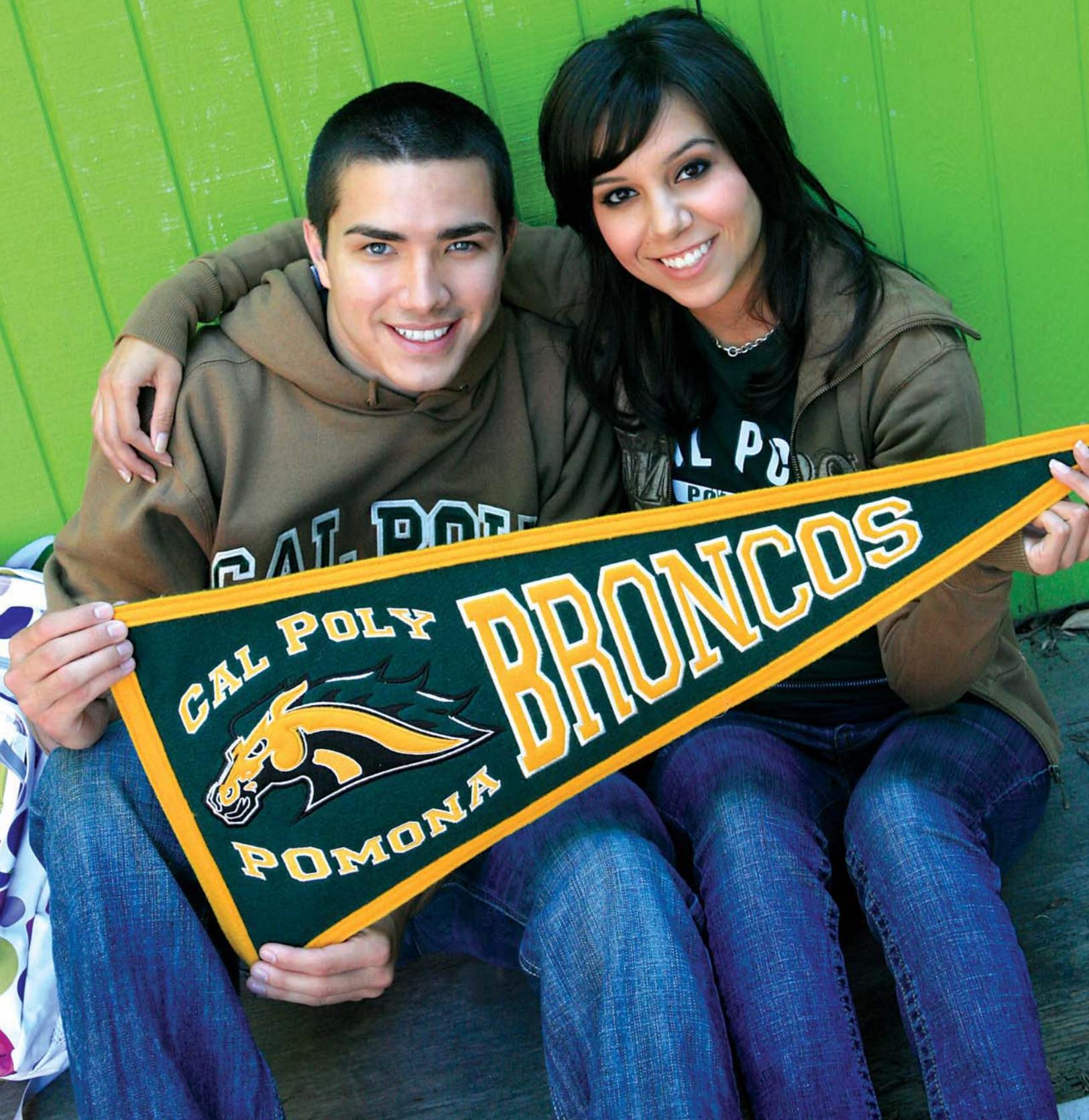


**CAL POLY POMONA FOUNDATION, INC.**  
BIENNIAL REPORT | 2005-2007



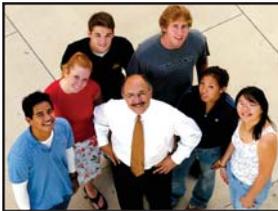






## ▶ MESSAGE FROM THE CHAIR

I am pleased to present this Biennial Report that highlights the progress and accomplishments of the Cal Poly Pomona Foundation, Inc. for fiscal years 2005-06 and 2006-07. The Foundation is a critical partner in assisting the university to achieve its institutional goals and implement initiatives that include working with local business, governmental and academic communities.



Cal Poly Pomona Foundation provides a means for implementing “out of the box” thinking and innovative solutions to campus issues as the university strives to be more learning-centered, prioritize its academic programs, recover from years of short state funding and use its limited resources in the best and environmentally sensitive manner. The university needs to develop external sources of funding, affordable faculty/staff housing and meet the demand for on-campus student housing and campus services while maintaining a commitment to climate neutrality.



During the past two years, the Foundation has helped the university meet some of these challenges with the following accomplishments:

- 14 affordable new town homes are under construction, with 20 more to follow, that are designed to be affordable and available first to Cal Poly Pomona faculty and staff.
- 16 single family homes near campus have now been purchased, remodeled and placed in a housing assistance program for eligible Cal Poly Pomona faculty/staff.
- Development in Innovation Village Research Park continued with Phase III, and Phase IV is underway.
- The Foundation administered nearly 300 contracts and grants totaling over \$48 million in funding to be expended over the next few years.
- Dining Services launched Green and Cal Grown Campaigns and received franchise sales awards for its Carl's Jr. and Subway restaurants.
- Bronco Bookstore excelled in lowering textbook costs to students with an aggressive used book campaign and also achieved record sales levels.
- The Foundation was inducted as a chartered member of the university Founders' Society.
- University Village student apartment buildings, which were all painted to match the new Phase III, provided on-campus housing for nearly 1,300 students.

It is a pleasure to review the success of the Cal Poly Pomona Foundation over the past two years. On behalf of the entire university community, I thank the staff and the Board of Directors for their dedication to the mission and record of accomplishments.

Sincerely,

J. Michael Ortiz, Ph.D.  
President, California State Polytechnic University, Pomona  
Chair, Board of Directors, Cal Poly Pomona Foundation

## ▶ ABOUT US



### Vision

To be the best ... an organization of employees must be committed to quality. Recognized as leaders and "award winners." An organization having the best business practices. An organization where service quality consistently exceeds customer expectations and financial performance consistently exceeds comparable industry standards. 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 which 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 that 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 of 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.







**Cal Poly Pomona  
Foundation**

The Cal Poly Pomona Foundation, Inc. was created in 1966 to address the "educational needs of the university" while providing affordable goods and services to the campus population in order to help generate additional resources for California State Polytechnic University, Pomona.

An integral part of the Cal Poly Pomona university community, the Foundation acknowledges the challenges and demands of serving the diversity of interests at a university, while realizing the rewards of significant contribution to the education of every student by means of services and support. The Foundation is a self-supporting, nonprofit, auxiliary organization, recognized as such by the California State University (CSU) system.

The Foundation receives its authority from Title 5 of the California Education Code. Title 5 requires that the Foundation remain legally "separate" and independent from the university. To achieve independence, the Foundation is structured as a 501(c)(3) nonprofit organization that is, at present, governed by a 20-member Board of Directors consisting of the President of the University, Vice President of Academic Affairs, Vice President of Advancement, Vice President of Student Affairs, Vice President of Administrative Affairs, Vice President of Instructional and Information Technology Division, Chair of the Academic Senate, Chair of the Staff Council, President of Associated Students, Inc., two student representatives, two staff representatives, two faculty representatives, one dean representative, one member-at large representative, and three community representatives.

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 directly to the Board of Directors.

During the past four years, the Foundation provided over \$2,642,808 to the university in direct financial support (\$705,375 in 2004, \$586,533 in 2005, \$631,189 in 2006 and \$719,711 in 2007). The Foundation is able to provide this support by providing services needed by the campus community and operating them efficiently to generate surplus funds that are contributed back to the university in the form of board designated funds. Foundation operations providing services include the award winning Dining Services, Foundation Housing Service at University Village student apartments, Bronco Bookstore and the Kellogg West Conference Center and Lodge. The Foundation also supports the university by providing administrative and fiscal services for the College of Agriculture's Aid-to-Instruction Programs, Continuing Education Programs, Real Estate Development and Management, Campus Programs, Scholarships, Operating Endowments, and Contracts and Grants including those awarded to the university by both private and public agencies.

## BOARD OF DIRECTORS

<b>2005-2006</b>	<b>2006-2007</b>
<p><b>J. Michael Ortiz</b> Chair, Board of Directors</p> <p><b>Debra Brum</b> Ex-Officio Director</p> <p><b>Patricia L. Farris</b> Ex-Officio Director</p> <p><b>Francis X. Flores</b> Ex-Officio Director</p> <p><b>Charles Gruveri</b> Ex-Officio Director</p> <p><b>Tomas Morales</b> Ex-Officio Director</p> <p><b>Becky Pepping</b> Ex-Officio Director</p> <p><b>Lynn Turner</b> Ex-Officio Director</p> <p><b>Scott Warrington</b> Ex-Officio Director</p> <p><b>Edwin Barnes</b> Member at Large Director</p> <p><b>Daniel Hostetter</b> Faculty Director</p> <p><b>David Kopplin</b> Faculty Director</p> <p><b>Darren G. Ross</b> Student Director</p> <p><b>Heenle Vyas</b> Student Director</p> <p><b>Marian Sherman</b> Staff Director</p> <p><b>Brandi Strand</b> Staff Director</p> <p><b>Edward Hohmann</b> Dean Director</p> <p><b>Lowell Overton</b> Community Director</p> <p><b>Oliver Santos</b> Community Director</p> <p><b>Andre Valencia-Dupret</b> Community Director</p>	<p><b>J. Michael Ortiz</b> Chair, Board of Directors</p> <p><b>Debra Brum</b> Ex-Officio Director</p> <p><b>Edwin Barnes</b> Ex-Officio Director</p> <p><b>Francis X. Flores</b> Ex-Officio Director</p> <p><b>Douglas Freer</b> Ex-Officio Director</p> <p><b>Arno Keshishian</b> Ex-Officio Director</p> <p><b>Tomas Morales</b> Ex-Officio Director</p> <p><b>Becky Pepping</b> Ex-Officio Director</p> <p><b>Scott Warrington</b> Ex-Officio Director</p> <p><b>Vacant</b> Member at Large Director</p> <p><b>Daniel Hostetter</b> Faculty Director</p> <p><b>Majed Muhtaseb</b> Faculty Director</p> <p><b>Matthew Sanford</b> Student Director</p> <p><b>Heenle Vyas</b> Student Director</p> <p><b>Vacant</b> Staff Director</p> <p><b>Brandi Strand</b> Staff Director</p> <p><b>Edward Hohmann</b> Dean Director</p> <p><b>Lowell Overton</b> Community Director</p> <p><b>Oliver Santos</b> Community Director</p> <p><b>Andre Valencia-Dupret</b> Community Director</p>

Became inactive from board membership during 2006-07 fiscal year

Patricia L. Farris	Ex-Officio Director
Julie Holland	Member at Large
Marian Sherman	Staff Director

In addition to designated gifts, the Foundation also contributed its resources to the university through capital projects, investments and partnerships that were crafted to meet certain needs of the university. During the past two years, special emphasis was placed on providing affordable housing opportunities to assist new Cal Poly Pomona faculty and staff. Single family homes near campus were purchased, remodeled and cycled into a program to make them available to eligible faculty and staff. Approval was obtained from the Trustees of the California State University to have the Olson Company begin building 34 town homes that would be made available first to qualified Cal Poly Pomona faculty and staff. The Foundation continued its leadership role in developing the university research park Innovation Village with Phase III under construction by developer Trammel Crow and Phase IV approved for design.

The Foundation continued to be the largest employer of Cal Poly Pomona students on campus. It provided employment to 1,404 students at a total payroll of \$3,114,812 in 2005-06 and 1,493 students at a total payroll of \$3,400,945 in 2006-07. It also provided employment opportunities in the form of internships in support of the Student Intern Program. The Foundation provided flexible work hours that recognized the demands of student life, opportunities in a wide variety of interests and the chance for students to gain practical work experience to complement what they learned in the classroom and to support their educational expenses. The Foundation supported and promoted university programs and initiatives. It celebrated the cultural diversity and learning environment of the univer-

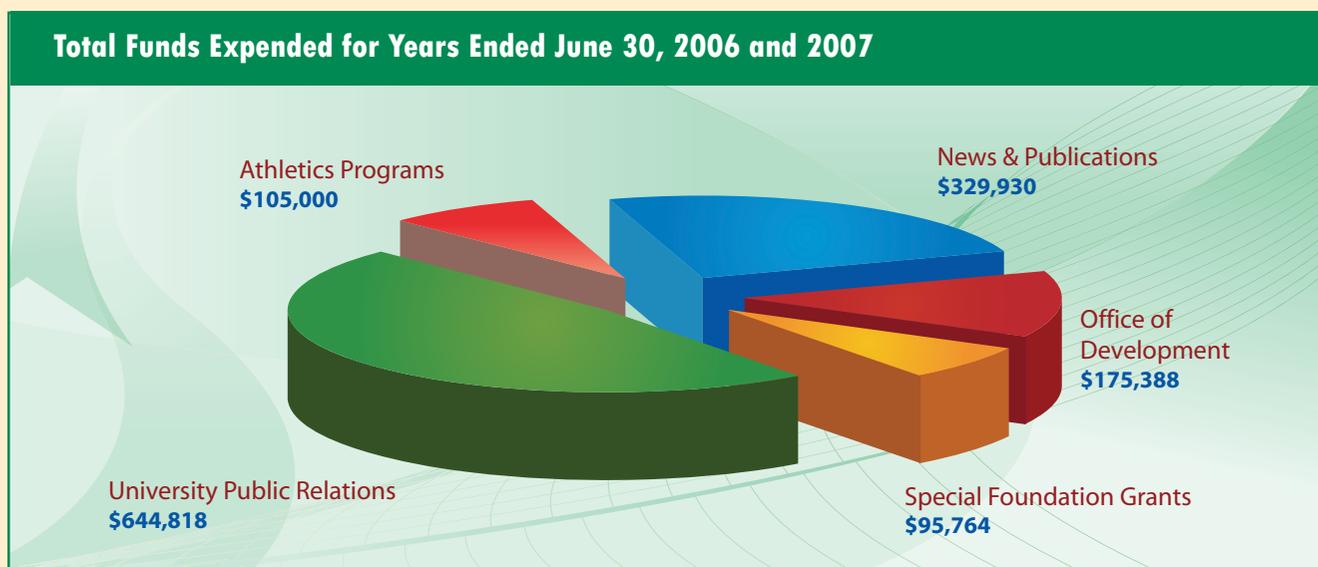
sity through its own internal employee diversity and professional development training programs. The Foundation was also an active participant and supporter of university annual events such as Fall Conference, Faculty/Staff Service Awards, Hot Dog Caper, Bronco Fusion, Bronco Athletics Golf Tournament and many others.

While serving campus constituents, the Foundation also supported outreach programs to the outside community through the Foundation CARES Program (Community Assistance Reinforcing Educational Success). The Foundation CARES Program was developed by employees to provide ongoing community outreach. During the past two years, the CARES Program actively participated in community outreach by collecting food to prepare food baskets for local families at Thanksgiving and the winter holidays. Clothing, shoes, and school supplies were provided for the children attending a local grammar school with a focus on supplying school-related necessities. The Foundation desired to assist these children by providing them a better opportunity to excel in school.

The Cal Poly Pomona Foundation, Inc. Biennial Report details many of the Foundation's accomplishments, activities and responsibilities over the past two years. It is an illustration of how it provided services of the highest quality, enhanced the marketability of Cal Poly Pomona and supported the mission of the university and the greater academic community. For more information, visit the Foundation website at [www.CPPFoundation.org](http://www.CPPFoundation.org).

## DESIGNATED FUNDS

These designated funds are expended for specific support to the university as designated by the Foundation's Board of Directors. Expenditures of designated funds are summarized as follows:





## ▶ MANAGEMENT PERSPECTIVE

The Cal Poly Pomona Foundation, Inc. is a unique organization that has been serving Cal Poly Pomona since 1966. The diverse services it provides the campus complements, but does not duplicate, the services provided by the university. The mission of the Foundation, which is to provide the highest level of services and financial support to the university, is clear to the management team. The team, lead by the Executive Director, is continually striving to improve its services, anticipate campus needs and be a proactive partner with the university. The Board of Directors provides policy and direction for the Foundation.

The Foundation encourages its management and staff employees to be active in professional and trade organizations. This has led to many employees being recognized, not only as active professionals, but also as leaders in their fields. Many of them served in leadership roles in these organizations which aid them in being current with the latest technology, issues and consumer trends.

The Foundation develops long-range strategic planning to insure that its services are targeted to not only meet current needs but also future demands and trends. Business plans are routinely reviewed and adjusted as necessary. A management philosophy of clear and transparent communication is encouraged so that surprises are minimized and all employees are kept informed.

The financial strength and wide array of services the Foundation provides continue to grow each year. The Foundation is proud of its dedicated staff and the record of awards and accomplishments that also grows with the passing of each year. This Biennial Report on the past two fiscal years, 2005-06 and 2006-07, is representative of the efforts of the Foundation management and staff.

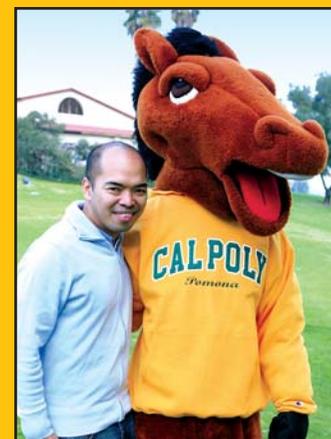


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David Prenovost  
Senior Managing Director &  
Chief Financial Officer  
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Edwin Santiago  
Director, Marketing  
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Dennis Miller  
Director, Human Resources  
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George Rankin  
Director of Dining Services  
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Sandra Vaughan-Acton  
Director, Real Estate Development  
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Karen Ward  
Managing Director &  
Director of Bronco Bookstore  
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Kathy Ramsey,  
Public Relations  
Manager/Administrative Projects  
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Kenneth Fisher  
Director of Foundation Housing  
Service at the Village  
kgfisher@csupomona.edu



Andy Abelman  
Managing Director &  
Director of Kellogg West Conference Center & Lodge  
amabelman@csupomona.edu

*\*\* Became Inactive from Foundation Management:  
Genie Apodaca, Director, Human Resources  
Steve Lauzier, Director, Real Estate Development*



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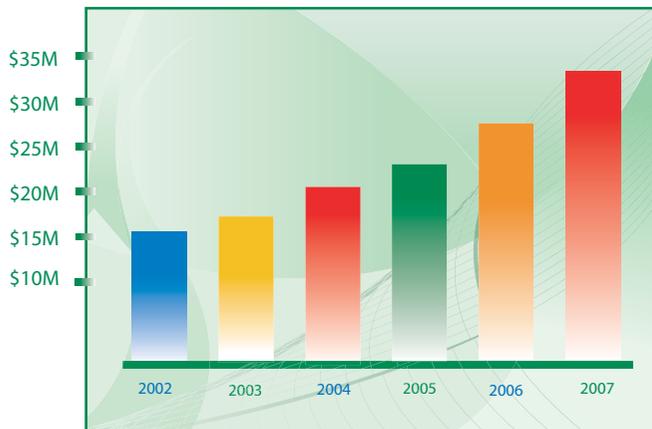


## ▶ GIFTS & DONATIONS

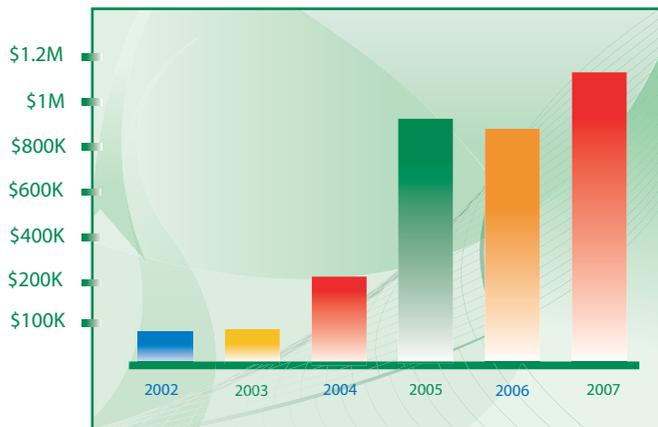
The Foundation administers campus programs, scholarships and endowments on behalf of the university and the Cal Poly Pomona University Educational Trust (UET), a recognized auxiliary of the university. These funds are restricted by the donor or designated by the university (unrestricted) to enhance and enrich the educational experience, goals and objectives of a learning centered environment. In general, these funds are used in the areas of instruction, public service, academic support, student services, institutional support, capital projects and student grants and scholarships.

During the past two years, philanthropic giving increased with a restructured and focused advancement division to support fundraising growth. The Foundation anticipates even greater success in the coming years as it prepares for the university's first comprehensive capital campaign. The Foundation will be collaborating with the university on the capital campaign through support and services. The capital campaign will provide resources required for college and student success, expected student growth, acquiring outstanding faculty and staff, zero carbon footprint and the cost of excellence. The campaign will require considerable administrative support from the Foundation.

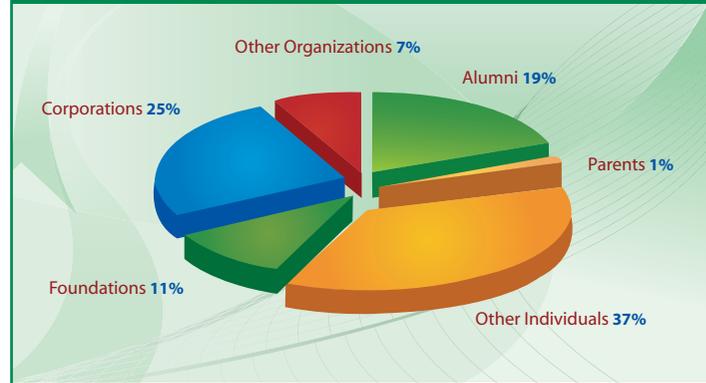
### ▶ VALUE OF ENDOWMENTS



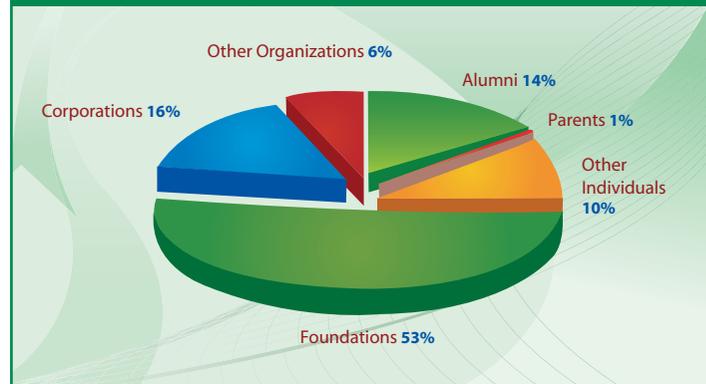
### ▶ ENDOWMENT DISTRIBUTION



### 2006 Donations of \$6.4M Received From:

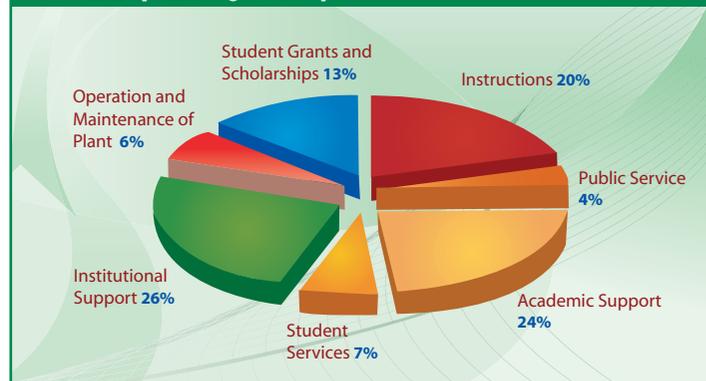


### 2007 Donations of \$10.1M Received From:



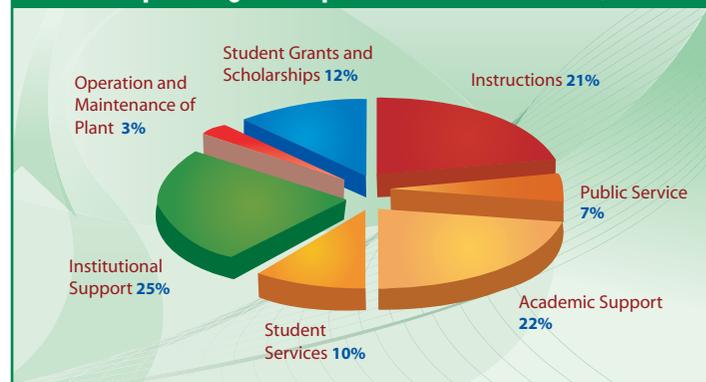
### 2006 Campus Program Expenses

\$7.7M



### 2007 Campus Program Expenses

\$7.1M







## ▶ ADMINISTRATIVE AND FINANCIAL SERVICES



The Executive Director, along with key management personnel, provides the leadership that manages the systems and operations that deliver quality goods and services to support the learning-centered university community. As a self-supporting organization, all internal administrative functions of the Foundation such as human resources, marketing, public relations, facilities management and real estate management are provided by Foundation administration. Financial services provides the fiscal and management information services for all the enterprise operations, real estate, grants and contracts, administration, College of the Extended University non-credit courses, investments, insurance and risk management, donations and gifts and an array of fiscal services for university related programs and initiatives. Enterprise operations include Bronco Bookstore, Dining Services, Foundation Housing Service and Kellogg West Conference Center and Lodge.

The Foundation continued progress toward its goal to provide quality, accurate and timely information through several projects. A software program was implemented to automate bank statement reconciliations. Web based systems were implemented to assist with downloading and uploading budget forms and information and to assist directors in preparing business plans. The Bi-Tech financial system underwent a major upgrade and training was provided to the technical support staff on Informix/Unix and Cisco systems. Purchasing card payments were automated by uploading an excel file into the Bi-tech accounts payable system. Extensive ground work was accomplished in the payroll and human resources areas to prepare data to migrate to a new Kronos time keeping system. When this system is fully implemented, it will be capable of providing the needed integration between financial and human resource systems and result in improved administrative efficiency via a secure internet portal. The Foundation is the largest employer of Cal Poly Pomona students on campus and this system improvement will aid in streamlining the process of hiring employees and maintaining their employment information. Employees will eventually be able to access their own personal and payroll information and update their personal information in real-time. The Foundation also revised its policy regarding the hiring age of minor students to accommodate the hiring of minor aged students in the Gear-Up grant. In 2007, the Foundation enhanced

and improved its employee merit pay evaluation system and reviewed all full time position descriptions for accuracy. Gift and donation processing was centralized in partnership with University Advancement. This change expedites fund raising activities and the timely processing of gifts and donations.

The university identification card, referred to as the Bronco Access Card, has a debit card capability. When funds are added to a Bronco Access Card the purchasing capability is referred to as Bronco Bucks. The Foundation is responsible for the accountability of Bronco Bucks and all related financial controls of debit card transactions. The Foundation partners with the university through a memorandum of understanding that defines the responsibilities of the university and Foundation in managing the Bronco Access Card system and maintaining the use as a convenient and valuable campus one-card system for students, faculty and staff. Tremendous growth continued during the past two years as more and more students, faculty, staff and parents deposited funds to enable Bronco Access Card holders to make purchases on campus. Most Bronco Buck transactions were for dining, bookstore and the Farm Store goods and services. Foundation Gift Cards are processed through the same card system that accepts Bronco Bucks, and Foundation Gift Card sales also continued to grow in popularity at the Bronco Card office as well as from on-line website sales during the same two year period.

The Foundation continued to be recognized for its success in many ways. In 2006, the Foundation Executive Director was recruited by the National Association of College Auxiliary Services to serve on its membership committee for a three-year term. In addition to the many ways the Foundation supported the university; it was especially honored to be able to award two one thousand dollar scholarships in the name of former board member Norman J. Priest to deserving Cal Poly Foundation student employees in each of the past two years. Student employees applied for this scholarship by submitting an application form and an essay. In May 2007, the Foundation was inducted as a chartered member of the university Founders' Society. This membership acknowledges and recognizes the Foundation as a major contributor to the university.



The Foundation continued to foster development in the Innovation Village Research Park. The Foundation promotes and markets the research park and brings parties together that meet the general criteria for the research park and also have a common research and development interest in a university setting. The Foundation is able to facilitate this by ground leasing parcels designated for development by the university and subleasing them with appropriate terms and conditions to the developers or owners of the buildings. The Foundation also manages all the fiscal aspects of Innovation Village such as the common area expenses and ground leases. With the American Red Cross facility, the largest blood processing center in the country, anchoring the 65 acre site, interest by public and private organizations as well as developers continued to grow. In July 2006, the Foundation was awarded a \$2 million dollar grant from the Economic Development Administration for funding two wet labs at the Center for Training, Technology and Incubation (CTTI). CTTI was the first cluster of buildings developed in Innovation Village. In October 2006, Biosense Webster, Inc., a division of Johnson & Johnson, leased space at CTTI. Biosense Webster is a leader in the research and development of catheters and stents used in the treatment of heart disease and needed space for their customer service group. Biosense Webster has worked closely with Cal Poly Pomona faculty and graduate students and also has awarded scholarships to Cal Poly Pomona Engineering students.

Trustees of the California State University approved proceeding with Innovation Village projects. In March 2006, they approved Trammell Crow's development of a three story 120,000 square foot lease building as Phase III of development in Innovation Village. The Trammell Crow Company, one of the nation's largest developers, will build and manage leasing the space under terms of the agreement. Construction is anticipated to be complete in early 2008. In May 2007, the Trustees gave their approval to have Trammell Crow proceed with the design stage for Phase IV which will be for another three story building of 123,000 square feet.

### Faculty/Staff Housing

It is a high priority of the university to be able to assist new faculty and staff meet their housing needs. The high price of housing in the general area surrounding the university has been an obstacle in recruiting new faculty and staff. In the past two years, the Foundation continued to enhance its housing assistance website and pursue opportunities that would provide housing options for university faculty and staff. The Foundation program of purchasing single family homes near the university, remodeling them, retaining the real property rights and making the homes available



for eligible faculty and staff to purchase continued to grow. As of June 2007 sixteen properties have been purchased, remodeled and sold or are in a transition stage. Most of these properties are in the area known as the Kellogg Tract.

In February 2007, the Foundation was authorized by its board of directors to enter negotiations with the Olson Company to build thirty-four new affordable two-story town homes that would be made available first to eligible Cal Poly Pomona faculty and staff. Located on Foothill Boulevard just east of Garey Avenue and in the Claremont Unified School District, this attractive two and one-half acre complex is named Fair Oaks Walk and the first homes are expected to be available in late 2007. These homes will feature two-car garages, two and one-half baths and have a floor plan of either 1,590 or 1,785 square feet. The Foundation will hold a ground lease with the purchasers defining requirements for employment, use, and restrictions on the resale price that will be based on the consumer price index.

### Other Real Estate Related News

The Foundation continued to be a leader and the catalyst in pursuing real estate related projects that benefit both the university and the Foundation. In August 2006, the Foundation Real Estate Director was recognized by industry peers at the Association of University Real Estate Officers (AUREO) conference held in Chicago and received the AUREO MVP award. This AUREO MVP award recognized the many contributions made by the Foundation Real Estate Director to the university real estate industry and for hosting an industry workshop on faculty/staff housing. In February 2007 the Executive Director, Real Estate Director and the Vice President for Administrative Affairs presented Public/Private Partnerships for Facilities, a work shop, for industry leaders and members of the Western Association of College and University Business Officers in Los Angeles. The Foundation intends to continue its proactive search for real estate opportunities that would deliver more faculty/staff housing, student housing and research park business development.

▶ ENTERPRISE OPERATIONS REPORT





## ► FOUNDATION HOUSING AT THE VILLAGE



Foundation Housing Service provides apartment style housing to Cal Poly Pomona students who have completed at least 36 quarter units of credit and/or are over 21 years of age. The University Village, located on the Cal Poly Pomona campus, has provided convenient, safe, comfortable and affordable housing since 1985. The original apartments are referred to as Phase I. The number of apartments has been increased through new construction projects two times over the years and those apartments are referred to as Phase II and III.

The University Village is a housing program designed for students desiring an alternative to the traditional residence hall or campus apartment program. A team of professionals manage the Village with the goal of assisting residents in learning the skills necessary to successfully live and study with others in a housing community. In addition, the professional staff and student staff facilitate skill development programs that address such topics as time management, budgeting, problem solving, communicating with others, cooking, home cleaning and upkeep and conflict resolution.

Phase III of the University Village was opened during the fall of 2005 and increased the capacity of Foundation Housing Service by 58% with five new apartment buildings. The University Village now provides housing for nearly 1,300 students. In addition to the dramatic increase in student living space, Phase III also added a new maintenance building, more

parking, a new main entrance, high speed fiber optic internet access for both new and existing apartments, enhanced security and lighting systems, and a recreation center with a state of the art computer lab, meeting rooms, programmed activities, community advisor office and expanded laundry facilities. Occupancy numbers have far exceeded projections as demand for on-campus housing continued to grow and exceed availability.

Following the construction of Phase III, the exteriors of Phases I, II apartments and the original Community Center were repainted during 2006 and 2007 to match the new color scheme of Phase III. In addition, extensive work was done on restoring the landscaping and repairing the irrigation system throughout the property. Over the last two years significant improvements have been made to the facilities and grounds. New picnic tables, benches and barbecues were purchased and placed throughout the grounds. The swimming pool filtration system and pool furniture were replaced. Improvements also included restorations of all roofs, replacement of overhead lighting in Phase II bedrooms, solar powered lighting for the pool area, conversion of incandescent lighting to compact florescent, furniture replacement in six Phase I buildings and the Community and Recreation Centers, new door locks and additional office space for operations and residential education staff.



A major improvement in technology was made in 2007. A new computer system called Star Rez was purchased and implemented to manage housing operations and control financial transactions. After a somewhat challenging and at times turbulent transition period, the new system has propelled our student record, assignment and financial capabilities into the new millennium. In addition, self-service on-line bill payment was added to a brand new Village web site ensuring students the opportunity to review their accounts and pay their fees 24 hours a day, 7 days a week. The overwhelming majority of student bill payment is now done on-line and with the use of credit cards. Enhanced bill payment technology has allowed operations staff additional time to redevelop and enhance operations and reduces outdated manual and paper driven systems.



The enlargement of the University Village made a review of the existing organizational and management structure necessary. The Residential Life (renamed Residential Education) and the Operations units received additional full-time and graduate staff to ensure that proper services continued to be provided to the larger number of residents. Two full-time masters level professional Coordinators were added to the Residential Education area and an additional Housing Assignments Coordinator and Accounts Specialist joined the Operations team. Additional graduate coordinators and community advisors, including one graduate coordinator dedicated to community development and programming, has enhanced the skill building and student development program. A new Director of Foundation Housing Service joined the management staff in November 2005 to lead this unit and continue its development into a larger housing service.

The Foundation Facilities Management Department manages the repair and maintenance of all Foundation buildings and building systems. The University Village represents the largest and most complex area of responsibility for the Facilities Management Department. Custodial service, grounds and grounds lighting maintenance, laundry machine upkeep and swimming pool maintenance are contracted services. Students and staff continue to rate the services of the Facilities Management Department and contracted services among the highest of all service areas within the Village.

Surveys conducted on the quality of life in the University Village have consistently indicated a high level of satisfaction among the residents. Community Advisor integrity and effectiveness, maintenance, affordability and overall customer service ranked the highest in the most recent survey. The most recent staff survey also indicated a high satisfaction level with their work responsibilities and the conditions at the Village.



The goal of the Foundation Housing Service team is to provide students housing in a learning environment that is affordable, attractive and safe and that also helps provide a basis to transition from studies to working careers. The new logo of Foundation Housing Service symbolizes the priorities of its mission to provide transitional apartment style student housing and a staff dedicated to quality, customer service, efficiency and life skills education. Foundation Housing Service is well positioned to provide student housing services in the future, supporting the goals of the greater campus community and Foundation.



## ► FOUNDATION DINING SERVICES

The mission of Dining Services is to provide exceptional dining experiences in clean, friendly, enjoyable and socially accountable environments. It strives to provide goods and services at reasonable competitive prices balanced with the highest standards for quality, health and popular taste, use of sustainable resources, ethics and practices that are environmentally friendly.

Dining Services continued to focus on its commitment of providing exceptional dining experiences and developing new venues in a timely manner consistent with its Dining Services Master Plan. During the past two years, the Bronco Student Center has blossomed into a popular place for students to relax and refresh themselves. New food concepts were selected and implemented to meet the demands and changing tastes of the campus community. Pura Vida, a fair trade coffee, along with Freshens, a manufacturer branded smoothie concept, were opened along with an additional sandwich operation called Subway Express. While Pura Vida promotes an educational awareness about fair trade practices in the coffee industry, Freshens offers smoothies and frozen treats popular at over 400 other campuses across the nation. Subway was so popular that long lines and less than optimal service time were the biggest operational challenge. Through innovation and negotiation with the Subway organization, the top five selling freshly made Subway sandwiches, along with add-on items and beverages, were made available at a new service called Subway Express. This venue was designed and implemented for customers who desired Subway sandwiches, speedy service and did not need their sandwiches customized. The addition of these operations maximized the food court service at the Bronco Student Center. By end of June 2007, the Cal Poly Pomona Foundation Subway operated by Dining Services rallied to an exceptional level. It received the 2007 Regional Franchise of the Year Award. This award is given by the Subway organi-



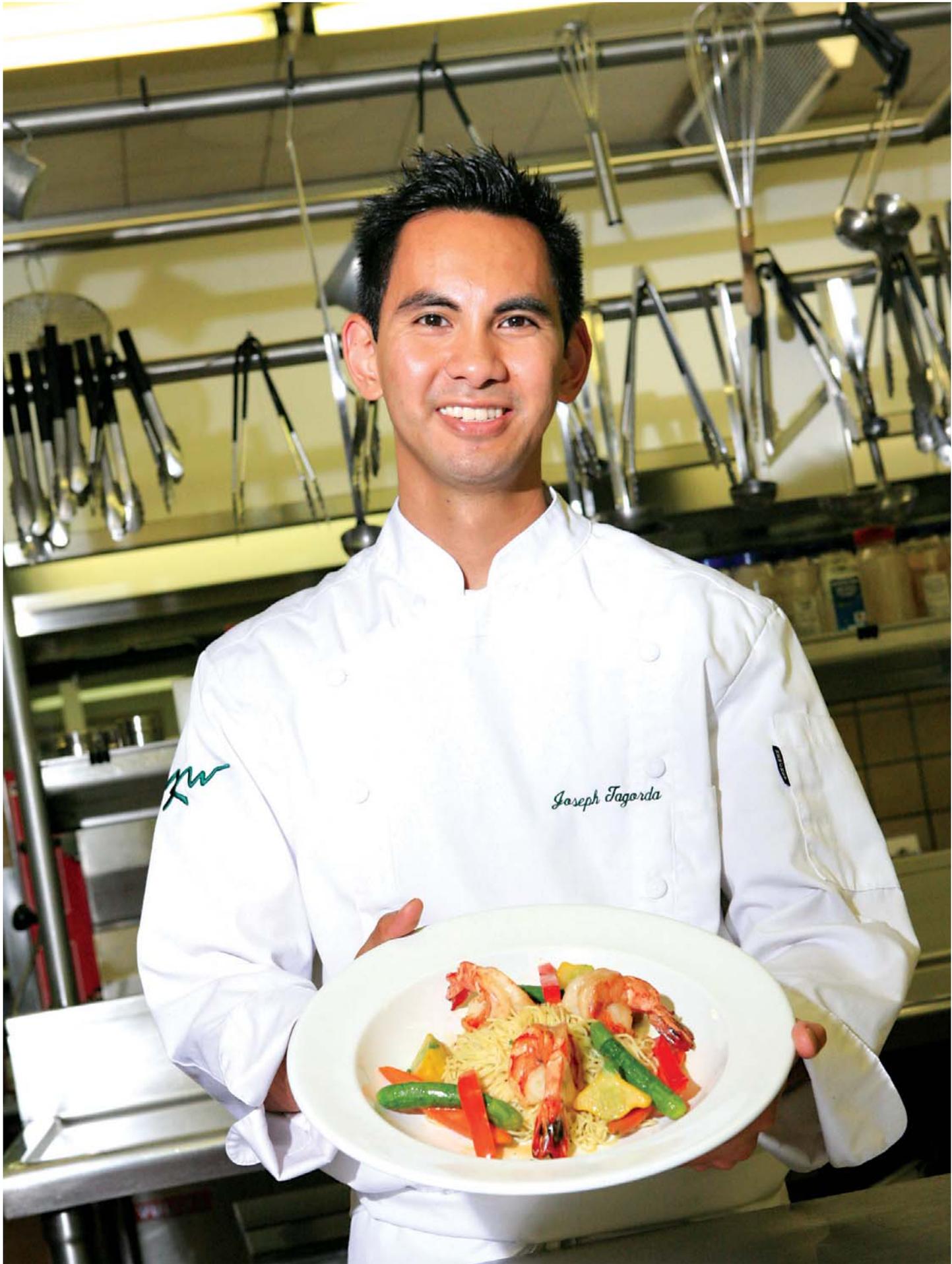
zation to the franchise with the highest overall gains in performance across the board in the state of California. Some old favorites like Carl's Jr. also continued their successful ways. In June of 2007, the Carl's organization recognized the Cal Poly Pomona Foundation Carl's Jr. with its Star Award for the franchise with the highest sales increase in its category. The Dining Service manager overseeing Carl's Jr. proudly added this Star Award to her collection of several awards earned in past years. In June 2006, following a request for proposals and review process of several vending service companies, a new vendor was selected to provide snack machine vending services to Cal Poly Pomona. That selection, along with a vending beverage company provided the means to provide new powder coated metal enclosures for all the vending machines at the College of Engineering and to add additional card readers for campus machines to allow acceptance of the Bronco Bucks debit card. Although university construction projects disrupted or eliminated some vending machine locations, over 160 vending machines continued to provide a valuable 24 hours a day service for students at convenient locations throughout campus.

Over the past two years, Dining Services made several organizational changes in its ongoing effort to improve the quality of service. Retail operations as well as board operations report to the Associate Director with the Director of Dining Services having overall responsibility. This allows and promotes a closer linkage between the various dining units. The Los Olivos board operation reorganized its management structure to oversee the two main areas of board operations and catering. Los Olivos is the largest dining operation and continued to provide meal plans and services for the capacity filled student resident halls. The new Dining Services management team includes two individuals with master degrees and a graduate of the Cal Poly Pomona Collins School of Hospitality Management. Other veteran unit managers round out the organization with years of experience in franchise and convenience store operations and culinary, health and sanitation training.

In the future, Dining services will work closely with the university as it revises its master plan and completes construction of its planned buildings. As opportunities arise, Dining Services will also revise its master plan and utilize the expertise of a consultant to insure that growth is managed and the campus community is properly served. A Starbucks coffee is planned for the Library addition which is expected to be completed in Fall 2008. A new larger Vista Café is planned to serve the current and future Resident Suite student apartment addition. The College of Business is expected to have a future building. Dining Services will review that project for a possible new dining service location. Dining Services is well positioned and ready to serve the future needs of the growing campus community.

A white square plate with a bowl of stir-fried noodles, vegetables, and meat, garnished with chopsticks. The dish is presented on a white plate with a woven basket rim, and there are some sliced red peppers on the side.





## ► KELLOGG WEST CONFERENCE CENTER & LODGE

Kellogg West Conference Center and Lodge is the on-campus hotel and conference center consisting of 85 guest rooms and suites and over 16,000 square feet of meeting space. Its hilltop location provides its guests with a view of the sprawling Cal Poly Pomona university campus. Kellogg West houses a full-service restaurant with an award winning culinary program. It services not only the campus community, but a wide variety of corporate, government and service organization clients. Kellogg West, in operation since 1971, is a member of the International Association of Conference Centers and the State of California Green Lodging Program.

Clients and guests continued to recognize the exceptional service and performance of Kellogg West during the past two years. Scores from guest surveys continued to indicate strong guest satisfaction. The surveys indicated that more guests felt that their expectations were either met or exceeded in fiscal year 2006-07 than in the prior year. Online email surveys were implemented through the front desk computer system in fiscal year 2005-06 to encourage guest participation. When guests checked out, an email was sent to the guest requesting their response to the customer satisfaction survey. This resulted in a dramatic increase in the number of surveys received back from guests and aided in retrieving more information and validating the data.

The employee survey is equal in importance to the guest surveys. For the two year fiscal period of 2005-07, Kellogg West employees felt good about their work and indicated so in their favorable ratings. Employees are a key component to the success of any business, but it is especially significant in the hospitality industry. Kellogg West management continued to strive to develop employees through several internal programs. Kellogg West management conducted employee recognition programs, held quarterly meetings for all staff, and met every other month with a group of staff members, the Employee Council, which represented all areas of the operation. Management listened to employees that have direct contact with guests, as well as those that supported back-of-the-house operations, and responded to their feedback and suggestions to improve operations and services.

In February 2007, when a change in university management occurred, Kellogg West assumed management responsibility for Kellogg House Pomona, the historic former residence of cereal



magnate W. K. Kellogg. Kellogg House had been restored to be a unique facility for special hospitality events and meetings. Needed improvements were made to the grounds and more improvements are planned for the near

future to eliminate some long standing operational challenges and concerns. An improved interactive website was launched to promote Kellogg House and allow potential clients to view the phenomenal beauty and historical aspects of the famous mansion and property from their computers.

Kellogg West was challenged by a number of events and trends in the fiscal period 2005-07. PKF Consulting provided a 2006 update to its original strategic plan of 1998. This update helped Kellogg West assess its position in the local area which suffers from generally low demand for hotels and significant competition. Several area hotels have upgraded or converted to recognizable industry name brands and several limited service new hotels have also opened in the area. The greatest challenge for Kellogg West has been lagging room revenue. Management has taken steps to review the environment and explore the possible long range strategies to enhance the operation. Kellogg West has always been known for its catering, food and conference amenities. Catering, food and beverage, and conference revenue continued to improve in fiscal year 2006-07 over the prior year. These two areas helped to mitigate the severe lack of room revenue during the same period. Other challenges included higher operating cost associated with the aging facility. Maintenance cost for buildings and equipment continued to rise as well as utility costs. Many of the rising cost areas are not controllable by management or through adjustments in the operations. Management took action in those areas that it could control and improve. In mid-2007, housekeeping services transitioned to a service company that has expertise in the hospitality business and a new marketing program will be implemented that will leverage the latest website technology to promote the unique features of the facility.

Kellogg West continued to play an important role for the university community during the past two years by providing lodging, conference facilities, catering and conference food. Few universities across the nation have similar on-campus services available. Although many challenges remain, Kellogg West is unique and committed to providing hospitality services that introduce guests to a full range of conference services and facilities, surrounded by the vitality, growth and development of a learning-centered university.



## ► BOOKSTORE SERVICES

Bronco Bookstore is proud to serve Cal Poly Pomona as the main campus bookstore.

The mission of the Bronco Bookstore is to provide a complete range of products and services to support the university community in meeting their academic and individual needs in a fiscally responsible manner, with a commitment to service excellence. To meet this goal, the bookstore employs 18 full-time staff, 11 regular part-time staff and as many as 100 student workers at the opening of each academic term.

The Bronco Bookstore staff was active in bookstore industry associations during the past two years. This included leadership as well as participant roles in the National Association of College Stores and the California Association of College Stores.

Both bookstore assistant directors achieved designation as Certified Collegiate Retailers (CCR) in 2006. To earn the CCR designation, one must have documented significant career experience in collegiate retailing and successfully complete a comprehensive examination on fundamental knowledge of collegiate retailing and the application of that knowledge. The Bookstore Director, also a recognized CCR, served on the Board of the Directors of the California Association of College Stores for the past two years.

Textbooks are the cornerstone of Bronco Bookstore, and textbook prices have been the focus of nationwide concern. In August 2006, the Government Accounting Office (GAO) released a report on textbook prices. CalPIRG, the California Public Interest Research Group, released a report on textbook prices as well. Both reports focused mainly on unnecessary new editions of books and practice of publishers bundling additional items with books making them more expensive and a unique package. Bronco Bookstore took a direct approach, enlisting the help of faculty to be proactive when selecting materials to be used in the classroom and questioning publisher representatives about less expensive options. The bookstore also focused on providing more used books, which typically sell for 25% less than new books, to the students. Over the past two years, the results have been nothing short of amazing. By working together with faculty, textbook sell through increased dramatically. Nearly 50% of textbooks sold the past two years have been used books.



The availability of used books can be attributed to two factors, receiving requisitions from faculty earlier and buying more books back from students for resale the next quarter. Students selling their used books back to the bookstore continue to increase at a staggering pace. A strong campaign by the Foundation Marketing team made sure students were aware of the bookstore buyback dates. Additional sites at the Campus Center Marketplace and the University Village made it more convenient for students to sell their books. Bronco Bookstore paid a record \$3,347,101 (127,193 books) to Cal Poly Pomona students for their used textbooks for fiscal years 2005-2007.

While the Bronco Bookstore continued to increase the availability of less expensive used books it also targeted improved customer service. To meet the increased demand, three additional cash registers were added in March 2006. This brought the

total to 20 cash register stations that could be operated during the opening of each quarter. Our commitment to staff each register during all operating hours the first few days of classes brought the maximum wait time down to 5 minutes during the busiest periods. Many times during the day there was literally no waiting time and students appreciated the fact that the bookstore considered their time valuable and that quick efficient service was a high priority.

To help bookstore cashiers provide friendly, fast and exceptional customer service, a new program was initiated. The Customer Service Certification program was instituted in fall 2006 to provide cashiers with training to process additional forms of transactions, including departmental sales and refunds, as well as provide exceptional customer service and serve in a leadership role to other cashiers. The program contains a 17 point training checklist. After successfully completing all 17 points, the cashier earned the designation of Customer Service Specialist. The program has had a positive effect on cashiers and was reflected in the annual Customer Service Survey conducted in May 2007 with higher customer service rating numbers than in prior years.

Perhaps the most exciting growth area for Bronco Bookstore was in e-commerce. Named as one of the most-visited websites on campus, broncobookstore.com processed over 6,100 transactions in fiscal year 2006-07. Online sales accounted for nearly 10% of all textbook sales for the year. It is expected that new students will come to Cal Poly Pomona with high expectations for internet services. Bronco Bookstore plans to expand the e-commerce office and enhance its website to handle the anticipated growth in this area (BroncoBookstore.com).

Bronco Bookstore continues to develop strong campus partnerships. One of the most gratifying of the past two years has been with the Disability Resource Center (DRC). Since April 2006, staffs from the Disability Resource Center and Bronco Bookstore have met regularly to find ways to collaborate to better serve students. These meetings led to many simple but effective solutions to assist the DRC in providing alternative media to students with disabilities. The California State University Chancellor's Office Executive Order 926 established the Accessible Technology Initiative, a system-wide mandate addressing not just course materials but also websites and instructional technology. Bronco Bookstore was proud to be proactive in addressing these issues.

After years of operating a second branch bookstore and postal service at the Center for Training, Technology and Incubation (CTTI), the decision was made to consolidate all bookstore operations and end the postal service. This decision was made to allow the CTTI bookstore space to be used by the university for a much needed landscape architecture laboratory. Recent capital improvements made to remodel the interior space of the Bronco Bookstore created efficiencies and better space utilization to make it possible to provide all undergraduate and graduate bookstore services at the main store.

In the future, continued focus on partnerships and providing exceptional service to the campus community will be the goal of Bronco Bookstore. Pending legislation on textbook pricing may also affect the way business is conducted in the future and Bronco Bookstore will be ready to embrace any changes that will enable students to access their course materials more affordably.

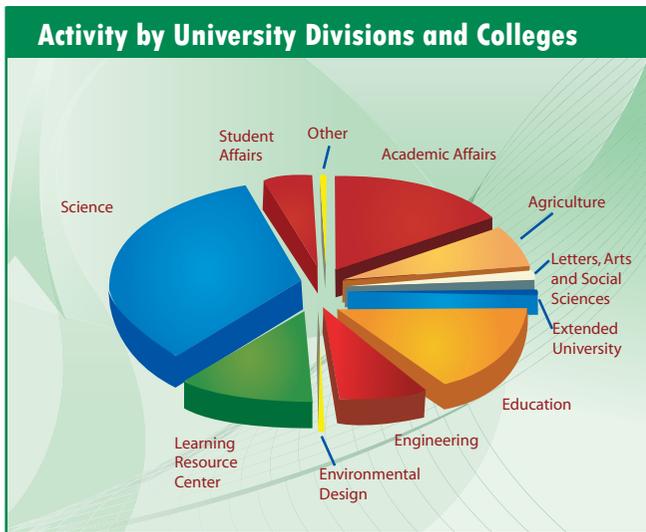


▶ GRANTS & CONTRACTS ADMINISTRATION









Cal Poly Pomona Foundation, Inc. is the recipient of all externally-funded sponsored projects awarded on behalf of California State Polytechnic University, Pomona. As a result, the Foundation assumes accountability for the funds awarded and legal responsibility assuring adherence to performance goals, time schedules, and/or other requirements per the terms and conditions of the agency contract and/or award document.

The mission of the Office of Grants and Contracts is to contribute to the integrity of the Foundation and the university by maintaining the highest standards in financial and administrative support services for sponsored programs. The Office of Grants and Contracts is committed to providing personalized services, generating goodwill, and providing support that enhances the effectiveness of programs and the development of new opportunities while maintaining strict compliance with agency terms and conditions.

The goals include:

- Provide excellent services to our customers.
- Maintain the highest ethical, professional, and financial standards.
- Promote an environment that is conducive to efficiency and effectiveness.
- Maintain positive and productive working relations with the Foundation and with our customers.
- Be identified as an integral part of the Foundation and the university.

The services the Foundation provides include review of contracts for consistency with established internal policy, agency regulations, and external governing laws. Following acceptance of a contract, the office provides maintenance of an accounting, budgeting, and reporting system providing full-fiscal support; preparation of fiscal reports for project directors and funding agencies; collection and disbursement of funds for research and educational projects; and immediate and continuing assistance to project directors in interpreting rules of funding agencies, contract specifications, and all administrative aspects of their project. Over the past twelve years, Foundation has been audited by various external entities and has not had a disallowed cost or a management letter comment.

During the past two years, the Foundation has been awarded nearly \$30 million in new awards. For the fiscal year ended June 30, 2007, Foundation administered nearly 300 grant and contract projects totaling over \$48 million in funds to be expended over the next few years.

Foundation maintains a comprehensive and user-friendly website detailing all post-award policies and procedures including monthly newsletter updates on the issues as funding policy and procedural change. In addition, semi-annual training sessions are conducted for current updates on agency compliance issues and instruction on the current Foundation policies for sponsored project administration. The foundation also implemented a system where the project directors can have direct access to our Bi-Tech accounting system allowing real-time access to their project account balances 24 hours a day. In addition, Foundation continues to enhance our web-enabled expenditure forms and procedures to reduce redundancy and efficiently, and timely process transactions relating to grant and contract accounts.

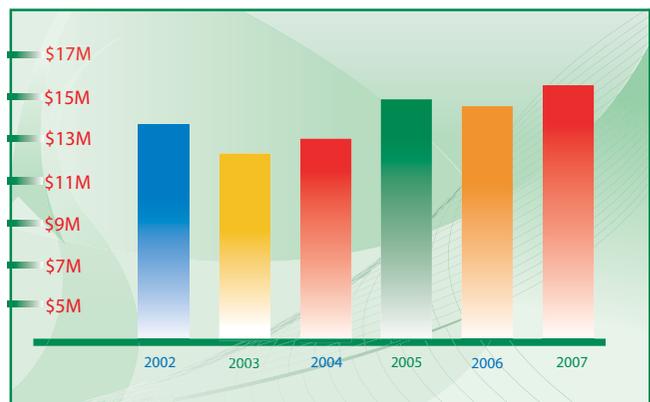
During the past two years, Foundation has worked very closely with complex projects developing strategies in meeting matching commitments during a time of budget constraints while being in compliance with agency rules and regulations. In addition, Foundation has developed tools for Dean's and Vice President's Offices in monitoring the activity relating to their areas' projects including monitoring faculty effort, cost sharing commitments, and overall grant portfolio effectiveness.

Sponsored programs are very important to the university by providing practical learning experiences for students and professional growth for faculty. The Foundation is very proud of the many accomplishments of the faculty and staff administering grant and contract projects and is committed in continuing the highest level of service required for sponsored project administration.

#### ACTIVITY BY UNIVERSITY DIVISIONS AND COLLEGES

	Amount Expended 2005-2006	Amount Expended 2006-2007
Academic Affairs	\$ 1,362,095	\$ 1,950,527
Agriculture	669,270	853,044
Business Administration	57,538	2,583
Letters, Arts, and Social Sciences	352,610	153,077
Extended University	816,162	150,619
Education	2,136,957	1,995,147
Engineering	724,146	973,628
Environmental Design	116,574	93,610
Hotel and Restaurant Management	26,493	1,422
Instructional Technology & Academic Computing	80,688	52,794
Learning Resource Center	1,601,429	1,467,971
Science	3,899,850	4,356,090
Student Affairs	630,483	530,885
<b>Grand Totals</b>	<b>\$12,474,295</b>	<b>\$12,581,397</b>

#### NEW AWARDS



# GRANT AND CONTRACT AWARDS

Alexander Hess, Agriculture  
A Survey of Practice: What Teachers Are Teaching  
Agricultural Research Initiative  
\$20,000

Barbara Burke, Science  
Mentoring and Professional Development Equity Project  
United States Department of Education  
\$130,964

Barbara Burke, Science  
SEES Health Professionals Project  
California Wellness Foundation  
\$210,000

Barbara Hacker, Engineering  
The Path to Leadership: Collaborative Institutional Change  
National Science Foundation  
\$529,678

Barbara Way, Letters, Arts, and Social Sciences  
Cal Poly Pomona Downtown Center--Access to Artistic Excellence  
National Endowment for the Arts  
\$10,000

Barbara Way, Letters, Arts, and Social Sciences  
Mapping University of La Verne's Campuses  
University of La Verne  
\$1,500

Broc Sandelin, Agriculture  
Association of Mitochondrial Biochemistry Feed Utilization in Cattle  
Agricultural Research Initiative  
\$40,000

Cesar Larriva, Education  
School Robotics Initiative Project  
Confidence Foundation  
\$136,784

Chad Bowman, Student Affairs  
ARCHES-Student Support Services  
United States Department of Education  
\$535,972

Christopher Caenepeel, Engineering  
Study to Improve Performance and Profitability of Coke Calciner Unit  
BP West Coast Products LLC  
\$40,000

Craig LaMunyon, Science  
Identification of Drug Targets in Nematode Sperm  
Agricultural Research Initiative  
\$23,425

Dan Manson, Business Administration  
Regional Information Systems Security Center  
Mt. San Antonio College  
\$47,810

Danilo Franco, Agriculture  
Alternate Day Feeding Program to Enrich Eggs  
Agricultural Research Initiative  
\$20,000

David Johnson, Student Affairs  
CSU Alcohol and Traffic Safety Program  
Cal State Fresno Foundation  
\$49,491

David Still, Agriculture  
Fluorescence Spectrophotometry  
Agricultural Research Initiative  
\$46,241

David Still, Agriculture  
Iceberg Lettuce Nutritional Value Study  
Agricultural Research Initiative  
\$166,132

David Still, Agriculture  
Evaluation of Germination Specific Genes Expressed Environment  
Agricultural Research Initiative  
\$47,897

David Still, Agriculture  
High Temperature Tolerance in Lettuce Seed Germination  
Agricultural Research Initiative  
\$58,946

David Still, Agriculture  
ARI Outreach and Dissemination  
Agricultural Research Initiative  
\$55,750

David Still, Agriculture  
A Whole-Genome Approach to Marker Discovery in Lettuce  
Cal State University Fresno, Foundation  
\$93,389

David Still, Agriculture  
A Systematic Approach to Evaluate Bioactivity in Botanical-Based Medicines  
Agricultural Research Initiative  
\$115,809

David Still, Agriculture  
Comparative Genomics of the Compositae  
Trustees of Indiana University  
\$204,000

Debra Brum, ITAC  
Improving Access to Information Systems  
Cal State University San Bernardino Foundation  
\$76,370

Dennis Livesay, Science  
Predicting Protein Flexibility and Stability  
University of North Carolina at Charlotte  
\$39,264

Diane Sands, Student Affairs  
Stop Violence Project  
US Department of Justice  
\$199,922

Don Hoyt, Science  
Effects of Speed and Body Size Used by Locomotor Muscles  
National Science Foundation  
\$138,689

Don Hoyt, Science  
SCORE Program  
National Institute of Health  
\$2,989,370

Don Hoyt, Academic Affairs  
Student Services Program  
Air Resources Board  
\$1,371,000

Donald Edberg, Engineering  
AIAA Joint Propulsion Conference Student Design Challenge  
United States Air Force  
\$7,000

Donald Straney, Science  
Building Inquiry and Integration Into the Science Experience  
Howard Hughes Medical Institute  
\$681,460

Dorothy MacNevin, Education  
Project STELLAR: Students and Teachers Excelling in Literacy  
California Postsecondary Education Commission  
\$592,587

Doug Glaeser, Science  
20th LA County Science Olympiad  
Los Angeles County Board of Supervisors  
\$2,000

Ed Walton, Science  
Copernicus Chemistry Teacher Institute  
University of California, Riverside  
\$116,000

Ed Walton, Science  
NOVA Community College Workshop  
University of Alabama  
\$9,680

Edward Hohmann, Engineering  
MESA CSEMS Scholarship Program  
University of California, Office of the President  
\$121,875

Edward Hohmann, Engineering  
Emergency Business Information System Enhancement II  
City of Industry  
\$120,000

Edward Hohmann, Engineering  
Engineering Student Activities-Computing Rocket Design  
NASA Dryden Flight Research Center  
\$53,467

Edward Hohmann, Engineering  
Intergovernmental Personnel Assignment  
National Science Foundation  
\$285,461

Eric Lara, Engineering  
CSU Phase III LSAMP  
University Enterprises  
\$141,694

Faiza Shereen, Academic Affairs  
CASS Programs  
Georgetown University  
\$636,654

Faiza Shereen, Academic Affairs  
English Language Fellows Programs  
Georgetown University  
\$38,612

Faye Wachs, Letters, Arts, and Social Sciences  
Carol M. White Physical Education Program  
Boys and Girls Club of Pomona Valley  
\$75,058

Francis X. Flores, Science  
AQMD Student Intern Projects  
South Coast Air Quality Management District  
\$182,000

Francis X. Flores, Science  
Avery Student Intern Program  
Avery Dennison  
\$101,732

Francis X. Flores, Science  
M-E Engineers Student Intern  
M-E Engineers, Inc.  
\$16,796

Francis X. Flores, Science  
Peterson Systems Student Intern Program  
Peterson Systems International  
\$18,840

Frank Smith, Engineering  
Computer Controlled LED Array Power Supply and Controller  
San Diego State University Research Foundation  
\$74,026

Frank Smith, Engineering  
Electrification of the Freight Train Network from the Port of Los Angeles-UTC  
Cal State University San Bernardino Foundation  
\$5,000

Frank Torres, Learning Resource Center  
McNair Post-Baccalaureate Achievement  
United States Department of Education  
\$440,854

Fred Bet Pera, Science  
Future Concepts Student Intern Program  
Future Concepts  
\$20,592

Fred Bet Pera, Science  
Methanotech Student Intern  
Methanotech, Inc.  
\$10,180

Fred Bet Pera, Science  
Energetics Student Services  
Energetics, Inc.  
\$38,556

Gary Hamilton, Extended University  
SBIR & STTR Phase I & II Commercialization Evaluations  
NASA Dryden Flight Research Center  
\$19,000

Gary Kinsey, Education  
Inland Empire/East Los Angeles County Teaching Internship Program  
Walnut Valley Unified School District  
\$190,000

Gary Kinsey, Education  
Win-Win Project Internship Consortium  
Walnut Valley Unified School District  
\$1,012,000

Harold Schleifer, Academic Affairs  
Strengthening Library-Based Learning  
United States Department of Education  
\$808,080



Henry Co, Business Administration  
World Class Warehousing: A Continuous Improvement Research  
Project  
Louis and Company  
\$7,000

Hollie Lund, Academic Affairs  
Martin Luther King Jr. Day of Service  
Trustees of the California State University  
\$6,000

Hollie Lund, Academic Affairs  
Realizing The Civic Mission of Education in the CSU  
Trustees of the California State University  
\$22,251

Howard Turner, Engineering  
Engineering Modeling Visualization and Animation Instrumentation  
Department of Defense  
\$120,000

Hubertus Von Bremen, Science  
Mathematical Models for New Morphing Structures  
The Aerospace Corporation  
\$56,621

Hubertus Von Bremen, Science  
Study of New Materials with Sound Cancellation Properties  
The Aerospace Corporation  
\$34,304

James Alderson, Agriculture  
Equine Research Program  
W.K. Kellogg Foundation  
\$60,000

James Alderson, Agriculture  
Minimally Invasive Sterilization Study  
Agricultural Research Initiative  
\$41,705

James Rego, Science  
Design and Synthesis of Chiral Nematic Liquid Crystal Twist  
Agents  
American Chemical Society  
\$40,000

James Rego, Science  
Design and Synthesis of Environmentally Responsive Liquid  
Crystals  
Research Corporation  
\$37,036

Jill Adler-Moore, Agriculture  
Development of a Universal Liposomal Influenza Vaccine  
Agricultural Research Initiative  
\$29,600

Jill Adler-Moore, Agriculture  
Use of Liposomes as Vehicle to Deliver Fungicidal Agents for  
Treatment  
Agricultural Research Initiative  
\$20,000

Jill Adler-Moore, Science  
Efficacy Testing of Antifungal Formulations  
University of California, San Francisco  
\$9,250

Jill Adler-Moore, Science  
Scale-Up of Influenza Liposomal Universal Vaccine  
Agricultural Research Initiative  
\$44,873

Joan Leong, Science  
Bird-Foot Checkerbloom: Travel to BSA Meeting  
California Department of Fish and Game  
\$2,200

Joan Woodward, Environmental Design  
Urban Ecotones  
California Resources Connections Inc.  
\$37,500

Joan Woodward, Environmental Design  
Building the Branches of Chollas Creek  
Groundwork San Diego  
\$24,990

Joan Woodward, Environmental Design  
Carmel River Parkway Vision Plan  
Big Sur Land Trust  
\$2,550

Joan Woodward, Environmental Design  
Del Rey Lagoon and Parkway: Gateway Ballona Watershed  
City of Los Angeles  
\$21,465

Joan Woodward, Environmental Design  
Elkhorn City Trail Network and Open Space Plan  
Elkhorn City Area Heritage Council  
\$2,825

Joan Woodward, Environmental Design  
Green Redevelopment: Framework for Encouraging Green Policy  
County of Orange  
\$24,900

Joan Woodward, Environmental Design  
Hahamonga Watershed Park  
City of Pasadena  
\$24,999

Joan Woodward, Environmental Design  
West Covina Green Linkages Plan  
City of West Covina  
\$21,360

Joan Woodward, Environmental Design  
R-Ranch in the Sequoia Master Plan  
Sequoias Ranch Owners Association  
\$24,932

Jodye Selco, Science  
ESSE 21st Century  
Loma Linda University  
\$6,000

Jodye Selco, Science  
FEDCO Classroom Enrichment Grants  
California Community Foundation  
\$80,000

Jodye Selco, Science  
Professional Dev. for Middle School Teachers in Rialto USD  
Rialto Unified School District  
\$1,200

Jodye Selco, Science  
Science Institute for Teachers  
Hacienda La Puente Unified School District  
\$125,995

Jonathan Baskin, Science  
LA 210 Bridge Rehabilitation Project  
Trustees of the California State University  
\$23,995

Jonathan Nourse, Science  
Three-Dimensional Evaluation of Geology, Structure, Mineral  
Resources  
Calibri Resource  
\$50,000

Judith Jacobs, Science  
San Gabriel Valley Math Projects  
University of California, Office of the President  
\$226,850

Judith Jacobs, Science  
San Gabriel Valley Math/Science Partnership  
West Covina Unified School District  
\$196,855

Kevin Anderson, Engineering  
Senior Project Research & Development Work  
Lennox Hearth Products, Inc.  
\$20,000

Kyle D. Brown, Environmental Design  
Sustainable Shelter Design  
National Collegiate Inventors Group  
\$18,400

Laura Ayon, Learning Resource Center  
College Reading Skills--Student Support Services  
United States Department of Education  
\$709,112

Lauren Weiss-Bricker, Environmental Design  
National Register Evaluations of Recreational Residences  
United States Department of Agriculture  
\$17,720

Laurie Riggs, Science  
Follow Up Institutes for Rialto Unified School District  
Rialto Unified School District  
\$12,000

Laurie Riggs, Science  
Math and Science Teacher Education Recruitment Program  
California Postsecondary Education Commission  
\$293,123

Laurie Riggs, Science  
Pasadena Math Pipeline  
Pasadena Unified School District  
\$105,000

Lloyd Lee, Engineering  
Offering of an Introductory Nanotechnology Course  
University of Oklahoma  
\$13,501

María Botero Omary, Agriculture  
Development of Fiber-Rich Snacks for Hispanics  
United States Department of Agriculture  
\$22,000

María Botero Omary, Agriculture  
Development of Fiber-Rich Snacks for Hispanics  
Agricultural Research Initiative  
\$28,000

María Botero Omary, Agriculture  
Acceptance of Whole Grain and Soluble Fiber Enriched Foods  
Agricultural Research Initiative  
\$28,570  
Marie Caudill, Agriculture  
Choline Status Response Differing Intakes in Young Women  
Agricultural Research Initiative  
\$91,752

Marie Caudill, Agriculture  
Choline/Folate Status in Mexican American Men Differing  
Agricultural Research Initiative  
\$43,000

Marie Caudill, Agriculture  
Gene Expression as a Function of Folate Intake  
Agricultural Research Initiative  
\$62,139

Marie Caudill, Agriculture  
Influence of Common Genetic Variants  
Cal State University Fresno, Foundation  
\$82,668

Marie Caudill, Agriculture  
Influence of Genetics and Ethnicity on Choline Status in Women  
Agricultural Research Initiative  
\$74,521

Mark Allen, Letters, Arts, and Social Sciences  
Archaeological Field Class on Public Lands  
United States Department of Interior  
\$9,000

Marvin Klein, Academic Affairs  
Advancing Teacher Excellence for the 21st Century  
State Farm Foundation  
\$25,000

Michael Casner, Extended University  
Sustainable Management of Agribusiness Associations  
Institute of International Education, Inc.  
\$28,006

Michael Shenoda, Engineering  
Applicability of Adaptive Traffic Signal Control Systems  
Cal State University San Bernardino Foundation  
\$5,000

Mike Reibel, Letters, Arts, and Social Sciences  
GIS Applications in Business Geographics  
San Francisco State University  
\$9,197

Nancy Buckley, Science  
Effects of an Echinacea Purpurea Ethanol Extract on the Immune  
System  
Agricultural Research Initiative  
\$43,657

Nancy Buckley, Agriculture  
Effects of Echinacea Purpurea on the Specific Immune System  
Agricultural Research Initiative  
\$6,000

Nicole Wickler, Science  
San Gabriel Valley Science Projects  
University of California, Office of the President  
\$157,875

Pablo LaRoche, Environmental Design  
Green Kit: A Modular Variable Application System  
Environmental Protection Agency  
\$9,991

Pam Sperry, Science  
Bridges to the Doctoral Program  
University of Minnesota  
\$13,840

Paul Storey, Foundation  
Innovation Village Infrastructure Project  
Economic Development Administration  
\$2,000,000

Peter Kilduff, Agriculture  
Market Research/Imp. Dev. Home Textile in US and China  
Shanghai Textile Research Institute  
\$40,000



Peter Kilduff, Agriculture Assessment of the Global Fabric Coloration Market Colorep \$15,000	Steve Wickler, Agriculture A Short Acting Drug for use in Diagnosis Treatment of Gastrointestinal Agricultural Research Initiative \$4,000
Pilar O'Cadiz, Education Advancing School-Age and After School Programs California Department of Education \$300,000	Steve Wickler, Agriculture Muscle Function During Decline Locomotion UC Davis \$25,720
Pilar O'Cadiz, Education After School Training and Technical Assistance Los Angeles County Office of Education \$514,440	Steve Wickler, Agriculture Rectal/Esophageal Pressure Reduction in Horses Western University \$5,000
Ramesh Kumar, Agriculture Wick Irrigation on Landscape Turf-water use Turf Quality Jardinier Planter Systems Inc. \$14,960	Steve Wickler, Agriculture Tendon and Muscle Strain in Horses Agricultural Research Initiative \$20,576
Randy Burger, Extended University AMIDEast/Plus 2006 AMIDEAST \$52,523	Susan Algert, Agriculture Mobile Fruit and Vegetable Pantry Demonstration Project Agricultural Research Initiative \$20,000
Ricardo Quintero, Learning Resource Center Upward Bound-North United States Department of Education \$758,992	Tomas Morales, Academic Affairs Teacher Pathways-Reaching Excellence Through Partnerships United States Department of Education \$2,094,722
Ricardo Quintero, Learning Resource Center Upward Bound-South United States Department of Education \$640,000	Wayne Cottrell, Engineering Performance Metrics Used by Freight Trans. Providers Cal State University San Bernardino Foundation \$4,893
Ricardo Quintero, Learning Resource Center Summer Food Service Programs California Department of Education \$22,926	Wendy Duran, Education Project REACH--Realizing Educational Achievement and Coll. Honors United States Department of Education \$1,598,459
Richard DeNovellis, Education Boeing Company Educator Enrichment Day Cerritos College Foundation \$3,765	Xudong Jia, Engineering Efficient Deployment of Advanced Public Transportation System University of California, Office of the President \$54,031
Richard Willson, Environmental Design California's 2050 Transportation Context: A Response to Global Warming-UTC Cal State University San Bernardino Foundation \$5,000	Xudong Jia, Engineering SLO Development of Performance-Based Specifications of EDAPTS Cal Poly Corporation \$6,678
Robert Gallegos, Learning Resource Center Upward Bound Math and Science Competition United States Department of Education \$445,832	Xudong Jia, Engineering Stage 5 Test Deployment of Advance Public Transportation University of California, Office of the President \$266,187
Sam Kelly, Engineering CI-CORE Cal State Univ. Long Beach Foundation \$8,000	Xudong Jia, Engineering Development of Research Objectives Cal State University San Bernardino Foundation \$15,000
Shanthi Srinivas, Business Administration Development of Employee Selection Procedures Cardenas Markets, Inc. \$34,648	Yvonne Bailey, Student Affairs State Preschool Programs California Department of Education \$272,599
Shelton Murinda, Agriculture Use of Molecular Techniques Detect Quantify and Subtype Environmental Agricultural Research Initiative \$40,000	Yvonne Bailey, Student Affairs Child Care Means Parents in School Program United States Department of Education \$149,299
Sowmya Mitra, Agriculture Environmental Studies to Quantify Heavy Metal Accumulation in Soil Agricultural Research Initiative \$123,698	Yvonne Bailey, Student Affairs Children's Center Instructional Materials California Department of Education \$1,000
Sowmya Mitra, Agriculture Irrigation Runoff from Narrow Turf Areas of Sprinkler Agricultural Research Initiative \$27,130	Yvonne Bailey, Student Affairs Children's Center LA Times Family Fund LA Times Family Fund Grant \$25,000
Stacy McGoldrick, Letters, Arts, and Social Sciences Center of Academic Excellence Cal State University San Bernardino Foundation \$57,529	Yvonne Bailey, Student Affairs Pre Kindergarten Child Care Resource Program California Department of Education \$1,960
Stephen Wirkus, Science REU Site: Applied Mathematical Sciences Summer Institute National Science Foundation \$347,746	
Stephen Wirkus, Science Applied Mathematical Sciences Summer Institute Loyola Marymount University \$19,868	
Steve Alas, Science Excision Nucleases in Mismatch Repair and Tumorigenesis National Institute of Health \$358,842	

## AWARDING AGENCIES FOR GRANTS AND CONTRACTS

### FEDERAL AWARDS

AMIDEAST  
 Boys and Girls Club of Pomona Valley  
 Cal State Fresno Foundation  
 Cal State Fresno University  
 Cal State University San Bernardino  
 Cal State University San Bernardino Foundation  
 Cal State University Long Beach Foundation  
 California Institute of Technology  
 California Department of Education  
 California Department of Fish and Game  
 California Postsecondary Education Commission  
 Council for International Exchange of Scholars  
 Economic Development Administration  
 Environmental Protection Agency  
 Georgetown University  
 Glendale Community College  
 Hacienda La Puente Unified School District  
 Institute of International Education, Inc.  
 Jet Propulsion Laboratory  
 Loma Linda University  
 Loyola Marymount University  
 Mt. San Antonio College  
 NASA Dryden Flight Research Center  
 National Aeronautics and Space Administration  
 National Endowment for the Arts  
 National Institute of Health  
 National Science Foundation  
 National Security Agency  
 Oregon Health and Science University  
 Texas Engineering Experiment Station  
 The Aerospace Corporation  
 The University of North Carolina at Charlotte  
 Trustees of Indiana University  
 Trustees of the California State University  
 United States Department of Agriculture  
 United States Department of Defense  
 United States Department of Education  
 United States Department of Justice  
 United States Department of Labor  
 United States Department of the Interior  
 United States State Department  
 University Enterprises  
 University of Alabama  
 University of California, Los Angeles  
 University of California, Office of the President  
 University of California, San Francisco  
 University of Minnesota  
 University of Oklahoma

### PRIVATE ORGANIZATION AWARDS

Avery Dennison  
 Big Sur Land Trust  
 BioTech Associates, Ltd, Inc  
 BP West Coast Products LLC  
 California Landscape Contractors  
 Cardenas Markets, Inc.  
 Colibri Resource  
 Dupree, Inc.  
 Elkhorn City Area Heritage Council  
 Energetics, Inc.  
 Future Concepts  
 Jardinier Planter Systems Inc.  
 Lennox Hearth Products, Inc.  
 Louis and Company  
 Nestle USA, Inc.  
 Peterson Systems International  
 Sequoia Riverlands Trust  
 Sequoias Ranch Owners Association  
 Shanghai Textile Research Institute  
 Shinji Shumeikai  
 VC Bud Jenkins Coatings Scientist

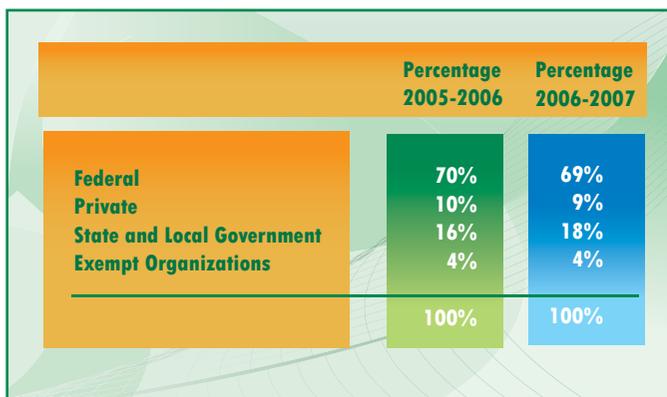
### STATE AND LOCAL GOVERNMENT AWARDS

Agricultural Research Initiative  
 Air Resources Board  
 Cal Poly Corporation  
 City of Industry  
 City of Pasadena  
 City of San Fernando  
 City of West Covina  
 County of Orange  
 Los Angeles County Board of Supervisors  
 Los Angeles County Office of Education  
 Pasadena Unified School District  
 Regents of the University of California  
 Rialto Unified School District  
 San Diego State University Research Foundation  
 San Francisco State University  
 Snowline Joint Unified School District  
 South Coast Air Quality Management District  
 Trustees of the California State University  
 University of California, Davis  
 Walnut Valley Unified School District  
 West Covina Unified School District

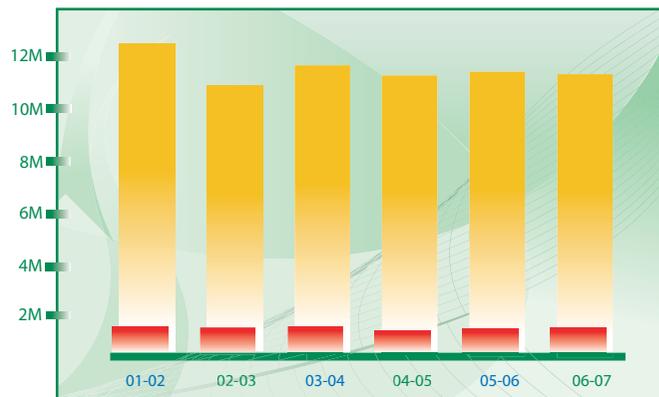
### EXEMPT ORGANIZATIONS AWARDS

American Chemical Society  
 Bulawayo Polytechnic Institution  
 California Community Foundation  
 California Endowment  
 California Wellness Foundation  
 Cerritos College Foundation  
 Chuang Foundation  
 Confidence Foundation  
 Howard Hughes Medical Institute  
 LA Times Family Fund Grant  
 National Collegiate Inventors Group  
 Ralph M. Parson's Foundation  
 Research Corporation  
 San Diego River Park Lakeside Conservancy  
 State Farm Foundation  
 Stuart Foundation  
 The Lemelson Foundation  
 University of La Verne  
 W.K. Kellogg Foundation  
 Western University

### AWARDS BY FUNDING TYPE



### EXPENDITURES BY FISCAL YEAR



■ Direct Funding
 ■ Indirect Funding



## COLLEGE OF THE EXTENDED UNIVERSITY

The College of the Extended University (CEU) offers educational solutions to domestic and international constituents by using the combined support of a professional staff with the many resources of the campus. With the opening of the Center for Training Technology and Incubation, the College has also become a powerful force in economic development within the Inland Empire.

The College offers non-credit educational programs in such fields as human resource management, construction management, business writing, fundraising and grant writing for research and sponsored programs, and a variety of personal enrichment courses. CEU also provides customized training to dozens of corporate clients and has established a strong reputation for its international programs in China, Japan and Europe.

Additional international student programs are offered through the Cal Poly English Language Institute (CPELI). The primary focus of the language institute is to prepare international students for academic study at an American college or university, but it also involves a significant effort in acculturation, both social and academic.

Providing a unique dimension to Cal Poly Pomona are two business incubators located within the CEU. The NASA Commercialization Center and AccelTech are charged with using the best practices in technology commercialization to help early stage technology businesses successfully launch new products. Together they offer facilities and support to companies that might otherwise find it difficult to succeed. Through the efforts of these two incubators, a robust technology commercialization infrastructure is in place, capable of facilitating public-private technology development collaborations among faculty, students and private sector entrepreneurs.



## AGRICULTURE AID-TO-INSTRUCTION PROGRAMS

The Foundation assists the College of Agriculture through both administrative and financial support in the Agriculture Aid-to-Instruction Programs. These programs provide students the opportunity to apply the theory they learned in the classroom to practical applications. Students gain actual entrepreneurial experience in these programs by bringing meat, fruit, horticulture and vegetable products, as well as entertainment ventures, to the campus community and 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 results in increased retention.

### **AGRIsclapes Farm Store at Kellogg Ranch**

AGRIsclapes is located on forty acres at Cal Poly Pomona and integrates and showcases farming and urban landscaping practices that are sustainable, environmentally beneficial, economically viable, and technologically sound. AGRIsclapes promotes agriculture and environmental literacy through research, education, and demonstrations of alternative methods to grow food, conserve water, reduce energy needs and recycle agricultural and urban water for resource efficiency and community enhancement.

Over the past two years, the Farm Store continued to make significant improvement in its gross sales. This was due to increased name recognition, visitors to the store, dry grocery items, gift and book items and continued presence at the Kaiser Farmers' Market, Irvine Farmers' Market, and special events. Some of the special events included the Guacamole Bowl, Pumpkin Festival, Chino Dairy Festival, Upland Lemon Festival, U-Pick Strawberries and the Cal Poly Rod and Tractor Show.

In the near future, the new greenhouses that are currently under construction will be in operation and organic produce from a student project called Pomona Organics will be available for sale.

### **Agronomy Farm**

For the past two years, water and available land have been limiting factors for Agronomy. The Alameda Corridor construction project has also significantly impacted crop production on campus. Some crop production was transferred to the Chino farm location.

Additional acreage of vegetable crops is anticipated in the future to fill gaps in production for the Farm Store. Field crops such as alfalfa, timothy and corn silage will continue to be planted as feed sources for the campus livestock.

### **Arabian Horse Show**

The Arabian Horse Show represents the colorful history and traditions of the W. K. Kellogg Arabian Horse Ranch. In honor of this tradition, that began in 1928, is a horse show that 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.

### **Beef, Swine and Sheep Units**

These units offer experiential learning to Cal Poly Pomona students. Animals are involved in research projects that study factors that may affect their growth performance. Revenue at the Beef Unit is generated from exhibits and breeding services. Prime animals are exhibited at the Los Angeles County Fair and other local county fairs.

### **Meat Lab**

The Meat Science and Processing Laboratory support the classroom study, research and contract projects that address the discipline of meat science and processing. This program includes a laboratory course where students develop new products such as unique sausages. During the past two years, meat prices stabilized and the Meat Lab was connected to the campus servers by fiber optic cable improving email communications and website maintenance.

### **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 colors and flower plants available year-round. Successful projects that improved revenue included providing wholesale plants to the Kaiser Gift Shop and a plumeria sale. In the near future, Horticulture will move to the new greenhouses at AGRIsclapes.

### **Pine Tree Ranch**

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. The effects of a devastating freeze experienced in January of 2007 has yet to be determined. It was estimated that the avocado crop for fiscal year 2006-07 was a 50% loss and the stressed trees are not expected to produce a normal crop in 2007-08.





# INDEPENDENT AUDITORS' REPORT

## **The Board of Directors Cal Poly Pomona Foundation, Inc.**

We have audited the accompanying statements of financial position of the Cal Poly Pomona Foundation, Inc. (a California State University Auxiliary Organization) (the Foundation) as of June 30, 2007 and 2006, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Cal Poly Pomona Foundation, Inc. as of June 30, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated September 5, 2007 on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in schedules 1 through 4 and the other information in notes 1 through 8 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

VICENTI, LLOYD & STUTZMAN, LLP  
September 5, 2007

## STATEMENTS OF FINANCIAL POSITION Years Ended June 30, 2007 and 2006

<b>Assets</b>	<b>2007</b>	<b>2006</b>
Current assets:		
Cash and cash equivalents:		
On hand and in commercial accounts	\$ 253,354	\$ 255,587
Cash equivalents	5,029,549	2,262,110
Total cash and cash equivalents	5,282,903	2,517,697
Marketable securities, at fair value (note 4)	9,731,126	13,381,635
Other short-term investments, at fair value (note 4)	5,801,444	7,187,533
Investments restricted as to use – debt service, at fair value (note 4)	245,551	399,288
Total current assets	15,778,121	20,968,456
Receivables:		
Sponsored programs (note 2)	2,275,318	1,912,168
Contributions receivable, net of allowance for uncollectible contributions (note 5)	535,098	1,074,653
Other activities, net of allowance for doubtful accounts of \$161,976 for 2007 and \$124,119 for 2006	2,769,130	3,036,539
Total receivables, net	5,579,546	6,023,360
Inventories	2,056,107	1,750,478
Prepaid expenses and deferred charges	434,407	84,655
Total current assets	29,131,084	31,344,646
Property, plant and equipment		
Land	1,816,535	1,092,874
Buildings and improvements	66,101,442	63,738,527
Infrastructure	3,724,914	3,572,221
Equipment, furniture and fixtures	9,191,278	9,359,847
Orchards	131,863	131,863
Construction in progress	5,184,195	3,232,597
Total property, plant and equipment, gross	86,150,227	81,127,929
Less accumulated depreciation and amortization	(23,924,805)	(21,169,207)
Total property, plant and equipment, net	62,225,422	59,958,722
Other assets:		
Long-term investments restricted as to use – debt service, at fair value (note 4)	518,409	505,323
Long-term investments, at fair value (note 4)	16,597,522	13,248,222
Contributions receivable, net of current portion (note 5)	531,551	535,780
Total other assets	17,647,482	14,289,325
Total assets	<u>\$ 109,003,988</u>	<u>\$ 105,592,693</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 3,365,052	\$ 4,871,907
Accrued liabilities	2,002,218	1,650,504
Deferred income	1,236,033	1,337,068
Deposits held in custody for others	215,780	174,837
Current portion of lease obligations	643,034	557,006
Current portion of bonds payable (note 6)	835,000	810,000
Other post employment benefit obligations (note 10)	1,355,630	1,345,203
Receipts in excess of expenditures on specific sponsored programs (note 2)	2,123,300	1,887,267
Total current liabilities	11,776,047	12,633,792
Noncurrent liabilities:		
Other post employment benefit obligations (note 10)	10,684,473	5,714,678
Noncurrent portion of bonds payable (note 6)	2,145,000	6,515,000
Unitrust liability	899,187	826,216
Lease obligations	32,227,960	29,303,785
Total noncurrent liabilities	45,956,620	42,359,679
Total liabilities	57,732,667	54,993,471
Net assets (notes 2, 3, 12 and 13):		
Unrestricted	31,217,440	32,947,092
Temporarily restricted	20,053,881	17,652,130
Total net assets	51,271,321	50,599,222
Total liabilities and net assets	<u>\$109,003,988</u>	<u>\$ 105,592,693</u>

\* See accompanying notes to financial statements



## STATEMENT OF ACTIVITIES

Year Ended June 30, 2007

	Unrestricted	Temporarily Restricted	Total
Revenues and support (note 2 and 8):			
Enterprise activities:			
Sales	\$ 36,256,434	\$	\$36,256,434
Commissions, fees, and other	653,058		653,058
Investment income (note 4)	75,302		75,302
Total auxiliary activities	36,984,794		36,984,794
Sponsored programs activities	12,581,397		12,581,397
Campus program activities:			
University programs support	4,831,750		4,831,750
Contributions		5,078,241	5,078,241
Investment income (note 4)	175,277	878,385	1,053,662
Total campus programs revenue	5,007,027	5,956,626	10,963,653
General activities:			
Investment income (note 4)	2,199,319		2,199,319
Rental property	957,827		957,827
Administrative fees and other revenue	2,394,759		2,394,759
Total general activities	5,551,905		5,551,905
Total revenues and support	60,125,123	5,956,626	66,081,749
Net assets released from restrictions	2,496,040	(2,496,040)	
Total revenues and support and net assets released from restrictions	62,621,163	3,460,586	66,081,749
Expenses and other changes (notes 2 and 8):			
Enterprise activities:			
Dining Services	10,868,495		10,868,495
Bookstores	12,323,155		12,323,155
Kellogg West Conference Center & Lodge	2,033,160		2,033,160
University Village Housing	6,895,396		6,895,396
Continuing Education	1,976,336		1,976,336
Agriculture-aid-to-Instruction	1,854,285		1,854,285
Total enterprise activities	35,950,827		35,950,827
Sponsored programs expenses:			
Direct expenses	11,295,711		11,295,711
Indirect expenses	1,285,686		1,285,686
Total sponsored programs expenses	12,581,397		12,581,397
Campus programs expenses:			
University programs support	6,310,008		6,310,008
Scholarships	803,942		803,942
Total campus programs expenses	7,113,950		7,113,950
General expenses:			
Rental property expense	746,491		746,491
Administrative	2,680,058		2,680,058
Total general expenses	3,426,549		3,426,549
Designated expenses (note 3)	719,711		719,711
Total expenses	59,792,434		59,792,434
Other changes – transactions with affiliates (note 8)	43,217	1,058,835	1,102,052
Other changes – Loss on defeasement of bonds (note 6)	438,852		438,852
Total expenses and other changes	60,274,503	1,058,835	61,333,338
Increase in net assets before effect of adoption of FASB Statement No. 158	2,346,660	2,401,751	4,748,411
Effect of adoption of recognition and measurement date provisions of FASB Statement No. 158	(4,076,312)		(4,076,312)
Total change in net assets	(1,729,652)	2,401,751	672,099
Net assets at beginning of year	32,947,092	17,652,130	50,599,222
Net assets at end of year	\$31,217,440	\$20,053,881	\$51,271,321

\* See accompanying notes to financial statements

## STATEMENT OF ACTIVITIES

Year Ended June 30, 2006

	Unrestricted	Temporarily Restricted	Total
Revenues and support (notes 2 and 8):			
Enterprise activities:			
Sales	\$ 34,051,733	\$	\$ 34,051,733
Commissions, fees, and other	1,100,194		1,100,194
Investment income (note 4)	28,814		28,814
Total auxiliary activities	35,180,741		35,180,741
Sponsored programs activities:	12,474,295		12,474,295
Campus program activities:			
University programs support	4,398,713		4,398,713
Contributions		4,515,392	4,515,392
Investment income (note 4)	147,171	554,698	701,869
Total campus programs revenue	4,545,884	5,070,090	9,615,974
General activities:			
Investment income (note 4)	1,294,764		1,294,764
Rental property	812,692		812,692
Administrative fees and other activities	2,299,525		2,299,525
Total general activities	4,406,981		4,406,981
Total revenues and support	56,607,901	5,070,090	61,677,991
Net assets released from restrictions	3,550,511	(3,550,511)	
Total revenues and support and net assets released from restrictions	60,158,412	1,519,579	61,677,991
Expenses and other changes (notes 2 and 8):			
Enterprise activities:			
Dining Services	10,285,129		10,285,129
Bookstores	11,900,569		11,900,569
Kellogg West Conference Center & Lodge	1,879,621		1,879,621
University Village Housing	5,618,079		5,618,079
Continuing Education	2,641,961		2,641,961
Agriculture-aid-to-Instruction	1,597,074		1,597,074
Total enterprise activities	33,922,433		33,922,433
Sponsored programs activities:			
Direct expenses	11,305,175		11,305,175
Indirect expenses	1,169,120		1,169,120
Total sponsored programs expenses	12,474,295		12,474,295
Campus programs expenses:			
University programs support	6,879,019		6,879,019
Scholarships	856,038		856,038
Total campus programs expenses	7,735,057		7,735,057
General expenses:			
Rental property expense	621,489		621,489
Administrative	2,210,304		2,210,304
Total general expenses	2,831,793		2,831,793
Designated expenses (note 3)	631,189		631,189
Total expenses	57,594,767		57,594,767
Other changes – transactions with affiliates (note 8)	1,085,665	556,270	1,641,935
Total expenses and other changes	58,680,432	556,270	59,236,702
Total change in net assets	1,477,980	963,309	2,441,289
Net assets at beginning of year	31,469,112	16,688,821	48,157,933
Net assets at end of year	\$ 32,947,092	\$ 17,652,130	\$ 50,599,222

\* See accompanying notes to financial statements

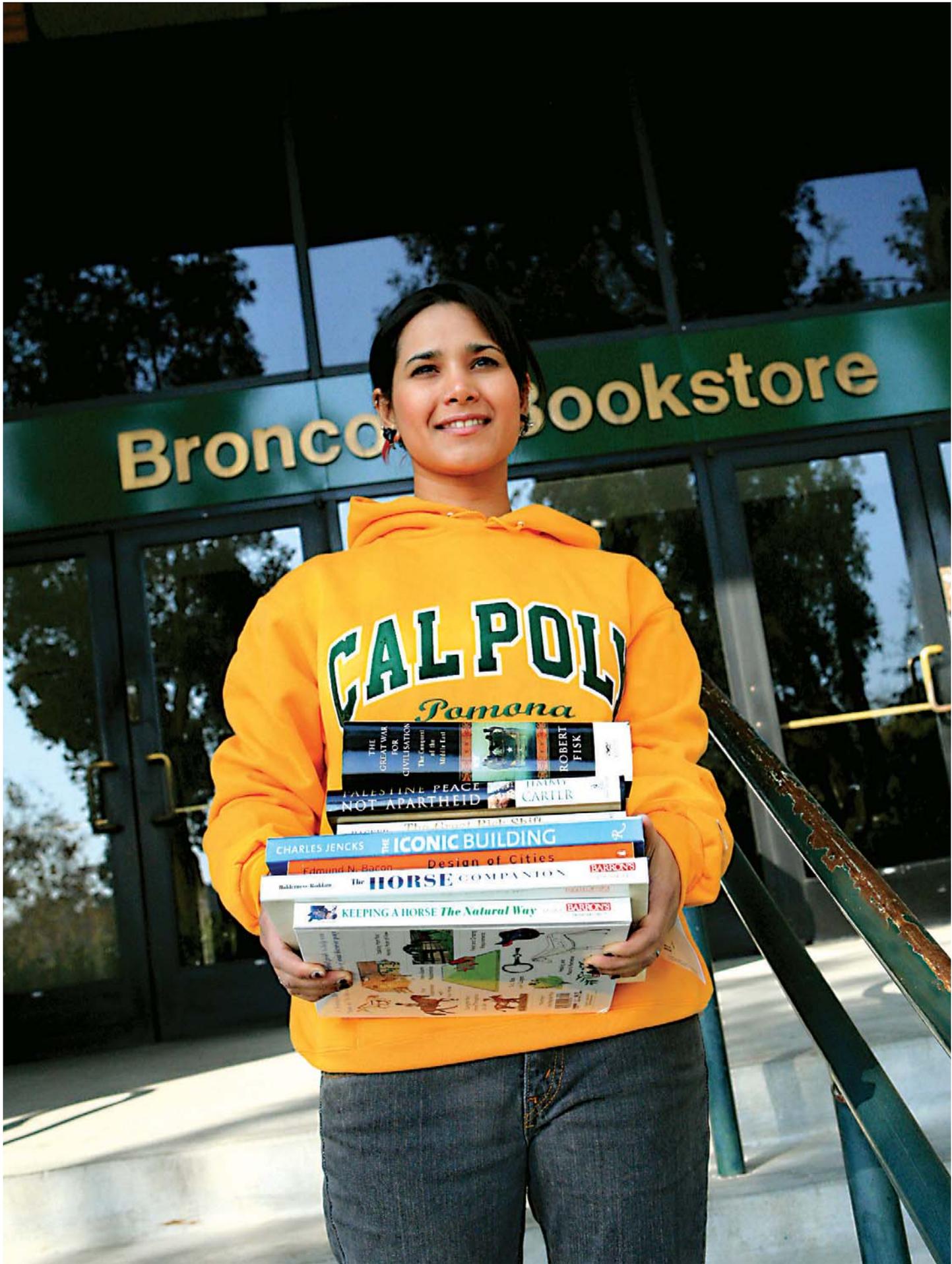
## STATEMENTS OF CASH FLOWS

Years Ended June 30, 2007 and 2006

	2007	2006
Cash flows from operating activities:		
Change in net assets	\$ 672,099	\$ 2,441,289
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	3,708,904	3,403,402
Realized and unrealized gains and losses on investments, net	(1,897,818)	(965,514)
Loss on disposal of fixed assets	466,656	460,875
Transfer of fixed assets	1,102,052	1,641,935
Changes in operating assets and liabilities:		
Receivables	448,043	(380,185)
Inventories	(305,629)	(238,495)
Prepaid expenses and deferred charges	(349,752)	30,847
Accounts payable	(1,506,855)	1,253,094
Accrued liabilities	5,331,936	1,400,529
Deferred income	(101,035)	(189,981)
Deposits held in custody for others	40,943	39,039
Receipts in excess of expenditures on specific sponsored programs	236,033	341,867
Net cash provided by operating activities	<u>7,845,577</u>	<u>9,238,702</u>
Cash flows from investing activities:		
Purchases of fixed assets	(7,390,966)	(3,959,543)
Purchases of investments	(21,008,533)	(13,619,562)
Proceeds from sales and maturities of investments	24,500,000	6,600,000
Net cash used in investing activities	<u>(3,899,499)</u>	<u>(10,979,105)</u>
Cash flows from financing activities:		
Repayments of principal on capital lease obligations	(584,494)	(127,710)
Repayments of principal on bonds payable	(810,000)	(780,000)
Decrease in debt reserve funds	140,651	12,001
Increase in Unitrust liability	72,971	25,270
Net cash used in financing activities	<u>(1,180,872)</u>	<u>(870,439)</u>
Net decrease in cash and cash equivalents	2,765,206	(2,610,842)
Cash and cash equivalents, beginning of year	<u>2,517,697</u>	<u>5,128,539</u>
Cash and cash equivalents, end of year	<u><u>\$5,282,903</u></u>	<u><u>\$2,517,697</u></u>
Supplemental disclosure of cash flow information:		
Interest paid during the year	<u>\$1,793,901</u>	<u>\$ 1,387,278</u>
Noncash investing and financing activities:		
The Foundation entered into a ground lease and facilities lease agreements totaling \$3,594,697 and \$29,691,912 in 2007 and 2006 and capital lease obligations of \$22,185 for office equipment in 2006.		

\* See accompanying notes to financial statements







## NOTES TO FINANCIAL STATEMENTS

### **Note (1) Organization**

Cal Poly Pomona Foundation, Inc. (the Foundation) was organized as a nonprofit corporation and auxiliary organization of California State Polytechnic University, Pomona (the University) in 1966. The Foundation assists the University in several ways, including the development and administration of research and education grants and contracts; conducting enterprise activities including, dining service, bookstores, conference center lodge, apartment style housing, continuing education and agricultural aid to instruction; the accumulation and management of campus program and student scholarship funds on behalf of the University; and the development and administration of faculty staff housing and a research park, special programs, and other activities.

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

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

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

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

- Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing the primary objectives of the Foundation.
- Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time.
- Permanently restricted net assets - Net assets that are permanently restricted by donors for investment in perpetuity. The investment income generated from these funds is available for general support of the Foundation's programs and operations. There were no permanently restricted net assets as of June 30, 2007 and 2006.

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

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

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

The Foundation maintains its cash balances at one financial institution and is exposed to credit risk for amounts exceeding federally insured limits (\$100,000) in the event of nonperformance by the financial institution. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk for cash and cash equivalents. Total amounts uninsured at June 30, 2007 and 2006 were \$1,311,730 and \$1,176,161, respectively.

**(d) Investments**

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

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

**(e) Contributions Receivable**

Contributions receivable expected to be received beyond one year are recorded at the net present value of anticipated future cash flows. The discount rate used during the years ended June 30, 2007 and 2006 was 6%.

**(f) Inventories**

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

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

Property, plant, and equipment are stated at cost or, if donated, at their estimated fair market value at the date of donation. Depreciation is provided using the straight-line method over the assets' estimated useful lives, which range from 3 to 40 years.

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

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

**(i) Unitrust Liability**

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

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

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

**(k) Donor-Restricted Contributions**

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

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

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

**(l) Expense Allocation**

Expenses that can be identified with a specific program or supporting service are charged directly to the related program or supporting service. Expenses that are associated with more than one program or supporting service are allocated based on an evaluation by the Foundation's management. Program service expenses, consisting of sponsored programs expenses, campus programs expenses, and enterprise activities, less the general and administrative allocation to enterprise activities, totaled \$53,393,049 and \$52,034,687 for the years ended June 30, 2007 and 2006, respectively.

**(m) Estimates**

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

**(n) Income Taxes**

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

**(o) Reclassifications**

Certain June 30, 2006 amounts have been reclassified to conform with the June 30, 2007 presentation.

**(p) Recent Accounting Pronouncements**

In September 2006, the FASB issued SFAS No. 157, which provides guidance for using fair value to measure assets and liabilities, defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007, and for interim periods within those years. The Foundation is currently evaluating the potential impact of adopting SFAS No. 157 on its financial position and activities.

In September 2006, the FASB issued SFAS No. 158, which requires the Foundation to recognize the under-funded status of its defined benefit postretirement plan as a liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur in unrestricted net assets. SFAS No. 158 is effective for fiscal years ending after June 15, 2007. The Foundation adopted the provisions of SFAS No. 158.

### Note (3) Designated Net Assets

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

	2007	2006
Agriculture state share reserve	\$ 75,000	\$ 75,000
Equipment replacement	3,856,699	4,350,915
Foundation emergency reserve	120,152	120,152
Indirect cost disallowance	411,529	197,176
Interim Design Center	127,418	285,950
Pine Tree Ranch reserve	34,983	26,891
Postretirement medicts	1,064,218	739,023
Venture capital/Real estate reserve	1,549,869	1,057,302
Insurance reserve	103,713	104,251
Office of Research & Sponsored Programs reserve	37,390	14,784
Other	16,292	(44,982)
	<u>\$7,397,263</u>	<u>\$6,926,462</u>

Expenditures of Board-designated program activities for the years ended June 30, 2007 and 2006 are summarized as follows:

	2007	2006
Athletic program	\$ 55,000	\$ 50,000
News and publications	116,548	213,382
Office of Development	127,743	47,645
Special Foundation grants	77,845	17,919
Public Relations	342,575	302,243
	<u>\$ 719,711</u>	<u>\$ 631,189</u>

### Note (4) Investments

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

	2007	2006
Treasury notes	\$ 7,584,082	\$ 4,902,056
Agency securities	12,974,556	13,999,410
Equity securities	11,571,454	14,915,924
Investments by type	<u>\$32,130,092</u>	<u>\$33,817,390</u>

	2007	2006
Marketable securities	\$9,731,126	\$13,381,635
Other short-term investments	5,801,444	7,187,533
Long-term investments	16,597,522	13,248,222
Investments by type	<u>\$32,130,092</u>	<u>\$33,817,390</u>

Investment return for the years ended June 30, 2007 and 2006 is as follows:

	2007	2006
Net realized and unrealized gains and losses	\$ 1,897,818	\$ 965,514
Interest and dividend income	1,430,465	1,059,933
Investments by type	<u>\$ 3,328,283</u>	<u>\$ 2,025,447</u>

Investment return is allocated to various activities as follows in 2007 and 2006:

	2007	2006
Enterprise activities	\$ 75,302	\$ 28,814
Campus program activities	1,053,662	701,869
General activities	2,199,319	1,294,764
	<u>\$ 3,328,283</u>	<u>\$ 2,025,447</u>

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

	2007	2006
Cash equivalents	\$ 245,551	\$ 0
Corporate Debt Securities	0	399,288
U.S. government obligations	518,409	505,323
	<u>\$ 763,960</u>	<u>\$ 904,611</u>

### Note (5) Contributions Receivable

Contributions receivable are expected to be received as follows at June 30, 2007 and 2006:

	2007	2006
Within one year	\$ 634,468	\$ 1,074,653
Within two to five years	616,750	745,900
After five years	0	0
	<u>1,251,218</u>	<u>1,820,553</u>
Less allowance for uncollectible contributions	(99,371)	(94,710)
Less discount to reflect contributions receivable at present value	(85,198)	(115,410)
	<u>\$ 1,066,649</u>	<u>\$ 1,610,433</u>

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

A summary of bonds payable at June 30 follows:

	2007	2006
Bonds collateralized by the unrestricted revenues of the Foundation - Series 2000 Bonds (a)	\$ 850,000	\$ 4,535,000
Bonds collateralized by the unrestricted revenues of the Foundation - Series 2002A Bonds (b)	2,130,000	2,790,000
	<u>2,980,000</u>	<u>7,325,000</u>
Less current portion	(835,000)	(810,000)
Noncurrent portion of bonds payable	<u>\$ 2,145,000</u>	<u>\$ 6,515,000</u>

(a) In fiscal year 2001, the Foundation issued its Auxiliary Organization Bonds, Series 2000 in the amount of \$5,070,000 to finance a portion of the construction of three buildings to house the University's continuing education complex. The continuing education complex, referred to as the Center for Technology and Training and Incubation Center (the CTI), also includes 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 CTI is located on land leased from the Board of Trustees. 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.

During the 2006-07 fiscal year, the Foundation entered into a ground and facilities lease agreement (Capital Lease see note 7) with the State of California, acting through the Board of Trustees of the California State University (Board) to refund and defease a portion of the 2000 Series Bonds. The Board assisted the Foundation by issuing its System Revenue Bonds in 2006-07 and depositing \$3,749,783 into an irrevocable escrow account to redeem the 2000 series bonds maturing on and after 2013 through 2025 callable on February 1, 2011. The refunded portions of the bonds are considered in-substance defeased and are not recorded on the financial statements. The Foundation wrote off the unamortized cost of issuance and capitalized interest of \$438,852 in the defeasement of a portion of the 2000 series bonds. The remaining portion of the 2000 bonds that mature between 2008 through 2012 bear interest at varying rates averaging 4.7%; 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 2008 through 2012 bonds are not subject to optional redemption. The principal balance of the bonds is due in 2012.

(b) In fiscal year 2002, the Foundation issued its Auxiliary Organization Bonds, Series 2002A in the amount of \$5,295,000 to refund and defease the 1990B Series Bonds. The Series 2002A Bonds are general obligations of the Foundation and are secured principally by the unrestricted revenues of the Foundation. The bonds bear interest at varying rates averaging 4.3%; semiannual deposits are made into a debt reserve fund 45 days in advance of interest payments in an amount equal to the required interest payment plus one-half of the principal of the bonds becoming due in the immediate 12 months. The bonds are not subject to optional redemption. The principal balance of the bonds is due in 2010.

Future minimum principal payments on bonds are as follows:

Year ending June 30:	
2008	\$ 835,000
2009	870,000
2010	910,000
2011	180,000
2012	185,000
<b>Total</b>	<b>\$ 2,980,000</b>

Interest expense on the bonds payable totaled \$366,470 and \$366,251 for the years ended June 30, 2007 and 2006, respectively.

(c) In fiscal year 2007, the Foundation entered into an unsecured revolving line of credit for \$3,000,000 for purposes of working capital and to provide bridge financing for local real estate purchases of housing (limited to single-family residences) for faculty and staff of the University (see Note 13). The note is renewable annually and the outstanding principal balance bear interest at the bank's prime rate or 2.5% above the LIBOR rate. The line of credit matures in November 2007. There were no balances outstanding as of June 30, 2007 and June 30, 2006.

## Note (7) Leasing Commitments

### Operating Leases as Lessee

The Foundation has a dining service agreement with the Trustees of the California State University. The agreement is renegotiated annually and requires that the Foundation pay for the use of Los Olivos Commons and Vista Cafe based on 6% of gross annual sales of the residence hall dining service facility. For the years ended June 30, 2007 and 2006, such amount totaled \$367,371 and \$324,080, 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 2035.

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

Future minimum payments under non-cancelable operating lease agreements at June 30, 2007 are as follows:

Year ending June 30:	
2008	\$ 116,872
2009	116,453
2010	65,999
<b>Total</b>	<b>\$ 299,324</b>

### Capital Leases As Lessee

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

During the 2006-07 fiscal year, the Foundation entered into a ground and facilities lease agreement (Capital Lease) with the State of California, acting through the Board of Trustees of the California State University (Board) to refund and defease a portion of the 2000 Series Bonds. The Board assisted the Foundation by issuing its System Revenue Bonds in 2006-07 and applied the proceeds of such Bonds to redeem the 2000 series bonds maturing on and after 2013 through 2025 callable on February 1, 2011. The Board leased the Project to the Foundation pursuant to the Capital Lease, subject to the following general terms and conditions: (i) the maximum annual debt service under the Capital Lease is \$332,750 and the scheduled term of the Capital Lease is 18 years from March 2007 through May 2025.

During the 2003-04 fiscal year, the Foundation entered into a ground and facilities lease agreement (Capital Lease) with the State of California, acting through the Board of Trustees of the

California State University (Board) and agreed to undertake the financing of certain capital costs with respect to the University Village Phase III construction by the Board of an additional 466 bed-spaces (the "Project") at the University Village student housing complex located at California State Polytechnic University, Pomona. The Board assisted the Foundation by issuing its System Revenue Bonds in 2004-05 and applied the proceeds of such Bonds to the construction and acquisition of the Project by the Board; and leasing the Project to the Foundation pursuant to the Capital Lease, subject to the following general terms and conditions: (i) the maximum annual debt service under the Capital Lease is \$1,830,625 and the scheduled term of the Capital Lease is 31 years from completion of the construction of the Project in September 2005.

Future minimum payments under non-cancelable operating lease agreements at June 30, 2007 are as follows

Year ending June 30:	
2008	\$ 2,182,578
2009	2,070,735
2010	2,047,875
2011	2,046,463
2012	2,205,801
Thereafter	49,169,359
Total	59,722,811
Less amount representing interest	26,851,817
Present value of net minimum lease payments	\$32,870,994

#### Capital Leases As Lessor

Land, office and certain facilities are leased to the American National Red Cross, Trammel Crow, State of California and the University. Some of the leases are all-inclusive while other leases require the tenants to pay a pro-rata share of common area maintenance and are in effect with various termination dates between 2008 and 2082.

Future minimum payments under non-cancelable operating lease agreements at June 30, 2007 are as follows

Year ending June 30:	
2008	\$ 2,118,065
2009	1,295,738
2010	1,299,062
2011	1,234,622
2012	565,248
Thereafter	31,158,910
Total	\$37,671,645

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

The Foundation and the University provide various services on each other's behalf. Such services are appropriately billed. At June 30, 2007 and 2006, receivables from other activities and due from the University are \$607,906 and \$793,738, respectively. Accounts payable include \$589,050 and \$1,097,661 due to the University at June 30, 2007 and 2006, respectively.

Amounts billed by the Foundation and included in revenues for

the years ended June 30, 2007 and 2006 totaled approximately \$9,994,232 and \$9,519,026, respectively. Amounts billed to the Foundation and included in expenses for the years ended June 30, 2007 and 2006 totaled \$8,363,064 and \$4,592,360 respectively.

During the years ended June 30, 2007 and 2006, the Foundation transferred fixed assets totaling \$1,102,052 and \$1,641,935, comprised of a newly constructed road and renovations for various college buildings at the University. The University assumed ownership and management of the road and facilities.

The Foundation, at the request of and with the authorization of the University, provides accounting, financial reporting and management information services support to the Cal Poly Pomona University Educational Trust (UET), an auxiliary of the University. The UET paid the Foundation \$40,589 and \$39,599 in exchange for these services in 2007 and 2006. Per the UET's endowment spending policy the UET transferred endowment earnings of \$1,147,834 and \$942,247 to the Foundation in 2007 and 2006.

#### Note (9) Pension Plan

The Foundation participates in a multi-employer defined benefit plan through the California Public Employees' Retirement System (PERS) which covers substantially all regular full-time employees of the Foundation. PERS acts as a common investment and administrative agent for participating public entities with the state of California and reports information to the Foundation in accordance with reporting standards established by the Governmental Accounting Standards Board (GASB). The effects of adopting the reporting provisions promulgated by the Financial Accounting Standards Board (FASB) on the financial statements as of June 30, 2007 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. The contribution rate for the year ended June 2007 was 10.376% or \$817,297 and for the year ended June 2006 was 10.321% or \$855,946. The contribution rate is 9.425% or \$740,436 for fiscal year 2008 and is projected to be 9.3% for fiscal year 2009. The following table sets forth the most recent information provided by PERS which is as of June 30, 2005 (the latest date for which information is available):

Present value of Projected Benefits	
Active members	\$ 18,030,382
Transfers	2,604,447
Separated members	2,052,297
Receiving payments	9,731,116
Total	32,418,242
Present value of future employer normal costs	5,840,447
Present value of future employee contributions	2,871,986
Entry age normal accrued liability	\$ 23,705,809
Actuarial value of assets:	
Employer and inactive member reserves	\$ 20,047,134
Active employee account balances	3,804,059
Total valuation assets	\$ 23,851,193

## Note (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.

Full time employees hired prior to October 1, 2004 are 75% vested at age 50 if they have 10 years of service. With every additional year of service the vesting increases by 5% reaching 100% for employees who are age 50 or older who have at least 15 years of service. In addition, if an employee is age 50 or older and the employee's age plus years of service is 70 or more the employee is 100% vested.

Full time employees hired on, or after, October 1, 2004 are 50% vested at age 50 if they have 10 years of service. With every additional year of service the vesting increases by 5% reaching 100% for employees who are age 50 or older who have at least 20 years of service.

The Foundation's policy is to fund a significant portion of the cost of medical benefits in amounts determined at the discretion of management. The Foundation's maximum contribution will increase by no more than 5% per year.

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

### Obligations and Funded Status at June 30

Change in benefit obligation	2007	2006
Benefit obligation at beginning of year	\$11,328,322	
Re-measurement of obligation	10,734	
Adjusted benefit obligation at beginning of year	\$11,339,056	\$ 9,984,196
Service cost	481,131	461,982
Interest cost	667,123	626,496
Amendments	N/A	N/A
Actuarial loss	(100,263)	605,970
Acquisition	N/A	N/A
Benefits paid	(346,944)	(350,322)
Benefit obligation at end of year	\$12,040,103	\$11,328,322

Change in plan assets	2007	2006
Fair value of plan assets at beginning of year	0	0
Actual return on plan assets	0	0
Acquisition	N/A	N/A
Employer contribution	0	0
Plan participants' contributions	0	0
Benefits paid	0	0
Fair value of plan assets at end of year	0	0

Funded Status	2007	2006
Benefit Obligation at June 30	\$12,040,103	\$11,328,322
Unrecognized net transition obligation	0	0
Unrecognized prior service cost	(423,932)	(461,615)
Unrecognized net actuarial (gain)/loss	4,401,288	4,731,363
Prepaid (accrued) benefit cost	8,062,747	7,058,574
Measurement date	06/30/2007	06/30/2006
Funded status at end of year	(12,040,103)	(11,328,322)

Net Periodic Benefit Costs	2007	2006
Service cost	\$ 481,131	\$ 461,982
Interest cost	667,123	626,496
Expected return on plan assets	0	0
Amortization of transition obligation	0	0
Amortization of prior service cost (benefit)	(37,683)	(37,683)
Amortization of net (gain) loss	240,546	294,408
Net periodic benefit cost	\$1,351,117	\$1,345,203

Assumptions	2007	2006
Weighted-average assumptions used to determine benefit obligations as of June 30:		
Discount Rate	6.00%	6.00%
Expected long-term return on plan assets	N/A	N/A
Rate of compensation increase	N/A	N/A
Health care cost trend rate assumed for next year	9.00%	10.00%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.50%	5.50%
Year that the rate reaches the ultimate trend rate	5 yrs	6 yrs

The Foundation does not expect to contribute any funds to the plan during the next fiscal year. The following table contains annual projections of the Foundation's postretirement costs. The projections are based on current premium rates, the estimated "true cost" of coverage for retirees younger than age 65, the Foundation's cap on contribution, current enrollment and assumed future participation in the postretirement medical plans:

Projected Cost	
2008	\$ 447,207
2009	476,230
2010	493,535
2011	529,499
2012	565,141
Total	2,511,612
In aggregate for the next five years thereafter	3,333,710
	\$5,845,322

The following table includes the amounts in unrestricted net assets expected to be recognized as components of net periodic benefit cost over the 2007-08 fiscal year:

Net actuarial (gain)/loss	\$ 219,307
Net prior service cost	(37,683)
Net transition obligation	0

The following table includes the incremental effect of applying the Statement on individual line items of the statement of financial position:

	Before Application of SFAS 158	Adjustments	After Application of SFAS 158
Liability for pension benefits	\$ 7,059,881	\$ 4,076,312	\$11,136,193
Total liabilities	54,993,471	4,076,312	59,069,783
Unrestricted net assets	32,947,093	(4,076,312)	28,870,781
Total net assets	50,599,222	(4,076,312)	46,522,910

temporary certificate of occupancy. The developer's parent company unconditionally guarantees the full repayment of the land payment to the Foundation in the event of default by the developer.

The Foundation closed escrow in July 2007 for the purchase of one single-family residential house for a total of approximately \$400,000 in support of the California State Polytechnic University, Pomona's mission to develop affordable faculty staff housing options to attract and retain employees for the University. Under the terms and conditions of the sale, the Foundation will retain the land under a long-term lease and sell the single-family house to a faculty member with specific covenants, conditions and restrictions.

### Note (11) Commitments

Over the past several years, the Foundation has been developing a research park (Innovation Village) on sixty-five acres of land at California State Polytechnic University, Pomona. The Foundation agreed to develop and construct the common infrastructure to serve the tenants of Innovation Village at an estimated current cost of approximately \$9.0 million. The Foundation completed the first phase of the infrastructure for \$3,572,221 in February 2005.

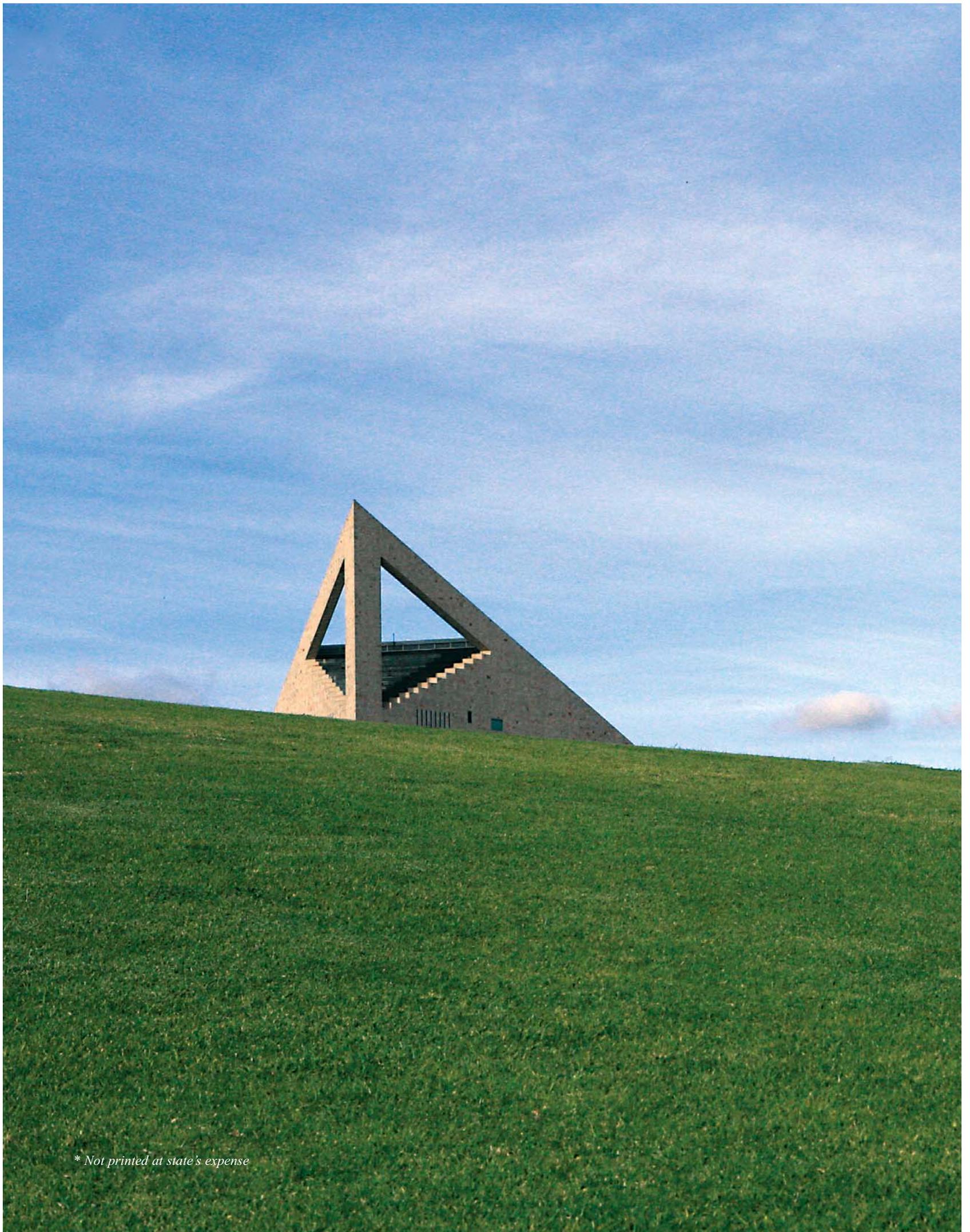
During the 2006-07 fiscal year, the Foundation received a \$2 million grant from the Department of Commerce's Economic Development Administration (EDA) for assistance with a \$5 million extension and development of multiple infrastructure improvements to further develop Innovation Village including two business incubator wet labs in the Center for Training, Technology and Incubation (CTTI). The Foundation is required to match the EDA's investment and will contribute cash of \$2 million and land of \$1 million in-kind. Innovation Village and CTTI is expected to create 1,250 new jobs and attract \$77 million in private investments within the next three years, as a part of President Bush's commitment to keeping America working.

### Note (12) Temporarily Restricted Net Assets

Temporarily restricted net assets totaling \$20,053,881 and \$17,652,130 at June 30, 2007 and 2006, respectively, are restricted for campus programs activities

### Note (13) Subsequent Events

The Foundation entered into an agreement with a developer to provide faculty/staff housing for Cal Poly Pomona or other public affiliates of the University. The developer is responsible for constructing thirty-four condominium units and all common area and related facilities. The Foundation is responsible for providing qualified buyers to purchase the condominiums at a minimum unit price from the developer. The Foundation released \$3.1 million in August 2007 upon the execution of the agreement in exchange for the right to receive a one thirty-fourth interest in the land (land payment) through an assignment of the ground lease from the developer as the condominiums are purchased by the qualified buyers. In addition, the Foundation secured a \$7.0 million irrevocable stand-by letter of credit in favor of the developer if the qualified buyers and or the Foundation do not purchase a condominium 20 days after the developer receives the



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