OPERATING AGREEMENT
BETWEEN CALIFORNIA STATE UNIVERSITY
AND CALIFORNIA POLYYTECHNIC STATE UNIVERSITY FOUNDATION

This agreement is made and entered into by and between the Trustees of the California State University by their duly qualified Chancellor (CSU) and California Polytechnic State University Foundation (Auxiliary) serving California Polytechnic State (University). The term of this agreement shall be July 1, 2026, through June 30, 2036.

Purpose

The purpose of this agreement is to set forth the terms and conditions under which Auxiliary may operate as an auxiliary organization pursuant to Cal. Educ. Code § 89 900et seq. and 5 CCR § 42400 et seq. In entering this agreement, CSU finds that certain functions important to its mission are more effectively accomplished by the use of an auxiliary organization rather than by the University under the usual state procedures.

Primary Functions

In consideration of receiving recognition as an official CSU auxiliary organization, Auxiliary agrees that the primary function(s) that the Auxiliary is to manage, operate or administer are listed below as authorized by 5 CCR § 42500:

a. Gifts, bequests, devises, endowments, trusts and similar funds
b. Public relations, fundraising, fund management, and similar development programs
c. Acquisition, development, sale, and transfer of real and personal property including financing transactions related to these activities

Auxiliary agrees to receive and apply exclusively the funds and properties coming into its possession toward furthering these purposes for the benefit of CSU and the University. Auxiliary further agrees that it shall not perform any of the functions listed in 5 CCR § 42500 unless the function has been specifically assigned in this operating agreement with the University. Prior to initiating any additional functions, Auxiliary understands and agrees that CSU and Auxiliary must amend this agreement in accordance with section 21, Amendment.

University Oversight and Operational Review

Auxiliary must operate in conformity with CSU and University policies and under the oversight of the University. As stated in California Cal. Educ. Code §§ 89756 and 89900, the

University President is primarily responsible for administrative compliance and fiscal oversight of Auxiliary. The University President has been delegated authority by the CSU Board of Trustees (Standing Orders § VI) to carry out all necessary functions for the operation of the University. The operations and activities of Auxiliary under this agreement shall be integrated with University operations and policies and shall be overseen by the university Chief Financial Officer (CFO) or designee so as to assure compliance with objectives stated in 5 CCR § 42401.

Each auxiliary organization shall conduct an annual review and prepare a report of the fiscal viability of the auxiliary organization pursuant to Cal. Educ. Code § 89904-89905 (not including § 89905.5) 5 CCR § 42401(d), and 5 CCR § 42404. Each auxiliary organization shall prepare and submit a report of the results of the annual review of auxiliary financial standards and control self-assessment to the university president or designee for review and approval by June 30th as outlined in the Annual Review of Auxiliary Financial Standards and Control Self-Assessment section of the CSU Auxiliary Organizations policy. A record of the approval shall be retained by the university pursuant to the Records Retention and Disposition Schedules policy.

Auxiliary agrees to assist the University CFO or designee in carrying out the compliance and operational reviews required by applicable CSU policies.

Operational Compliance

Auxiliary agrees to maintain and operate its organization in accordance with all applicable laws, regulations and CSU and University rules, regulations and policies. Failure of Auxiliary to comply with any term of this agreement may result in the removal, suspension or probation of Auxiliary as an auxiliary organization in good standing. Such action by CSU may result in the limitation or removal of Auxiliary's right to utilize the CSU or university name, resources and facilities (5 CCR § 42406).

Conflict of Interest

No officer or employee of the CSU shall be appointed or employed by Auxiliary if such appointment or employment would be incompatible, inconsistent or in conflict with their duties as a CSU officer or employee.

Auxiliary has established and will maintain a conflict of interest policy. The Auxiliary's Conflict of Interest Policy is attached as Exhibit 1.

Expenditures Augmenting CSU Appropriations

With respect to expenditures for public relations or other purposes which would serve to augment appropriations for CSU operations, Auxiliary may expend funds in such amount and for such purposes as are approved by Auxiliary's governing body. Auxiliary shall file a statement of Auxiliary's policy on accumulation and use of public relations funds and attach to this agreement as Exhibit 2. The statement shall include the policy and procedures for solicitation of funds, the purposes for which the funds may be used, the allowable expenditures and procedures of control.

Fiscal Audits

Auxiliary agrees to comply with CSU policy and the provisions of 5 CCR 5 § 42408, regarding fiscal audits. All fiscal audits shall be conducted by auditors meeting the requirements detailed in the External Audits section of the CSU Auxiliary Organizations policy.

The University CFO shall annually review and submit a written evaluation to the Chancellor's Office in accordance with Section 20, Notices, of the external audit firm selected by the Auxiliary. This review by the University CFO must be conducted prior to the Auxiliary engaging an external audit firm and annually thereafter. If the Auxiliary has not changed audit firms, and the audit firm was previously reviewed and received a satisfactory evaluation, a more limited review may be conducted and submitted.

Use of Name

University agrees that Auxiliary may, in connection with its designated functions as a CSU auxiliary organization in good standing and this agreement, use the name of the University, the University logo, seal or other symbols and marks of the University, provided that Auxiliary clearly communicates that it is conducting business in its own name for the benefit of University. All correspondence, advertisements, and other communications by Auxiliary must clearly indicate that the communication is by and from Auxiliary and not by or from CSU or University.

Auxiliary shall use the name of University, logo, seal or other symbols or marks of University only in connection with services rendered for the benefit of University and in accordance with University guidance and direction furnished to Auxiliary by University and only if the nature and quality of the services with which the University name, logo, seal or other symbol or mark are used are satisfactory to the University or as specified by University.

University shall exercise control over and shall be the sole judge of whether Auxiliary has met or is meeting the standards of quality of the University for use of its name, logo, seal or other symbol or mark.

Auxiliary shall not delegate the authority to use the University name, logo, seal or other symbol or mark to any person or entity without the prior written approval of the University

President or designee. Auxiliary shall cease using the University name, logo, seal or other symbol or mark upon expiration or termination of this agreement, or if Auxiliary ceases to be a CSU auxiliary organization in good standing, dissolves or disappears in a merger.

Modification.of.Corporation.StatusCopy.Link

Auxiliary organizations shall notify the university president or designee, and the Chancellor's Office (compliance@calstate.edu) of any changes to their legal, operational or tax status. This includes, but is not limited to amendments to Articles of Incorporation or bylaws, changes in tax-exempt status, bankruptcy filings, dissolution, mergers, or change in name. In the event of changes to governance documents or financial information, auxiliary organizations must also ensure compliance with the requirements outlined in the Auxiliary Organization Website section of the CSU Auxiliary Organizations policy.

Fair.Employment.Status

In the performance of this agreement, and in accordance with Cal. Gov. Code § 12900 et. seq., Auxiliary shall not deny employment opportunities to any person on the basis of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, military and veteran status. Auxiliary shall adopt employment procedures consistent with the policy statement on nondiscrimination and equal opportunity in employment adopted by the CSU.

Background.Check.Compliance

In compliance with governing laws and CSU policy, Auxiliary shall confirm that background checks are completed for all new hires and for those independent contractors, consultants, outside entities, volunteers and existing employees in positions requiring background checks as set forth in CSU policy Background Checks. Auxiliary will provide confirmation of completed and cleared background checks to the University President/Chancellor upon request, or as established by university policy.

Disposition.of.AssetsCopy.Link

Attached hereto as Exhibit 3 is a copy of Auxiliary's Constitution or Articles of Incorporation (as applicable) which, in accordance with 5 CCR § 42600, establishes that upon dissolution of Auxiliary, the net assets other than trust funds shall be distributed to the CSU or to another affiliated entity subject to financial accounting and reporting standards issued by the Government Accounting Standards Board. Auxiliary agrees to maintain this provision as part of its Constitution or Articles of Incorporation. In the event Auxiliary should change this provision to make other dispositions possible, this agreement shall terminate as of the date immediately preceding the date such change becomes effective.

Use.of.University.Facilities

Auxiliary may use those facilities identified for its use in a lease agreement executed between University and Auxiliary. If this Operating Agreement terminates or expires and is not renewed within 30 days of the expiration, the lease automatically terminates, unless extended in writing by the parties.

Auxiliary and University may agree that Auxiliary may use specified University facilities and resources for research projects and for institutes, workshops, and conferences only when such use does not interfere with the instructional program of University and upon the written approval from appropriate University administrators with such specific delegated authority. Auxiliary shall reimburse University for costs of any such use.

Contracts.for.University.Services

Auxiliary may contract with University for services to be performed by state employees for the benefit of Auxiliary. Any agreement must be documented as a contract or written memorandum of understanding between Auxiliary and University. The contract shall among other things, specify the following: (a) full reimbursement to University for services performed by a state employee in accord with 5 CCR § 42502(f); (b) Auxiliary must clearly identify the specific services to be provided by state employee, (c) Auxiliary must specify any performance measures used by Auxiliary to measure or evaluate the level of service; (d) Auxiliary must explicitly acknowledge that Auxiliary does not retain the right to hire, supervise or otherwise determine how to fulfill the obligations of the University to provide the specified services to Auxiliary.

Disposition.of.Net.EarningsCopy.Link

Auxiliary agrees to comply with CSU and University policy on expenditure of funds including, but not limited to, CSU guidelines for the disposition of revenues in excess of expenses and CSU policies on maintaining appropriate reserves, pursuant to Cal. Educ. Code § 89904; CSU policy CSU Auxiliary Organizations, and CSU policy Designated Balances and Reserves.

Financial.Controls

Recovery of allowable and allocable indirect costs and maintenance and payment of operating expenses must comply with CSU policy Placement and Control of Receipts for University Activities and Programs, 5 CCR § 42502(g) and (h).

Acceptance?Administration.and.Use.of.Gifts

Auxiliary agrees, if authorized to do so in Section 2 above, that it will accept and administer gifts, grants, contracts, scholarships, loan funds, fellowships, bequests, and devises in accordance with policies of CSU and University.

Authority to Accept Gifts

If authorized, Auxiliary may evaluate and accept gifts, bequests and personal property on behalf of CSU. In acting pursuant to this delegation, due diligence shall be performed to ensure that all gifts accepted will aid in carrying out the CSU mission as specified in Cal. Educ. Code §§ 89720 and 66010.4(b).

Auxiliary agrees, before accepting gifts of real estate or gifts with any restrictive terms or conditions that impose an obligation on CSU or the State of California to expend resources in addition to the gift, to obtain written approval from the appropriate university authority. Auxiliary agrees that it will not accept a gift that has any restriction that is unlawful.

Reporting Standards

Gifts shall be recorded in compliance with the Council for Advancement and Support of Education and California State University reporting standards and shall be reported to the Chancellor's Office on an annual basis in accordance with Cal. Educ. Code § 89720.

Indemnification

Auxiliary agrees to indemnify, defend and save harmless the CSU, its officers, agents, employees and constituent universities and the State of California, collectively "CSU indemnified parties" from any and all loss, damage, or liability that may be suffered or incurred by CSU indemnified parties, caused by, arising out of, or in any way connected with the operation of Auxiliary as an auxiliary organization.

Insurance

Auxiliary shall maintain insurance protecting the CSU and University as provided in this section. CSU's Systemwide Office of Risk Management shall establish minimum insurance requirements for auxiliaries, based on the insurance requirements in California State University Insurance Requirements or its successor then in effect. Auxiliary agrees to maintain at least these minimum insurance requirements.

Auxiliary's participation in a coverage program of the California State University Risk Management Authority (CSURMA) shall fully comply with the insurance requirement for each type of required coverage (which may include but not be limited to, general liability, auto liability, directors and officers liability, fiduciary liability, professional liability, employer's liability, pollution liability, workers' compensation, fidelity, property and any other coverage necessary based on Auxiliary's operations. Auxiliary shall ensure that CSU and University are named as additional insured or loss payee as its interests may appear.

Notices

All notices required to be given, or which may be given by either party to the other, shall be deemed to have been fully given when made in writing and deposited in the United States mail, certified and postage prepaid and addressed to all parties as provided below.

Notice to Auxiliary shall be addressed as follows:

Cal Poly Foundation
1 Grand Avenue
San Luis Obispo, CA 93407

Notice to the University shall be addressed as follows:

California Polytechnic State University
1 Grand Avenue
Sn Luis Obispo, CA 93407
Attn: Assistant Vice President, Strategic Business Support Services

Notice to the CSU shall be addressed as follows:

Trustees of the California State University
Attention: Executive Vice Chancellor and Chief Financial Officer
401 Golden Shore
Long Beach, California 90802

Amendment

This agreement may be amended only in writing signed by an authorized representative of all parties.

Records

Auxiliary shall maintain adequate records and shall submit periodic reports as required by CSU showing the operation and financial status of Auxiliary. The records and reports shall cover all activities of Auxiliary whether pursuant to this agreement or otherwise.

Termination

CSU may terminate this agreement upon Auxiliary's breach of or failure to comply with any term of this agreement by providing Auxiliary with a minimum of ninety (90) days advance written notice. Auxiliary may use the ninety-day advance notice period to cure the breach. If, in the judgment of CSU, the breach has been cured, the termination notice will be canceled. The ninety-day notice provision is not required for a breach noted in Section 12 of this Agreement.

Remedies Upon Termination

Termination by CSU of this agreement pursuant to Section 23, Termination, may result in Auxiliary's removal, suspension or probation as a CSU auxiliary in good standing, and loss of any right for Auxiliary to use the name, resources or facilities of CSU or any of its universities.

Upon expiration of the term of this agreement, the parties shall have 30 days to enter into a new operating agreement which period may be extended by written mutual agreement.

Severability

If any section or provision of this Agreement is held illegal, unenforceable or in conflict with any law by a court of competent jurisdiction, such section or provision shall be deemed severed and the validity of the remainder of this Agreement shall not be affected thereby.

IN WITNESS WHEREOF, this agreement has been executed by the parties hereto.

Approved: 07/18/2026	*California Polytechnic State University, San Luis Obispo* By Jeffrey D. Armstrong Jeffrey D. Armstrong, President
Executed on: ______	*California Polytechnic State Foundation* By Matt Weinstein (Jul 16, 2026 13:38:53 PDT) *Matt Weinstein, CEO*

Executed 07/23/2026	California State University Office of the Chancellor By Patrick J. Lenz Patrick J. Lenz, Interim Executive Vice Chancellor and Chief Financial Officer

Exhibit 1 - CPF Conflict of Interest Policy
Exhibit 2 - CPF Public Relations Funds Policy
Exhibit 3 - CPF Articles of Incorporation

SECTION: POLICY STATEMENT – COMPLIANCE

SUBJECT: BOARD OF DIRECTOR'S CONFLICT OF INTEREST POLICY

PURPOSE: To provide a conflict of interest policy applicable to the Board of Directors of the Cal Poly Foundation that complies with requirements of the California Education Code, the Internal Revenue Code and similar statutory provisions.

RESPONSIBLE EXECUTIVE: Treasurer
RESPONSIBLE DEPARTMENT: Cal Poly Foundation Finance
UPDATED: May 4, 2019, August 7, 2010
FIRST EFFECTIVE DATE: March 3, 2006
LAST REVIEW: August 12, 2023
NEXT SCHEDULED REVIEW: August 2028

BOARD OF DIRECTOR'S CONFLICT OF INTEREST POLICY

I. BACKGROUND AND PURPOSE

California Polytechnic State University Foundation is a nonprofit public benefit corporation that is a public charity exempt from federal income tax and charitable organization exempt from California franchise tax. It is also an auxiliary of The California State University subject to the California Education Code §89906-§89909, the California Nonprofit Corporation Law §5233 and the policies of the CSU and of California Polytechnic State University.

The Board of Directors of the Cal Poly Foundation adopted this policy in order to establish standards of conduct that ensure that all statutory requirements involving conflicts of interest have been addressed and that Board members have established guidelines that meet federal and state good governance standards applicable to their activities and dealings on behalf of the Cal Poly Foundation.

II. POLICY

A. Members of the Board of Directors of the Foundation shall abide by the conflict of interest provisions of the California Nonprofit Corporation Law and the California Education Code applicable to California State University Auxiliary Organizations, as set forth below:

1. Cal. Corp Code §5233 STANDARD OF CONDUCT. Directors have a fiduciary duty to always act in the best interest of the organization and to evaluate each transaction entered into by board action with that standard in mind.
    a. "Self-dealing transactions" are any transactions to which the corporation is a party and in which one or more of its directors has a material financial interest, unless the transaction (1) is specifically excluded from coverage by statute or (2) although otherwise covered by the prohibition, is approved by the Attorney General or validated.

2. California Education Code §89906 FINANCIAL INTEREST PROHIBITED. No member of the governing board of an auxiliary organization shall be financially interested in any contract or other transaction entered into by the board of which he/she is a member, and any contract or transaction entered into in violation of this section is void.

3. California Education Code §89907 EXCEPTION. No contract or other transaction entered into by the governing board of an auxiliary organization is void under the provisions of §89906, nor shall any member of such board be disqualified or deemed guilty of misconduct in office under said provisions, if the circumstances specified in the following subdivisions exists:

    a. The fact of such financial interest is disclosed or known to the governing board and noted in the Minutes, and the governing board thereafter authorizes, approves, or ratifies the contract or transaction in good faith by a vote sufficient for the purpose without counting the vote or votes of such financially interested member or members, and

    b. The contract or transaction is just and reasonable as to the auxiliary organization at the time it is authorized or approved.

4. California Education Code §89908 CERTAIN PROVISIONS NOT APPLICABLE. The provisions of §89907 shall not be applicable if the circumstances specified in any of the following subdivisions exist:

    a. The contract or transaction is between an auxiliary organization and a member of the governing board of that auxiliary organization.

    b. The contract or transaction is between an auxiliary organization and a partnership or unincorporated association of which any member of the governing board of that auxiliary organization is a partner or in which he/she is the owner or holder, directly or indirectly, of a proprietorship interest.

    c. The contract or transaction is between an auxiliary organization and a corporation in which any member of the governing board of that auxiliary organization is the owner or holder, directly or indirectly, of five (5) percent or more of the outstanding common stock.

d. A member of the governing board of an auxiliary organization is interested in a contract or transaction within the meaning of §89906, and without first disclosing such interest to the governing board at a public meeting of the board, influences or attempts to influence another member or members of the board to enter into the contract or transaction.

5. California Education Code §89909 UNLAWFUL TO UTILIZE NONPUBLIC INFORMATION FOR PERSONAL PECUNIARY GAIN. It is unlawful for any person to utilize any information, not a matter of public record, which is received by him/her by reason of his/her membership of the governing board of an auxiliary organization, for personal pecuniary gain, regardless of whether he/she is or is not a member of the governing board at the time such gain is realized.

B. Members of the Board of Directors shall complete and sign annually:

1. an acknowledgement in substantially the form attached as Exhibit A attesting that they are not involved in any transaction or relationship that involves a prohibited financial interest as described in, and not exempted from, Education Code Section 89906 (a "Conflict of Interest"); and

2. a conflict of interest disclosure form in substantially the form attached as Exhibit A reporting any actions or relationships required to be reported or disclosed to satisfy the good governance standards in the Foundation's Form 990, Return of Organization Exempt From Income Tax.

C. Members of the Board of Directors shall consult with the CEO and Foundation counsel regarding any existing transaction or relationship that may constitute a Conflict of Interest. If a Conflict of Interest is deemed to exist pursuant to such initial consultation, it shall first be reported to the Audit Committee to devise and recommend to the Board a proposed resolution of, or course of action with respect to, the Conflict of Interest.

D. If a Conflict of Interest is deemed by the CEO and Foundation counsel to exist, the Audit Committee shall place the matter on the regular meeting agenda for appropriate action by the Board of Directors. The Board shall discuss the matter in open session, allowing the Director whose conduct is at issue to provide an explanation. The Board shall then by majority vote (not including the vote of any Director whose conduct is at issue) take action regarding the matter. Such action may include, but is not limited to, validation of the transaction pursuant to §89907, if available, validation of the transaction with conditions, censure or removal of the Director, rescission of the transaction, or any other action deemed appropriate by the Board.

E. If a transaction is proposed that may constitute a Conflict of Interest, the CEO and Foundation counsel shall determine whether the proposed transaction represents a conflict that would violate Cal. Corp Code §5233 or Cal. Education Code §89906 and, if so, whether to present the proposed transaction to the Board for possible approval in accordance with §89907, if available, or whether the proposed transaction should not be pursued.

F. Members of the Board of Directors shall recuse themselves from the vote on any matter that involves an actual or potential Conflict of Interest involving that Director.

G. Any allegation or evidence of violation of this Conflict of Interest policy by a Director shall be reported to the CEO. The CEO and Foundation counsel shall discuss the matter with the Director to obtain additional facts and perspective. If a Conflict of Interest relationship is deemed to exist, it shall be reported to the Audit Committee to devise and recommend to the Board a proposed resolution of, or course of action with respect to, the Conflict of Interest.

H. Officers, Directors or employees may report any allegation or evidence of violation of this Conflict of Interest policy, or irregularities in accounting or financial matters, to the Audit Committee Chairman or the Foundation counsel. The Audit Committee, in consultation with the Foundation counsel, shall then take proper action to investigate the matter and recommend a response to the allegations. Employees who report suspected Conflicts of Interest or financial or accounting irregularities shall be protected from any retaliation as a result of the report.

III. REVIEW

A. The Audit Committee of the Foundation Board of Directors, in consultation with the managers, will review this policy in its entirety every five years from the most recent updated date to determine its effectiveness and appropriateness. The policy may be evaluated before that time as necessary to reflect substantial organizational, financial, or physical change(s) at the Foundation or any change required by law or by other governing policy.

IV. References and Related Policy

A. California Education Code §89906-§89909

B. California Nonprofit Corporation Law §5233

Document Chronology: *May 4,* 2019, updates for formatting and added review schedule, revised for improved clarity.

Exhibit A

California Polytechnic State University Foundation

Conflict of Interest Policy
20__/20__ Acknowledgement

Prohibited Financial Relationships. The Foundation's Conflict of Interest Policy prohibits any contract or other transaction between the Foundation and:

(1) a board member;
(2) a partnership or unincorporated association in which a board member is a partner or proprietor; and
(3) a corporation in which a board member is the owner, directly or indirectly, of five percent or more of the outstanding stock.

Financial Interests Prohibited/Exception. No board member may have a financial interest in any Foundation contract or transaction and any contract or transaction in violation of this provision is void unless:

(1) the board member's financial interest is disclosed or known to the Board;
(2) such interest is noted in the Foundation's minutes; and
(3) the board authorizes, approves or ratifies the contract or transaction in good faith by the required vote without counting the votes of any financially interested members. This exception does not apply if a financially interested member, before disclosing this interest at a public meeting of the board, influences or attempts to influence another member or members to enter into the contract or transaction.

Nonpublic Information. Board members who receive by reason of their board membership information not a matter of public record may not utilize this information for personal gain, regardless of whether he/she is a member of the board when the gain is realized.

Acknowledge and Attest. The undersigned hereby acknowledges that he/she is bound by the terms of the Foundation's Conflict of Interest Policy and attests that he/she is not involved in any relationship or transaction that involves a financial interest prohibited by this policy other than those specifically excepted from its provisions.

Board Member **Date**

_______________________________ _______________________________

____
Print Name

SECTION:	POLICY STATEMENT – COMPLIANCE
SUBJECT:	SOURCE AND USE OF PUBLIC RELATIONS FUNDS

PURPOSE: To provide policy guidance on the accumulation and use of funds by the Cal Poly Foundation ("Foundation") for public relations purposes.

RESPONSIBLE EXECUTIVE: Foundation CEO
RESPONSIBLE DEPARTMENT: Vice President of University Development
UPDATED: October 26, 2024
FIRST EFFECTIVE DATE: January 1, 2007
LAST REVIEW: May 4, 2019
NEXT SCHEDULED REVIEW: October 26, 2029

SOURCE AND USE OF PUBLIC RELATIONS

I. BACKGROUND

A. Title 5 California Code of Regulations §42502(i) provides that each auxiliary organization shall maintain a policy on the "accumulation and use of public relations funds if such funds are obtained and used by the auxiliary organization to augment State appropriations for public relations." The policy must include "…the policy and procedure on solicitation of funds, source of funds, amounts, and purpose for which the funds will be used, allowable expenditures, and procedures of control."

B. The Integrated California State University Administrative Manual, (ICSUAM) Section 01301.00, Hospitality, Payment or Reimbursement of Expenses provides that hospitality expenses may be paid to the extent that such expenses are necessary, appropriate to the occasion, reasonable in amount and serve a purpose consistent with the mission and fiduciary responsibilities of the Cal Poly Foundation. This policy applies to activities that promote Cal Poly to the public and the provision of hospitality in connection with official Cal Poly business and specifies the university and auxiliary funds that may be used for such purposes. Each campus and its auxiliaries are required to develop written procedures, consistent with this policy, regarding the payment of ordinary and necessary hospitality expenses.

C. Definitions.

"Public relations funds" – are monies spent in support of activities that promote Cal Poly to the public and the provision of hospitality in connection with official Cal Poly business including: Awards and Service Recognition, Employee meetings and recognition events, Entertainment services, Fundraising Events, Gifts, Hospitality, Official Hosting, Membership in Social Organizations and Promotional Items as defined in ICSUAM Section 01301.00.

II. POLICY

A. Solicitation and accumulation of public relations funds

B. The Foundation conducts fundraising activities to support the functions and activities of Cal Poly. Certain funds raised by the Foundation will be made available for the unrestricted use of the University, including, at the University's discretion, public relations. All fundraising conducted by the Foundation, for public relations or any other purpose authorized by the University, must comply with all requirements and policies for fundraising activity applicable to University Development and Alumni Engagement. Likewise, gift and endowments accepted by the Foundation for the benefit of the University must satisfy all standards and policies applicable to gifts and endowments accepted by University Development and Alumni Engagement. Public relations fund sources include but are not limited to:

1. Public relations funds, when expended, may originate from discretionary or restricted funds that permit such use. These funds may be derived from various sources including earnings on gifts or endowment payouts prior to application to their intended purposes, donations, or the proceeds from the sale of non-cash gifts made to the University.

C. Procedures

1. Any expenditure of Foundation funds for purposes of public relations shall be approved pursuant to all purchasing policies and procedures of the Foundation, all such requests shall be accompanied by appropriate supporting documentation, with dates, purpose and individuals or groups involved, location, and amounts clearly stated, and any other requirements. In accordance with ICSUAM Section 01301.00 hospitality expenses must be directly related to, or associated with, the active conduct of official Cal Poly business. When an authorized University employee acts as an official host, the occasion must, in the best judgment of the approving

authority, serve a clear Cal Poly business purpose, with no personal benefit derived by the official host or other employees. In addition, the expenditure of funds for hospitality should be cost effective and in accordance with the best use of public funds.

D. Restrictions

1. Every expenditure must advance an objective of the University, and comply with all applicable procurement and accounting practices. In general, expenditures must be appropriate for campus authorized educational, social, development, hospitality, community and employee relations, University employee business travel and related considerations, student aid, and for other purposes that benefit the University. All expenditures from a restricted fund must be clearly consistent with the restricted purpose.

2. The Foundation shall not carry on any activities not permitted to be carried on by an entity exempt from federal income tax under Section 501(c)(3), CSU ICSUAM Section 01301.00, or Title 5, § 42403(c).

   i. Under the Internal Revenue Code, all section 501(c)(3) organizations are absolutely prohibited from directly or indirectly participating in, or intervening in, any political campaign on behalf of (or in opposition to) any candidate for elected public office. Contributions to political campaign funds or public statements of position (verbal or written) made on behalf of the organization in favor of or in opposition to any candidate for public office clearly violate the prohibition against political campaign activity.
   ii. Per Section 89300 of the Education Code, public relations funds cannot be spent to support or oppose any candidate for public office, whether partisan or not, or to support or oppose any issue before the voters of this state or any subdivision thereof or any city, municipality, or local governmental entity of any kind.
   iii. In accordance with Title 5, § 42403(c) funds of an auxiliary organization shall be used for purposes consistent with Board of Directors and campus policy, and shall not be used to make personal loans for non-educationally related purposes, except that such loans may be made when specifically authorized by a trust instrument under which the funds were received.

E. Reporting

1. The Foundation shall file a copy of this Policy with the Chancellor's Office, per the requirements of Title 5 California Code Regulations §42502(i).

III. REVIEW

A. The Governance Committee of the Foundation Board of Directors will review this policy five years from the updated date to determine its effectiveness and appropriateness. The policy may be evaluated before that time as necessary to reflect substantial organizational, financial, or physical change(s) at the Foundation or any change required by law or by other governing policy.

VI. REFERENCES AND RELATED POLICIES

A. Title 5 California Code Regulations. §42502(i)
B. Title 5, California Code Regulations. § 42403(c)
C. CSU ICSUM Section 1301.00

Document Chronology:

- May 4, 2019 updates for formatting and added review schedule, revised for improved clarity.
- October 26, 2024 updated various references and terminology as part of the 5 year review process.

A0738953

FILED

Secretary of State
State of California

FEB 08 2013

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RESTATED ARTICLES OF INCORPORATION

The undersigned certify that: C2829533

1. They are the chief executive officer and the secretary, respectively, of California Polytechnic State University Foundation, a California corporation.

2. The Articles of Incorporation of this corporation are amended and restated to read as follows:

ARTICLES OF INCORPORATION
OF
CALIFORNIA POLYTECHNIC STATE UNIVERSITY FOUNDATION
A California Nonprofit Public Benefit Corporation

One: The name of this corporation is "California Polytechnic State University Foundation."

Two: This corporation is a Nonprofit Public Benefit Corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation law for public and charitable purposes.

Three: This corporation is organized, and at all times will be operated, exclusively for the benefit of The California State University. The specific purposes for which this corporation is organized are to foster, encourage and promote the scientific, literary, educational and charitable purposes of California Polytechnic State University.

Four: This corporation is organized and operated exclusively for charitable purposes within the meaning of Section 501(c)(3) of the internal Revenue Code. Notwithstanding any other provision of these Articles, this corporation shall not carry on any activities not permitted to be carried on by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, or by a corporation contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code.

Five: No substantial part of the activities of this corporation shall consist of carrying on propaganda or otherwise attempting to influence legislation, nor shall the corporation participate in, intervene in, or contribute funds to any political campaign on behalf of any candidate for public office.

Six: The property of this corporation is irrevocably dedicated to charitable purposes and no part of the net income or assets of this corporation shall ever inure to the benefit of any director, officer, or member hereof or to the benefit of any private person. Upon the dissolution or winding up of the corporation, its assets remaining after payment or provision for payment of all debts and liabilities of this corporation shall be distributed to one or more nonprofit corporations organized and operated for the benefit of the California Polytechnic State University; such corporation or corporations to be approved by the Chancellor of the California State University and by the President of the California Polytechnic State University; or if no such corporations exist to the Trustees of the California State University. Such nonprofit corporation or corporations must be qualified for Federal income tax exemption under Section 501(a) and 501(c)(3) of the United States Internal Revenue Code of 1986, as amended, and be organized and operated exclusively for charitable, scientific, literary or educational purposes, or for a combination of said purposes.

Seven: The corporation shall have no members other than the persons constituting its Board of Directors who shall, for purposes of any statutory provision or rule of law relating to nonprofit corporations, be taken to be the members of the corporation and who shall exercise all the rights and power of members thereof.

3. The foregoing amendment and restatement of Articles of Incorporation has been duly approved by the board of directors.

4. The foregoing amendment and restatement of Articles of Incorporations has been duly approved by the required vote of the members.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

DATE: 2/4/13

Deborah Read

Deborah W. Read, Chief Executive Officer

Tanya Kiani, Secretary

Cal Poly Foundation/CSU Operating Agreement

Final Audit Report 2026-07-19

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