Designated expenses (note 3)	656,159	—	—	656,159
Total expenses	46,264,131	—	—	46,264,131
Change in net assets before other changes	4,767,558	3,070,319	—	7,837,877
Other changes - transfer of endowment assets (note 9)	—	(1,078,130)	(11,865,193)	(12,943,323)
Total change in net assets	4,767,558	1,992,189	(11,865,193)	(5,105,446)
Net assets at beginning of year, as restated (note 2)	18,618,937	30,127,086	11,865,193	60,611,216
Net assets at end of year	\$ 23,386,495	32,119,275	—	55,505,770

Statement of Activities

June 30, 2000

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues and support:				
Auxiliary activities:				
Sales	\$ 26,541,136	—	—	26,541,136
Commissions, fees and other	523,377	—	—	523,377
Investment income (note 4)	45,890	—	—	45,890
Total auxiliary activities	27,110,403	—	—	27,110,403
Sponsored programs revenue	9,702,932	—	—	9,702,932
Campus programs revenue:				
University programs support	2,864,338	—	—	2,864,338
Contributions	—	3,028,779	4,146,995	7,175,774
Investment income (note 4)	—	1,637,026	—	1,637,026
Total campus programs revenue	2,864,338	4,665,805	4,146,995	11,677,138
General activities:				
Investment income (note 4)	340,078	—	—	340,078
Rental property	637,173	—	—	637,173
Administrative fees and other revenue	393,515	—	—	393,515
Total general activities	1,370,766	—	—	1,370,766
Total revenues and support	41,048,439	4,665,805	4,146,995	49,861,239
Net assets released from restrictions	1,492,878	(1,492,878)	—	—
Total revenues and support and net assets released from restrictions	42,541,317	3,172,927	4,146,995	49,861,239
Expenses (note 2):				
Auxiliary activities:				
Bookstores	9,609,966	—	—	9,609,966
Food services	7,310,031	—	—	7,310,031
Kellogg West Conference Center	1,608,041	—	—	1,608,041
Continuing Education	3,522,298	—	—	3,522,298
University Village	2,265,413	—	—	2,265,413
Agriculture units	712,431	—	—	712,431
Total auxiliary activities	25,028,180	—	—	25,028,180
Sponsored programs expenses:				
Direct expenses	8,428,432	—	—	8,428,432
Indirect expenses	1,065,435	—	—	1,065,435
Total sponsored programs expenses	9,493,867	—	—	9,493,867
Campus programs expenses:				
University programs support	4,201,568	—	—	4,201,568
Scholarships	149,440	—	—	149,440
Total campus programs expenses	4,351,008	—	—	4,351,008
General expenses:				
Rental property expense	358,088	—	—	358,088
Administrative	421,002	—	—	421,002
Total general expenses	779,090	—	—	779,090
Designated expenses (note 3)	559,644	—	—	559,644
Total expenses	40,211,789	—	—	40,211,789
Total change in net assets	2,329,528	3,172,927	4,146,995	9,649,450
Net assets at beginning of year, as restated (note 2)	16,289,409	26,954,159	7,718,198	50,961,766
Net assets at end of year	\$ 18,618,937	30,127,086	11,865,193	60,611,216

See accompanying notes to financial statements



*"Quality
Service
Supporting
Quality
Education"*

Cal Poly Pomona Foundation, Inc.

Statements of Cash Flows

Year ended June 30, 2001 and 2000

	2001	2000
Cash flow from operating activities:		
Change in net assets	\$ (5,105,446)	9,649,450
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	1,382,188	1,285,372
Realized and unrealized gains and losses on investments, net	(641,229)	(49,301)
Loss on retirement of fixed assets	32,889	2,242
Changes in operating assets and liabilities:		
Receivables	227,681	(2,678,758)
Inventories	2,822	(367,413)
Prepaid expenses and deferred charges	(13,156)	(75,915)
Accounts payable	2,014,583	726,763
Accrued liabilities	960,873	507,934
Deferred income	10,961	(47,983)
Deposits held in custody for others	(91,779)	(338,416)
Receipts in excess of expenditures on specific sponsored programs	639,191	839,046
Unitrust liability	(8,865)	(10,746)
Net cash (used in) provided by operating activities	(589,287)	9,442,275
Cash flows from investing activities:		
Purchases of fixed assets	(12,308,642)	(2,394,092)
Purchases of investments	(17,611,586)	(6,649,315)
Proceeds from sales and maturities of investments	21,852,775	3,091,215
Net cash used in investing activities	(8,067,453)	(5,952,192)
Cash flows from financing activities:		
Repayments of principal on capital lease obligations	(3,518)	—
Repayments of principal on bonds and note payable	(775,000)	(685,000)
Proceeds from issuance of bonds payable	5,070,000	—
Increase of debt reserve funds	(407,130)	(150,682)
Net cash provided by (used in) financing activities	3,884,352	(835,682)
Net (decrease) increase in cash and cash equivalents	(4,772,388)	2,654,401
Cash and cash equivalents, beginning of year	10,238,557	7,584,156
Cash and cash equivalents, end of year	\$ 5,466,169	10,238,557
Supplemental disclosure of cash flow information - interest paid during the year, net of amounts capitalized of \$240,024 in 2001	\$ 313,049	470,926

Noncash investing and financing activities:

During the year ended June 30, 2000, the Foundation entered into capital lease obligations for office equipment totaling \$11,460.

See accompanying notes to financial statements



Combining Statements of Activities

Auxiliary Activities

YEAR ENDED JUNE 30, 2001

	DINING SERVICES				
	Bookstores	Residence Halls	Vending	Cafeteria and similar operations	Total food services
Sales	\$ 10,647,998	4,112,883	87,402	3,561,398	7,761,683
Cost of sales	7,969,859	1,183,040	32,489	1,198,731	2,414,260
Gross profit	2,678,139	2,929,843	54,913	2,362,667	5,347,423
Operating expenses:					
Salaries and wages	874,644	804,519	74,320	1,410,572	2,289,411
Employee benefits	252,687	289,451	23,278	482,881	795,610
Rent	45,114	248,921	8,670	106,889	364,480
Depreciation	91,178	55,582	1,474	211,717	268,773
Advertising	4,748	19,954	238	22,688	42,880
Repairs and maintenance	41,862	17,615	1,803	52,635	72,053
Utilities	62,037	109,537	2,087	79,784	191,408
Telephone	16,726	6,198	—	23,606	29,804
Postage and freight	25,756	—	—	533	533
Supplies	50,747	198,157	2,524	209,633	410,314
Services	21,476	375,457	31,653	(318,078)*	89,032
Feed	—	—	—	—	—
Interest	—	—	—	306	306
Insurance	13,526	6,650	36	19,841	26,527
Agriculture	—	—	—	—	—
Other	137,200	68,983	3,272	100,852	173,107
Total operating expenses	1,637,701	2,201,024	149,355	2,403,859	4,754,238
Net income (loss)					
from operations	1,040,438	728,819	(94,442)	(41,192)	593,185
Other income	159,132	9,524	194,702	77,935	282,161
General and administrative	(629,285)	(267,800)	(18,336)	(236,556)	(522,692)
Net income (loss)	\$ 570,285	470,543	81,924	(199,813)	352,654

YEAR ENDED JUNE 30, 2000

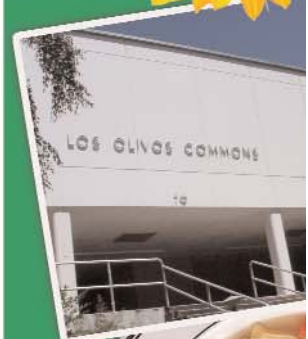
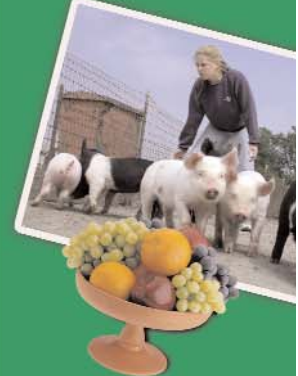
Sales	\$ 10,145,072	3,577,196	92,884	3,905,009	7,575,089
Cost of sales	7,505,513	969,832	39,925	1,360,262	2,370,019
Gross profit	2,639,559	2,607,364	52,959	2,544,747	5,205,070
Operating expenses:					
Salaries and wages	830,533	673,617	63,129	1,482,002	2,218,748
Employee benefits	226,379	230,051	19,096	420,008	669,155
Rent	48,746	215,907	8,565	124,770	349,242
Depreciation	114,514	50,862	—	192,456	243,318
Advertising	14,823	19,796	28	17,316	37,140
Repairs and maintenance	31,398	20,535	2,473	79,327	102,335
Utilities	61,976	99,235	1,794	63,270	164,299
Telephone	16,881	6,409	—	20,567	26,976
Postage and freight	19,711	816	—	1,200	2,016
Supplies	46,899	136,232	3,153	263,274	402,659
Services	27,658	268,713	29,051	(134,503)*	163,261
Feed	—	—	—	—	—
Interest	—	—	—	391	391
Insurance	9,910	4,302	29	19,559	23,890
Agriculture	—	—	—	5	5
Other	119,946	33,371	1,424	68,792	103,587
Total operating expenses	1,569,374	1,759,846	128,742	2,618,434	4,507,022
Net income (loss)					
from operations	1,070,185	847,518	(75,783)	(73,687)	698,048
Other income	119,379	4,442	211,554	2,383	218,379
General and administrative	(535,079)	(199,028)	(16,911)	(217,051)	(432,990)
Net income (loss)	\$ 654,485	652,932	118,860	(288,355)	483,437

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

OTHER

Kellogg West Education Center	Continuing Education	University Village	Total other	Agriculture	Total
1,915,272	3,760,642	3,061,420	8,737,334	619,243	27,766,258
4,493	—	—	4,493	66,082	10,454,694
1,910,779	3,760,642	3,061,420	8,732,841	553,161	17,311,564
635,075	1,478,163	417,201	2,530,439	109,976	5,804,470
196,207	255,751	114,335	566,293	23,257	1,637,847
53,498	305,537	314	359,349	6,816	775,759
216,888	13,945	571,539	802,372	15,583	1,177,906
46,073	310,699	11,623	368,395	11,868	427,891
67,024	9,346	90,451	166,821	23,490	304,226
160,587	20	310,479	471,086	46,511	771,042
51,147	20,469	42,492	114,108	117	160,755
4,652	57,314	2,244	64,210	288	90,787
79,616	127,855	84,586	292,057	69,235	822,353
48,720	741,744	121,681	912,145	20,097	1,042,750
—	—	—	—	60,024	60,024
—	—	387,233	387,233	—	387,539
25,906	1,999	46,126	74,031	8,858	122,942
—	—	—	—	163,710	163,710
76,565	790,088	78,909	945,562	33,260	1,289,129
1,661,958	4,112,930	2,279,213	8,054,101	593,090	15,039,130
248,821	(352,288)	782,207	678,740	(39,929)	2,272,434
5,393	317,533	159,687	482,613	56,640	980,546
(120,467)	(183,518)	(209,372)	(513,357)	(25,571)	(1,690,905)
133,747	(218,273)	732,522	647,996	(8,860)	1,562,075
1,604,340	3,694,773	2,907,998	8,207,111	659,754	26,587,026
5,213	—	—	5,213	134,159	10,014,904
1,599,127	3,694,773	2,907,998	8,201,898	525,595	16,572,122
581,669	1,305,563	386,899	2,274,131	110,475	5,433,887
169,162	203,584	105,317	478,063	21,416	1,395,013
58,751	287,471	3,175	349,397	1,489	748,874
191,325	18,895	526,534	736,754	14,673	1,109,259
44,534	325,701	16,063	386,298	1,247	439,508
73,275	35,792	114,115	223,182	28,267	385,182
148,558	—	272,460	421,018	21,298	668,591
48,271	16,053	28,423	92,747	210	136,814
3,362	64,088	1,232	68,682	166	90,575
67,927	127,880	58,531	254,338	76,964	780,860
34,897	765,892	85,649	886,438	8,276	1,085,633
—	—	—	—	86,561	86,561
—	195	415,150	415,345	—	415,736
22,866	1,336	34,198	58,400	8,537	100,737
—	75	—	75	132,096	132,176
72,373	199,733	52,574	324,680	41,592	589,805
1,516,970	3,352,258	2,100,320	6,969,548	553,267	13,599,211
82,157	342,515	807,678	1,232,350	(27,672)	2,972,911
6,154	90,998	63,785	160,937	24,682	523,377
(85,858)	(170,040)	(165,093)	(420,991)	(25,005)	(1,414,065)
2,453	263,473	706,370	972,296	(27,995)	2,082,223

See accompanying independent auditors' report.



Notes to Financial Statements

(1) Organization

Cal Poly Pomona Foundation, Inc. (the Foundation) was organized as a nonprofit corporation and auxiliary organization of California State Polytechnic University, Pomona (the University) in 1966. The Foundation assists the University in several ways, including the development and administration of research and education grants and contracts; conducting campus bookstore, food service, apartment style housing and conference center operations; the accumulation and management of endowment and student scholarship funds on behalf of the University; and the administration of various educationally related functions, special programs and other activities.

(2) Summary of Significant Accounting Policies

(a) Net Assets Restatement

During the year ended June 30, 2001, the Foundation adopted Statement of Financial Accounting Standards No. 136, *Transfers of Assets to a Not-for Profit Organization or Charitable Trust that Raises or Holds Contributions for Others (SFAS 136)*. The amounts received in connection with campus programs and endowments which were previously recorded as deposits held in custody for others have been restated and reflected as revenue to the Foundation.

The Foundation has also restated its net assets as of June 30, 1999 and 2000 to record construction in progress of two buildings which were previously reported as sponsored programs expenses.

Net assets of the Foundation as of June 30, 1999 and 2000 have been restated as follows:

	Unrestricted	Temporarily restricted	Permanently restricted	Total:
Net assets at June 30, 1999, as previously reported	\$ 16,182,061	-	-	16,182,061
Campus program and endowment funds previously reported as deposits held in custody for others	-	26,954,159	7,718,198	34,672,357
Foundation construction in progress previously reported as sponsored programs expenses	107,348	-	-	107,348
Net assets at June 30, 1999, as restated	\$ 16,289,409	26,954,159	7,718,198	50,961,766

	Unrestricted	Temporarily restricted	Permanently restricted	Total:
Net assets at June 30, 2000, as previously reported	\$ 18,302,524	-	-	18,302,524
Campus program and endowment funds previously reported as deposits held in custody for others	-	30,127,086	11,865,193	41,992,279
Foundation construction in progress previously reported as sponsored programs expenses	316,413	-	-	316,413
Net assets at June 30, 2000, as restated	\$ 18,618,937	30,127,086	11,865,193	60,611,216

(b) Basis of Presentation

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

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

◆ *Unrestricted net assets* - Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing the primary objectives of the Foundation

◆ *Temporarily restricted net assets* - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time

◆ *Permanently restricted net assets* - Net assets that are permanently restricted by donors for investment in perpetuity. The investment income generated from these funds is available for general support of the Foundation's programs and operations.

(c) Cash and Cash Equivalents

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

(d) Concentration of Credit Risk - Cash

The Foundation maintains its cash balances at one financial institution and is exposed to credit risk for amounts exceeding federally insured limits (\$100,000) in the event of nonperformance by the financial institution. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk for cash and cash equivalents. Total amounts uninsured at June 30, 2001 and 2000 were \$3,730,931 and \$4,875,380, respectively.

(e) Investments

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

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

(f) Contributions Receivable

Contributions receivable are recorded at the net present value of anticipated future cash flows. The discount rate used during the years ended June 30, 2001 and 2000 was 6%.

(g) Inventories

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

(h) Property, Plant and Equipment

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

Included in construction work in progress and building and improvements is gross bond issuance costs of approximately \$899,000 in 2001 and \$622,000 in 2000, which are being amortized over the life of the bonds.

In 2001, the Foundation capitalized \$240,024 of interest costs related to construction of the continuing education complex.

(i) Deposits Held in Custody for Others

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

(j) Unitrust Liability

The Foundation administers irrevocable charitable remainder trusts that provide for the payment of lifetime distributions to the trustors or other designated beneficiaries. Upon the demise of the lifetime beneficiary, the trusts provide for the distribution of assets to the Foundation for the benefit of campus organizations. Remainder trust funds designated to the campus organizations are recorded as donations in the accompanying financial statements in the years received. The fair value of the trusts' assets has been included in the accompanying statements of financial position and a corresponding liability has been recorded to reflect the present value of required lifetime payments to the named beneficiaries.



(k) Grants and Contracts

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

(l) Donor-Restricted Contributions

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

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

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

(m) Expense Allocation

Expenses that can be identified with a specific program or supporting service are charged directly to the related program or supporting service. Expenses that are associated with more than one program or supporting service are allocated based on an evaluation by the Foundation's management. Program service expenses, consisting of sponsored programs expenses, campus programs expenses and auxiliary activities, less the general and administrative allocation to auxiliary activities, totaled \$42,959,651 and \$37,458,990 for the years ended June 30, 2001 and 2000, respectively.

(n) Estimates

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

o) Income Taxes

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

(3) Designated Net Assets

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

	2001	2000
Agriculture state share reserve	\$ 75,000	75,000
Equipment replacement	2,008,160	2,020,722
Faculty/staff housing	15,000	15,000
Foundation emergency reserve	120,152	120,152
Indirect cost disallowance	130,936	130,936
Interim Design Center	1,127,950	1,104,506
Pine Tree Ranch operations	-	77,089
Venture capital reserve	149,102	-
Voorhis fellowship	34,275	32,425
Other	6,797	8,440
	\$ 3,667,372	3,584,270

Expenditures of Board-designated program activities for the years ended June 30, 2001 and 2000 are summarized as follows:

	2001	2000
Athletics Program	\$ 80,000	40,000
News and publications	110,943	134,750
Office of Development	65,088	163,529
Public Relations	331,393	211,004
Special Foundation grants	68,735	10,361
	\$ 656,159	559,644

(4) Investments

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

	2001	2000
Corporate debt securities	\$ 9,206,961	6,417,874
Treasury notes	2,087,604	2,999,808
Commercial paper	13,120,885	10,197,170
Equity securities	3,578,071	11,978,629
	<u>\$ 27,993,521</u>	<u>31,593,481</u>

	2001	2000
Marketable securities	\$ 3,578,071	11,978,629
Other short-term investments	6,574,317	1,981,750
Long-term investments	17,841,133	17,633,102
	<u>\$ 27,993,521</u>	<u>31,593,481</u>

Investment return for the years ended June 30, 2001 and 2000 is as follows:

	2001	2000
Net realized and unrealized gains and losses	\$ 641,229	49,301
Interest and dividend income	1,762,304	1,973,693
	<u>\$ 2,403,533</u>	<u>2,022,994</u>

Investment return is allocated to various activities as follows in 2001 and 2000:

	2001	2000
Auxiliary activities	\$ 68,470	45,890
Campus programs	1,142,974	1,637,026
General fund activities	1,192,089	340,078
	<u>\$ 2,403,533</u>	<u>2,022,994</u>

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

	2001	2000
Cash equivalents	\$ 420,734	419,254
U.S. government obligations	1,178,165	772,515
	<u>\$ 1,598,899</u>	<u>1,191,769</u>

(5) Contributions Receivable

Contributions receivable are expected to be received as follows at June 30, 2001 and 2000:

	2001	2000
Within one year	\$ 1,415,572	2,468,988
Within two to five years	5,184,993	2,595,000
After five years	775,000	2,504,693
	<u>\$ 7,375,565</u>	<u>7,568,681</u>
Less allowance for uncollectible contributions	(152,077)	(96,153)
Less discount to reflect contributions receivable at present value	(1,347,025)	(1,204,857)
	<u>\$ 5,876,463</u>	<u>6,267,671</u>

During 1999, the Foundation received a pledge totaling \$800,000 to support the James and Carol Collins School of Hospitality Management. The pledge is conditioned upon the Foundation's receipt of additional commitments from other sources to match the gift during the years 1999 through 2003. Amounts raised totaled approximately \$1,400 and \$497,600 for the years ended June 30, 1999 and 2000, respectively. The Foundation has recognized \$497,600 for the year ended June 30, 2000, representing the pledge payments for the 2000 year in the accompanying financial statements. No amount was raised during the year ended June 30, 2001, and accordingly, no amount relating to this conditional pledge has been recorded in the accompanying financial statements for the year ended June 30, 2001.



(6) Bonds and Note Payable

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

	2001	2000
Bonds collateralized by the revenues generated by the student housing facility - Series 1990 B Bonds (a)	\$ 5,515,000	5,955,000
Bonds collateralized by the unrestricted revenues of the Foundation - Series 2000 Bonds (b)	5,070,000	-
Five-year unsecured loan through the Student Loan Marketing Association (Sallie Mae) (c)	-	335,000
	10,585,000	6,290,000
Less current portion	(470,000)	(775,000)
Noncurrent portion of bonds and note payable	\$ 10,115,000	5,515,000

(a) In fiscal 1991, the Foundation issued Series 1990 B Bonds in the amount of \$8,000,000 to finance construction of a student housing facility (Phase II of II), which began in September 1991. The facility is located on land leased from the University. During fiscal 1994, the Foundation negotiated to restructure the conditions of the bonds. The remaining restructured bonds bear interest at varying rates averaging 6.8%; semiannual deposits are made into a debt reserve fund 45 days in advance of interest payments in an amount equal to the required interest payment plus one-half of the principal of the bonds becoming due in the immediate 12 months. The bonds are collateralized by property and the revenues generated by the student housing facility. The bonds are redeemable at the option of the Foundation on any interest payment date on or after February 1, 2003 through August 1, 2003 at 102%; February 1, 2004 through August 1, 2004 at 101%; and at 100% from February 1, 2005 and thereafter.

(b) In fiscal 2001, the Foundation issued its Auxiliary Organization Bonds, Series 2000 in the amount of \$5,070,000 to finance a portion of the construction of three buildings to house the University's continuing education complex. The continuing education complex, referred to as the Center for Technology and Training and Incubation Center (the CTTI), will also include two federally-funded business incubators, classrooms, computer labs, commercial space for a Foundation bookstore and café and other auxiliary

activities. The Series 2000 Bonds are general obligations of the Foundation and are secured principally by the unrestricted revenues of the Foundation. The CTTI is located on land leased from the University. The bonds bear interest at varying rates averaging 5.4%; semiannual deposits are made into a debt reserve fund 45 days in advance of interest payments in an amount equal to the required interest payment plus one-half of the principal of the bonds becoming due in the immediate 12 months. The bonds are redeemable at the option of the Foundation on any interest payment date on or after February 1, 2011 through January 31, 2012 at 101% and at 100% from February 1, 2012 and thereafter.

(c) In July 1996, the Foundation obtained a five-year loan through the Student Loan Marketing Association (Sallie Mae). This financing agreement was for \$1,500,000 with interest to be paid at a rate tied to the three-month Reuters LIBOR rate plus .75% (approximately 7.5% at June 30, 2000), not to exceed 10%. Annual principal payments are due in June of each year, and the financing agreement with Sallie Mae matures on July 1, 2001.

Future minimum principal payments on bonds and note payable are as follows:

Year ending June 30:

2002	\$ 470,000
2003	625,000
2004	660,000
2005	700,000
2006	745,000
Thereafter	7,385,000
	\$ 10,585,000

Interest expense on the bonds and note payable totaled \$410,874 and \$459,025 for the years ended June 30, 2001 and 2000, respectively.

(7) Commitments

The Foundation has a food service agreement with the Trustees of the California State University. The agreement is renegotiated annually and requires that the Foundation pay for the use of Los Olivos Commons, based on 6% of gross annual sales of the residence hall food service facility. For the years ended June 30, 2001 and 2000, such amount totaled \$246,773 and \$214,632, respectively, which was included in rent expense.

Land and certain facilities used in the Foundation operations are leased for a nominal amount from both the state of California and the University. The leases are in effect with various termination dates between 2010 and 2031.

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

Future minimum payments under noncancelable operating lease agreements at June 30, 2001 are as follows:

Year ending June 30:	
2002	\$ 87,434
2003	16,575
2004	11,752
	<u>115,761</u>
Less Subrental Income	(64,190)
Total	<u>\$ 51,571</u>

Rental expense, net of subrental income, totaled \$83,566 and \$89,154 for the years ended June 30, 2001 and 2000, respectively.

(8) Pension Plan

The Foundation participates in a multi-employer defined benefit plan through the California Public Employees' Retirement System (PERS) which covers substantially all regular full-time employees of the Foundation. PERS acts as a common investment and administrative agent for participating public entities with the state of California and reports information to the Foundation in accordance with reporting standards established by the Governmental Accounting Standards Board. The effects of adopting the reporting provisions of the FASB on the financial statements as of June 30, 2001 versus the information provided by PERS have been determined to be immaterial to the Foundation's financial statements taken as a whole.

The Foundation's policy is to fund pension costs as incurred. No pension expense was recorded in the accompanying statements of activities for the years ended June 30, 2001 and 2000. The following table sets forth the most recent information provided by PERS which is as of June 30, 1999 (the latest date for which information is available):

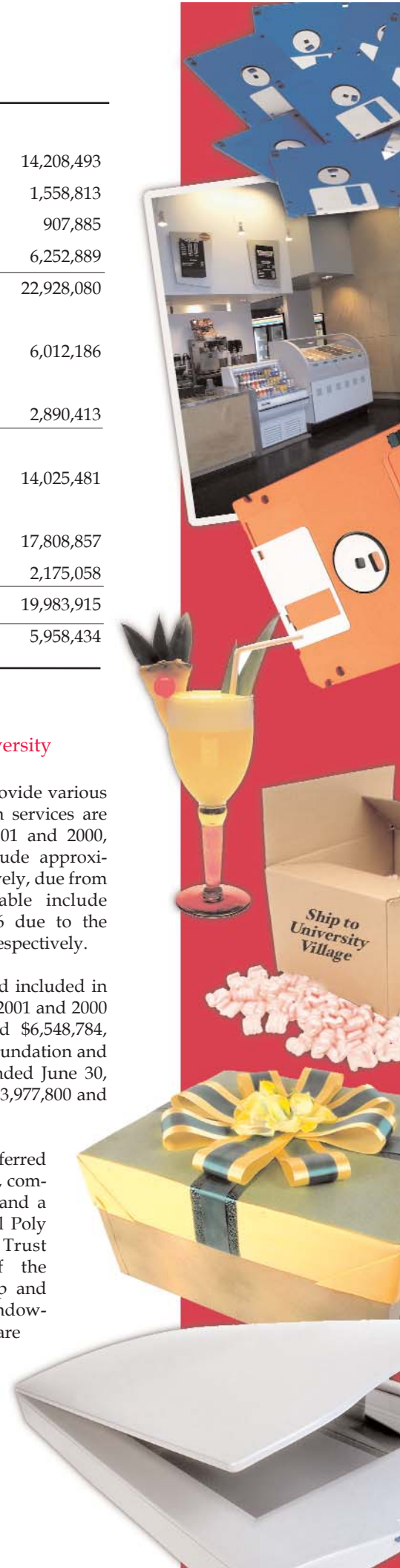
Present value of benefits:	
Active members	\$ 14,208,493
Transfers	1,558,813
Vested terminations	907,885
Receiving payments	6,252,889
Total	<u>22,928,080</u>
Present value of future	
employer normal costs	6,012,186
Present value of future	
employee contributions	<u>2,890,413</u>
Entry age normal	
accrued liability	14,025,481
Actuarial value of assets:	
Employer reserves	17,808,857
Active employee account balances	<u>2,175,058</u>
Total valuation assets	<u>19,983,915</u>
Excess assets	\$ 5,958,434

(9) Transactions with the University and University Educational Trust

The Foundation and the University provide various services on each other's behalf. Such services are appropriately billed. At June 30, 2001 and 2000, receivables from other activities include approximately \$695,128 and \$779,544, respectively, due from the University, and accounts payable include approximately \$767,292 and \$586,246 due to the University at June 30, 2001 and 2000, respectively.

Amounts billed by the Foundation and included in revenues for the years ended June 30, 2001 and 2000 totaled approximately \$6,247,141 and \$6,548,784, respectively. Amounts billed to the Foundation and included in expenses for the years ended June 30, 2001 and 2000 totaled approximately \$3,977,800 and \$3,033,403, respectively.

On July 3, 2000, the Foundation transferred endowment assets totaling \$12,943,323, comprised of investments of \$11,484,505 and a pledge receivable of \$1,458,818, to Cal Poly Pomona, University Educational Trust (UET), a related organization of the University. UET assumed ownership and investment management of these endowments and ensures that these monies are held and disbursed according to the donor restrictions.





(10) Other Postretirement Benefits

In addition to the Foundation's multi-employer defined benefit pension plan, the Foundation sponsors a defined benefit health care plan that provides postretirement medical benefits to full-time employees who have at least 5 years of service and attained age 50 while in service with the Foundation. The plan is contributory up to a predetermined cap. The Foundation's maximum contribution will increase by no more than 5% per year. The Foundation's policy is to fund the cost of medical benefits in amounts determined at the discretion of management. The following table summarizes the Foundation's accrued postretirement benefit cost recorded in accrued liabilities in the accompanying statements of financial position:

	2001	2000
Benefit obligation at June 30	\$ 5,279,252	3,748,556
Fair value of plan assets at June 30	-	-
Funded status	\$ (5,279,252)	(3,748,556)
Accrued benefit cost recognized in the statements of financial position	\$ (2,192,614)	(1,555,679)
Weighted-average assumptions as of June 30:		
Discount rate	7.25%	8.00%
Expected long-term rate of return on plan assets	-	-

The annual assumed rate of increase in the per capita cost of covered benefits (i.e., health care cost trend rate) is 10% for those younger than 65 years of age and 12% for those age 65 and older for 2001 and 3.5% for 2000, and is assumed to decrease gradually to a maximum of 5.5% in 2005 and thereafter.

	2001	2000
Benefit cost	\$ 876,628	543,700
Employer contributions	239,693	226,219
Plan participants' contributions	-	-
Benefits paid	\$ 239,693	226,219

(11) Temporarily Restricted Net Assets

Temporarily restricted net assets totaling \$32,119,275 and \$30,127,086 at June 30, 2001 and 2000, respectively, are restricted for campus programs activities.



Notes to Combining Financial Statements

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

(a) Auxiliary Activities

Auxiliary activities represent transactions related to the Foundation's ongoing revenue-producing, self-supporting activities, which are conducted in support of the University's activities. It is the Foundation's policy to allocate certain administration expenses from general activities to the auxiliary operations. The auxiliary activities account for the activities of the bookstore, food service and vending operations at the University, Kellogg West Education Center, Continuing Education, University Village and Agriculture Aid-to-Instruction Programs.

(b) Sponsored Programs

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

(c) General

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

(d) Designated

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

(e) Campus Programs

Campus programs represent funds administered by the Foundation in support of University activities. All program activities in which the Foundation takes full responsibility for the administration are recorded as revenues and expenses in the accompanying

statements of activities. Program activities in which the Foundation acts as an agent on behalf of University-affiliated auxiliary organizations are recorded as assets and deposits held in custody for others in the accompanying statements of financial position.

(f) Endowments

Endowments represent gift instruments received by the Foundation on behalf of the University that are subject to donor-imposed restrictions.





Directory:

Foundation Information

Administration	909 869-2950
Financial Services	909 869-2948
Grants and Contracts	909 869-2961
Human Resources	909 869-4378
Marketing	909 869-2912

Bronco Bookstore

Balloon Department	909 869-3759
Book Department	909 869-3275
Computer Department	909 869-3280

Bronco Bucks Access Card

Financial Services	909 869-2903
Office	909 869-3195

CTTi Books and Cafe'

Bookstore	909 869-4499
Cafe'	909 869-4141

Dining Services

Campus Center	909 869-3187
Los Olivos	909 869-3200
Round Table Pizza	909 869-5411
Stuffed Sub	909 869-2879
Pony Express @ CLA	909 869-3784

Foundation Housing Service

Information	909 869-4242
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Kellogg West

Catering	909 869-2251
KW Restaurant	909 869-2250
Room Reservations	909 869-2222
Sales Department	909 869-2254

Credits

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