

California Polytechnic State University Foundation
Financial Statements and Supplementary Schedules
for Inclusion in the Financial Statements
of the California State University
June 30, 2025 and 2024

**California Polytechnic State University Foundation
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June 30, 2025 and 2024**

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Independent Auditors' Report

To the Board of Directors
California Polytechnic State University Foundation
San Luis Obispo, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying statements of net position of California Polytechnic State University Foundation (the Foundation), a component unit of the California Polytechnic State University, San Luis Obispo, as of June 30, 2025 and 2024, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of California Polytechnic State University Foundation, as of June 30, 2025 and 2024, the changes in its net position, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of California Polytechnic State University Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about California Polytechnic State University Foundation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 9 be presented to supplement the basic financial statements. Such information is the

responsibility of management and, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the California Polytechnic State University Foundation's basic financial statements. The accompanying supplementary information for inclusion in the financial statements of the California State University on pages 33 through 43 is presented for purposes of additional analysis as required by the California State University and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have issued our report dated September 15, 2025, on our consideration of California Polytechnic State University Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the California Polytechnic State University Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering California Polytechnic State University Foundation's internal control over financial reporting and compliance.

GLENN BURDETTE ATTEST CORPORATION

Glenn Burdette Attest Corporation
San Luis Obispo, California

September 15, 2025

California Polytechnic State University Foundation
Management's Discussion and Analysis
June 30, 2025 and 2024

Management's Discussion and Analysis

This section of the Foundation's annual financial report presents a discussion and analysis of the financial performance of the Foundation during the fiscal year ended June 30, 2025 ("2025"), with comparative information for the fiscal years ended June 30, 2024 ("2024") and June 30, 2023 ("2023"). This discussion has been prepared by management and should be read in conjunction with the accompanying audited financial statements and notes.

Introduction to the Financial Statements

This annual report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board (GASB) Statements No. 34, *Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, No. 35, *Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*, No. 37, *Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*, and No. 38, *Certain Financial Statement Note Disclosures*. For reporting purposes, the Foundation is considered a special-purpose government entity engaged in business-type activities which best represents the activities of the Foundation as an auxiliary organization of the California Polytechnic State University, San Luis Obispo (University).

The financial statements include the Statements of Net Position; the Statements of Revenues, Expenses, and Changes in Net Position; and the Statements of Cash Flows. These statements are supported by the notes to the financial statements and this section. All sections must be considered together to obtain a complete understanding of the financial picture of the Foundation.

Statements of Net Position:

The Statements of Net Position includes all assets, deferred inflows and outflows of resources, and liabilities. Assets and liabilities are reported on an accrual basis as of the financial statement date. It also identifies major categories of restrictions on the net position of the Foundation.

Statements of Revenues, Expenses, and Changes in Net Position:

The Statements of Revenues, Expenses, and Changes in Net Position presents the revenues earned and expenses incurred during the year on an accrual basis.

Statements of Cash Flows:

The Statements of Cash Flows presents the inflows and outflows of cash for the year and is summarized by operating, noncapital financing, capital, and related financing, and investing activities. The statements are prepared using the direct method of cash flows, and therefore, presents gross rather than net amounts for the year's activities.

California Polytechnic State University Foundation
Management's Discussion and Analysis
June 30, 2025 and 2024

Analytical Overview

Summary

The following discussion highlights the key financial aspects of the Foundation's financial activities for 2025 and 2024. Included is a comparative analysis of the current year and prior year activities and balances, a discussion of restrictions on Foundation net position, and factors impacting future reporting periods. The comparative analysis also includes the year ended June 30, 2023.

	June 30,		
	2025	2024	2023
Assets:			
Current assets	\$ 112,030,832	\$ 108,414,711	\$ 103,440,740
Noncurrent assets	355,617,027	328,620,345	300,223,150
Total assets	<u>467,647,859</u>	<u>437,035,056</u>	<u>403,663,890</u>
Liabilities:			
Current liabilities	6,502,328	3,179,353	325,515
Noncurrent liabilities	7,543,054	7,439,908	7,582,381
Total liabilities	<u>14,045,382</u>	<u>10,619,261</u>	<u>7,907,896</u>
Deferred inflows of resources	<u>6,177,050</u>	<u>5,745,740</u>	<u>6,001,567</u>
Net position:			
Restricted, non-expendable	177,080,722	169,315,251	159,342,911
Restricted, expendable	260,848,683	243,783,910	224,181,677
Unrestricted	<u>9,496,022</u>	<u>7,570,894</u>	<u>6,229,839</u>
Total net position	<u><u>\$ 447,425,427</u></u>	<u><u>\$ 420,670,055</u></u>	<u><u>\$ 389,754,427</u></u>

Assets

In 2025, total assets increased to \$467.7 million, a \$30.6 million or 7% increase from the prior year. Current assets increased by \$3.6 million or 3%, primarily due to an increase in pledges receivable of \$5.2 million from long-term pledges becoming current, offset by a decrease in short-term investments of \$2.2 million from the sale of short-term US Treasury Bills. Noncurrent assets increased \$27.0 million or 8% primarily due to a \$38.9 million increase in endowment investments this increase was due to market value gains and income. Offset by \$7.7 million decrease in pledges receivable due to pledge payments and long-term pledges becoming current, plus a decrease in other long-term investments of \$4.1 million due to maturities.

California Polytechnic State University Foundation
Management's Discussion and Analysis
June 30, 2025 and 2024

In 2024, total assets increased to \$437.0 million, a \$33.4 million or 8% increase from the prior year. Current assets increased by \$5.0 million or 5%, primarily due to an increase in short-term investments of \$3.3 million from the purchase of short-term US Treasury Bills, plus an increase in current pledges receivable of \$1.9 million as a result of new pledges. Noncurrent assets increased \$28.4 million or 9% primarily due to a \$28.0 million increase in endowment investments. Endowment investments increased due to market value gains and income.

Liabilities

In 2025, total liabilities increased \$3.4 million or 32% primarily due to a \$2.9 million increase in accounts payable due to capital project expenses accrued by the University and Cal Poly Partners that the Foundation owes, offset by a \$0.2 million decrease in unearned revenue and split-interest trust liability due to revenue earned and beneficiary payments.

In 2024, total liabilities increased \$2.7 million or 34% primarily due to a \$3.3 million increase in accounts payable due to capital project expenses accrued by the University and Cal Poly Partners that the Foundation owes, offset by a \$0.1 million decrease in unearned revenue and split-interest trust liability due to revenue earned and beneficiary payments.

Deferred Inflows of Resources

In 2025, deferred inflows of resources increased \$0.4 million or 8% primarily due to market value gains.

In 2024, deferred inflows of resources decreased \$0.3 million or 4% as a result of actuarial changes that affected the beneficiary payment accruals on Life Income Fund assets.

Net Position

The Foundation's total net position in 2025 increased by \$26.8 million or 6%, as compared to an increase of \$30.9 million or 8% in 2024, The increase in 2025 was primarily due to the following:

- \$32.1M operating loss due to donor-funded expenses exceeding donor gifts
- \$42.2M non-operating revenues primarily the result of an increase in endowment investment income due to market value gains
- \$15.8M addition to endowments

California Polytechnic State University Foundation
Management's Discussion and Analysis
June 30, 2025 and 2024

The Foundation's endowment pool achieved a return net of fees of approximately 13.2% for fiscal year end 2025. Prior year returns net of fees were 11.8% in 2024 and 9.3% in 2023.

A significant portion of the Foundation's net position are restricted by donors or bylaws. The following table summarizes at each year-end which funds are restricted, the type of restriction, and the amount:

	June 30,		
	2025	2024	2023
Non-expendable:			
Endowments	\$ 177,080,722	\$ 169,315,251	\$ 159,342,911
Total non-expendable	<u>\$ 177,080,722</u>	<u>\$ 169,315,251</u>	<u>\$ 159,342,911</u>
Expendable:			
Scholarships and fellowships	\$ 32,657,788	\$ 24,364,594	\$ 17,701,544
Research	9,642,322	7,828,104	7,778,522
Capital projects	32,377,534	49,373,656	39,667,932
Instruction	46,675,534	36,097,769	31,517,535
Academic support	59,374,102	56,451,983	55,824,952
Operation & maintenance of plant	22,585,443	19,295,707	21,377,192
Institutional support, other	57,535,960	50,372,097	50,314,000
Total expendable	<u>\$ 260,848,683</u>	<u>\$ 243,783,910</u>	<u>\$ 224,181,677</u>

The principal reasons the value of each type of restricted net position changed from the prior year are: (i) the level of contributions received, (ii) expenditures in the current year (primarily in support of the University), and (iii) investment returns. Total expendable net position increased by \$17.1 million in 2025 primarily due to market value gains offset by expenditures to support the University. Total expendable net position increased by \$19.6 million in 2024 primarily due to market value gains offset by expenditures to support the University.

Unrestricted Net Position

Unrestricted net position increased by \$1.9 million in 2025, primarily due to an increase in endowment management fee revenues collected for management of the business activities of the endowment and an increase in interest income from the investments of University Campus Program Funds. Unrestricted net position increased by \$1.3 million in 2024, primarily due to an increase in endowment management fee revenues collected for management of the business activities of the endowment, an increase in gift assessment fee revenue collected to handle gift administration and an increase in interest income from the investments of University Campus Program Funds.

California Polytechnic State University Foundation
Management's Discussion and Analysis
June 30, 2025 and 2024

	Year Ended June 30,		
	2025	2024	2023
Operating revenues	\$ 34,523,202	\$ 33,556,493	\$ 26,117,024
Operating expenses	<u>(66,649,219)</u>	<u>(50,754,870)</u>	<u>(47,090,551)</u>
Operating income (loss)	(32,126,017)	(17,198,377)	(20,973,527)
Nonoperating revenues, net	43,109,119	36,643,413	24,994,384
Additions to permanent endowments and Life Income funds	<u>15,772,270</u>	<u>11,470,592</u>	<u>12,548,638</u>
Increase (decrease) in net position	<u>26,755,372</u>	<u>30,915,628</u>	<u>16,569,495</u>
Beginning net position	<u>420,670,055</u>	<u>389,754,427</u>	<u>373,184,932</u>
Ending net position	<u><u>\$ 447,425,427</u></u>	<u><u>\$ 420,670,055</u></u>	<u><u>\$ 389,754,427</u></u>

Revenues and Expenses

Operating revenues, consisting generally of currently expendable contributions to the Foundation for the benefit of the University, were \$34.5 million in 2025, a \$1.0 million increase from the prior year, due to an increase in gifts to the Foundation. This is compared to operating revenues of \$33.6 million in 2024, a \$7.4 million increase from 2023. Operating expenses were \$66.7 million in 2025, an increase of \$15.9 million from the prior year, due to an increase in support to the University. Operating expenses were \$50.8 million in 2024, an increase of \$3.7 million from 2023.

Non-operating revenues and expenses consist primarily of investment returns (unrealized and realized gains and losses on marketable securities, interest, and dividends), net of fees. Net non-operating revenues were \$43.1 million for 2025, a \$6.5 million increase from 2024, due to investment gains. This is compared to net non-operating revenues of \$36.6 million for 2024, a \$11.7 million increase from 2023. The 2024 increase was primarily due to investment gains.

Additions to the endowment and life income funds were \$15.8 million in 2025, compared to \$11.5 million in 2024 and \$12.6 million in 2023.

California Polytechnic State University Foundation
Management's Discussion and Analysis
June 30, 2025 and 2024

Capital Assets and Long-Term Debt Obligations

At June 30, 2025, 2024, and 2023, the Foundation had no capital assets or long-term debt obligations, other than the long-term liabilities for split interest obligations.

Currently Known Facts Impacting Future Periods

Management is not aware of any external factors other than systematic market risks which may affect its investments, and general economic conditions affecting donor giving.

The significant volatility in the worldwide equity markets is the most significant factor affecting the change in net position and endowment net investment return, which ultimately affects the funds available for operating expenses that benefit the University. The Foundation's payout policy for endowments with total value exceeding donor contributions applies a 4% spending rate against the average value of the endowment over the twelve quarters ended as of December 31 of the preceding fiscal year. The payout policy for endowments with total value below donor contributions applies a 2% spending rate against the same twelve trailing quarter average.

Using a twelve-quarter trailing average base value and two-tiered payout rate means that the reduction in operating expenditures from market declines will be delayed, as will the increase in expenditures when markets rebound.

Fixed income investments in the Endowment and Campus Program Funds yield a rate of return based on current interest rates. In 2022 the Foundation approved a change in the endowment's asset allocation from 71% equities and 29% fixed income to 84% equities and 16% fixed income. This change in asset allocation was completed in 2023. The asset allocation as of June 30, 2025 was 84% equities and 16% fixed income.

General Fund Budget Variances

There were no material variances for the general fund budget.

California Polytechnic State University Foundation
Statements of Net Position
June 30, 2025 and 2024

	2025	2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 5,363,083	\$ 4,516,438
Short-term investments	89,162,361	91,397,144
Accounts receivable	37,866	253,699
Pledges receivable, current	17,451,314	12,231,808
Prepaid expenses	16,208	15,622
Total current assets	<u>112,030,832</u>	<u>108,414,711</u>
Noncurrent assets:		
Restricted cash and cash equivalents	277,551	365,922
Pledges receivable, net	11,728,256	19,377,049
Endowment investments	329,733,414	290,881,833
Other long-term investments	13,731,781	17,856,488
Other assets	40,000	40,000
Funds held by external trustees	106,025	99,053
Total noncurrent assets	<u>355,617,027</u>	<u>328,620,345</u>
Total assets	<u>467,647,859</u>	<u>437,035,056</u>
Liabilities		
Current liabilities:		
Accounts payable	<u>6,502,328</u>	<u>3,179,353</u>
Total current liabilities	<u>6,502,328</u>	<u>3,179,353</u>
Noncurrent liabilities:		
Split interest trust liabilities to individual beneficiaries	6,641,391	6,612,974
Split interest trust liabilities to external charitable residuary beneficiaries	<u>901,663</u>	<u>826,934</u>
Total noncurrent liabilities	<u>7,543,054</u>	<u>7,439,908</u>
Total liabilities	<u>14,045,382</u>	<u>10,619,261</u>

See independent auditor's report.

The accompanying notes are an integral part of these financial statements.

California Polytechnic State University Foundation
Statements of Net Position - continued
June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Deferred Inflows of Resources		
Split interest trusts	\$ 6,177,050	\$ 5,745,740
Net Position		
Restricted for:		
Non-expendable:		
Endowments	177,080,722	169,315,251
Expendable:		
Scholarships and fellowships	32,657,788	24,364,594
Research	9,642,322	7,828,104
Capital projects	32,377,534	49,373,656
Instruction	46,675,534	36,097,769
Academic support	59,374,102	56,451,983
Operation and maintenance of plant	22,585,443	19,295,707
Institutional support and other	57,535,960	50,372,097
Unrestricted	9,496,022	7,570,894
Total net position	<u>\$ 447,425,427</u>	<u>\$ 420,670,055</u>

See independent auditor's report.

The accompanying notes are an integral part of these financial statements.

California Polytechnic State University Foundation
Statements of Revenues, Expenses and Changes in Net Position
June 30, 2025 and 2024

	2025	2024
Operating revenues:		
Contributions - University programs	\$ 26,107,146	\$ 16,999,903
Contributions - University capital	8,416,056	16,556,590
Total operating revenues	<u>34,523,202</u>	<u>33,556,493</u>
Operating expenses:		
Instruction	1,999,678	2,556,965
Research	1,703,429	2,746,793
Public service	883,979	462,187
Academic support	21,242,177	19,222,554
Student services	1,186,568	1,303,621
Institutional support	7,256,897	6,422,956
Operation and maintenance of facility	26,925,731	13,073,243
Student grants and scholarships	4,419,426	4,966,551
Auxiliary enterprise expenses	1,031,334	
Total operating expenses	<u>66,649,219</u>	<u>50,754,870</u>
Operating loss	<u>(32,126,017)</u>	<u>(17,198,377)</u>
Nonoperating revenues (expenses):		
Investment income	4,532,324	5,279,367
Endowment investment income, net of fees of \$615,000 and \$560,000, respectively	38,587,382	31,292,310
Other nonoperating revenues, net	(10,587)	71,736
Total nonoperating revenues	<u>43,109,119</u>	<u>36,643,413</u>
Income before other additions	10,983,102	19,445,036
Additions to endowments	<u>15,772,270</u>	<u>11,470,592</u>
Increase in net position	26,755,372	30,915,628
Net position - beginning of year	<u>420,670,055</u>	<u>389,754,427</u>
Net position - end of year	<u>\$ 447,425,427</u>	<u>\$ 420,670,055</u>

See independent auditor's report.

The accompanying notes are an integral part of these financial statements.

California Polytechnic State University Foundation
Statements of Cash Flows
June 30, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Cash contributions received	\$ 35,789,216	\$ 29,471,174
Cash payments for operating expenses	<u>(63,352,505)</u>	<u>(47,884,448)</u>
Net cash used in operating activities	<u>(27,563,289)</u>	<u>(18,413,274)</u>
Cash flows from noncapital financing activities:		
Cash contributions received for permanent endowments and split interest trusts	14,812,065	9,587,673
Distributions to split interest trust beneficiaries	(842,538)	(903,885)
Fees and expenses of split interest trusts	(132,274)	(131,871)
Other noncapital financing activities	<u>254,455</u>	<u>24,466</u>
Net cash provided by noncapital financing activities	<u>14,091,708</u>	<u>8,576,383</u>
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	41,523,001	29,586,009
Purchases of investments	(40,901,715)	(33,553,952)
Investment income proceeds	<u>13,608,569</u>	<u>13,462,149</u>
Net cash provided by investing activities	<u>14,229,855</u>	<u>9,494,206</u>
Net increase (decrease) in cash and cash equivalents	758,274	(342,685)
Cash and cash equivalents - beginning of year	<u>4,882,360</u>	<u>5,225,045</u>
Cash and cash equivalents - end of year	<u><u>\$ 5,640,634</u></u>	<u><u>\$ 4,882,360</u></u>
Summary of cash and cash equivalents - end of year:		
Cash and cash equivalents	\$ 5,363,083	\$ 4,516,438
Restricted cash and cash equivalents	<u>277,551</u>	<u>365,922</u>
Total cash and cash equivalents - end of year	<u><u>\$ 5,640,634</u></u>	<u><u>\$ 4,882,360</u></u>

See independent auditor's report.

The accompanying notes are an integral part of these financial statements.

California Polytechnic State University Foundation
Statements of Cash Flows - continued
June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (32,126,017)	\$ (17,198,377)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Non-cash operating contributions	(1,163,273)	(1,225,401)
Change in assets and liabilities:		
Accounts receivable	(25,675)	(25,675)
Pledges receivable, net	2,429,287	(2,776,934)
Prepaid expenses	(586)	(725)
Other assets	-	(40,000)
Accounts payable	3,322,975	2,936,822
Unearned revenue	-	(82,984)
	<u>\$ (27,563,289)</u>	<u>\$ (18,413,274)</u>
Net cash used in operating activities		
Supplemental disclosures of cash flow information:		
Contributions of investments	\$ 1,784,326	\$ 2,368,830
Other non-cash contributions - donated property		\$ 636,000
Increase (decrease) in fair value of investments	\$ 31,328,567	\$ 24,379,859

See independent auditor's report.

The accompanying notes are an integral part of these financial statements.

California Polytechnic State University Foundation
Notes to Financial Statements
June 30, 2025 and 2024

Note 1: Organization

California Polytechnic State University Foundation (Foundation), a California Nonprofit Public Benefit Corporation, is an auxiliary organization of California Polytechnic State University, San Luis Obispo (University) and the California State University system (CSU). The Foundation is organized and operated in accordance with the Education Code of the State of California and the California Code of Regulations to provide and augment programs that are an integral part of the educational mission of the University. The Foundation was organized in March 2006, to assist the University primarily in the acquisition, investment, and administration of gifts and endowments for the benefit of the University. The Foundation began its operations in January 2007 when, at the request of the University, the Cal Poly Corporation (now dba Cal Poly Partners, "CPP") transferred net assets, consisting of gifts and endowments, which CPP had held for the benefit of the University, to the Foundation.

Note 2: Summary of Significant Accounting Policies

Financial Reporting Entity

The accompanying financial statements present the accounts of the Foundation, including the endowment and campus program accounts held for the benefit of the University. The Foundation is a governmental organization under generally accepted accounting principles in the United States of America (GAAP) and is also a component unit of the University, a public university under the CSU. The Foundation has chosen to use the Governmental Accounting Standards Board (GASB) reporting model for special purpose governments engaged only in business-type activities consistent with guidance of the CSU.

Basis of Presentation

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with GAAP as prescribed by the GASB. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Voluntary non-exchange transactions (contributions) are recognized as revenue as soon as all eligibility requirements have been met.

Classification of Current and Noncurrent Assets and Liabilities

The Foundation considers assets and liabilities that can reasonably be expected, as part of its normal business operations, to be converted to cash or liquidated within 12 months of the statements of net position date to be current. All other assets and liabilities are considered noncurrent.

Cash, Cash Equivalents, and Restricted Cash

The Foundation considers demand deposit and negotiable order of withdrawal (NOW) accounts with financial institutions, money market funds, certificates of deposit and other highly liquid investments with an original maturity date of three months or less to be cash equivalents for purposes of the statements of cash flows. Amounts restricted by the donors for long-term purposes including endowments and split interest trusts are shown as restricted cash and cash equivalents.

California Polytechnic State University Foundation
Notes to Financial Statements
June 30, 2025 and 2024

Note 2: Summary of Significant Accounting Policies (Continued)

Investments

Investment securities are reported at fair value. Marketable securities' fair values are based on quoted market prices from independent sources. Investments in alternative investments, including limited partnerships, private equity funds, and absolute return funds, are reported at estimated fair value by the general partners and fund managers after considering factors such as the nature of the underlying portfolios, liquidity, and market conditions. Because they are not readily marketable, the fair values may differ from the values that would have been used had a ready market for these investments existed. Investments in real estate are initially recorded at fair value established by independent appraisals. Notes receivable are recorded at face value less principal payments received which approximates fair value.

Short-term investments consist of equity securities, open-ended mutual funds, certificates of deposit with an original maturity date of more than three months, and U.S. government and municipal obligations with a maturity date of one year or less. However, all endowment and split interest trust investments are classified as noncurrent regardless of maturity due to restrictions limiting the Foundation's ability to use these investments.

Investment income and endowment income consist of realized and unrealized gains and losses on investments, interest and dividends. The amounts are presented net of investment management and custodian fees.

Accounts Receivable

Accounts receivable are shown net of any allowance for uncollectible accounts, and as of June 30, 2025 and 2024, there were no allowances for non-pledge receivables. Any allowance for uncollectible accounts is based upon prior experience and management's assessment of the collectability of specific existing accounts.

Pledges Receivable, Allowance and Discount

Pledges receivable are unconditional promises to make future donations to the Foundation. Endowment pledges are recognized as additions to endowments at the time pledge payments are received (i.e. cash basis). All other pledges are recognized as contributions revenue in accordance with donor-imposed restrictions, if any, in the period pledged. Conditional pledges, which depend on the occurrence of a specified future or uncertain event, are recognized as contributions revenue when the conditions are substantially met.

The Foundation's donor population encompasses a wide variety of personal, partnership, and fund structures, which are outside the control of the Foundation and are subject to the risks described below related to equities, fixed income, and alternative investments. The financial position of the donors can change over time, creating collection risk for pledges receivable. The Foundation's historical collection of pledges receivable has generally averaged 98%, but past performance is not an indication of future results. Pledges receivable as of June 30, 2025 were \$29.2 million, which includes an allowance for uncollectible pledges of \$1.6 million, and a present value discount of \$2.1 million.

California Polytechnic State University Foundation
Notes to Financial Statements
June 30, 2025 and 2024

Note 2: Summary of Significant Accounting Policies (Continued)

Pledges receivable as of June 30, 2024 were \$31.6 million, which includes an allowance for uncollectible pledges of \$1.8 million, and a present value discount of \$3.3 million. Pledge discounts are computed using the five-year Treasury note rate, plus an interest rate risk premium of approximately one percent. In subsequent years, this discount is accreted and recorded as additional contributions revenue.

Concentration of pledges receivable risk is the risk associated with a lack of diversification, such as having substantial pledges from a few individual donors, which exposes the organization to greater risks resulting from adverse conditions or developments as stated above. At June 30, 2025 and 2024, pledges from three donors represented approximately 69% of net pledges receivable.

Endowments

The Foundation holds 1,130 individual endowments that are managed in a unitized investment pool. Investment earnings and related expenses are allocated based upon each individual endowment's unit market value.

The Foundation is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Unless stated otherwise in the endowment agreement, the Foundation considers the following factors in making a determination to appropriate for expenditure donor-restricted endowment funds:

- 1) General economic conditions
- 2) The duration and preservation of the fund
- 3) The purposes of the Foundation and the donor-restricted endowment fund
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and appreciation of investments
- 6) Other resources of the Foundation
- 7) The investment policies of the Foundation

Annual expenditure appropriations under UPMIFA (payouts) are taken first from endowment reserve (net appreciation in excess of donor contributions) and then from original principal. Endowment net reserves available for expenditure as of June 30, 2025 and 2024, were \$147.8 and \$117.6 million, respectively, and were included in restricted expendable net position.

The Foundation's payout policy for endowments with reserves applies a 4% spending rate against the average value of an endowment over the twelve quarters ending as of December 31 of the preceding year. The payout policy for endowments with total value below donor contributions applies a 2% spending rate against the same twelve trailing quarter average.

California Polytechnic State University Foundation
Notes to Financial Statements
June 30, 2025 and 2024

Note 2: Summary of Significant Accounting Policies (Continued)

Split Interest Trusts

Split interest gifts to the Foundation include charitable remainder trusts in which a designated beneficiary other than the Foundation retains an interest in the gift as specified in the trust agreements. When the Foundation is trustee of the trust assets, liabilities to individual beneficiaries are established representing the present value of estimated future beneficiary payments over the expected lifetime of the beneficiaries. These liabilities are calculated using Internal Revenue Service life expectancy tables and discounted using payout yields of trusts that distribute net income or using the Treasury note rate in effect for a comparable period of time at the date of the gift for all other trusts. An adjustment factor is applied to reflect quarterly payments to beneficiaries. If the donor specifies external charitable residuary beneficiaries, liabilities are recorded for the estimated remainder value. The remaining amount of the gift is recognized as deferred inflows in the period in which the Foundation receives the gift.

The Foundation records trust funds held by external trustees of split interest trusts that are restricted for campus program purposes when the Foundation is notified that it has an interest in the funds. The receivable is calculated as the discounted present value of the future distribution expected to be received. Funds held by external trustees of split interest trusts designated for endowments are recognized when received. Change in value of split interest trusts is recorded for the amortization of discount and any changes in actuarial assumptions in future periods and included in deferred inflows.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of resources that do not require a further exchange of goods and services, but that are applicable to a future reporting period. They are not shown on the statement of revenues and expenses because they are not revenue items relating to the current fiscal year, but to future periods. They are not shown on the statement of net position in the liability section because they are not balances the Foundation owes. Instead, they are presented on the statement of net position as deferred inflows to reflect the fact that the recognition of the related revenue will happen at a future date. The amounts recorded as deferred inflows for the fiscal year presented result from split interest agreements.

Net Position

The Foundation's net position is classified into the following categories based on the existence or absence of donor-imposed restrictions:

Restricted – nonexpendable

Net position in this category includes permanent endowments. These funds are subject to donor restrictions and, in accordance with UPMIFA, are invested in perpetuity in order to generate investment income and appreciation to be expended for the benefit of the University.

California Polytechnic State University Foundation
Notes to Financial Statements
June 30, 2025 and 2024

Note 2: Summary of Significant Accounting Policies (Continued)

Restricted – expendable

Net position in this category relates to contributions restricted by the donors to be expended for specific purposes in support of the University. They also include quasi-endowments which are expendable for the purposes restricted by the donor but which the Foundation has currently chosen to treat like endowments. Accumulated investment income and appreciation on endowment investments in excess of donor contributions (reserves) are classified as restricted and expendable.

Unrestricted

Net position in this category is not subject to donor-imposed restrictions. The Foundation first expends restricted funds for donor purposes prior to utilizing unrestricted funds.

Classification of Revenues and Expenses

Contributions and pledges for purposes other than endowments are recognized as operating revenues in the period received or pledged. Additions to nonexpendable endowments are recognized when cash or other assets are received. Disbursements in support of the University and certain administrative expenses incurred in conducting the business of the Foundation are presented in the financial statements as operating expenses. The institutional support expenses for the years ended June 30, 2025 and June 30, 2024 include general fund expenses of \$6.3 million and \$5.6 million, respectively. These expenses are incurred to provide support for University staff, administer the gifts and endowments, and to operate the Foundation. Non-operating revenues and expenses include investment income, and net realized and unrealized appreciation or depreciation in the fair value of investments. Contributions for permanent endowments are classified as other additions to net position. The Foundation has elected to report operating expenses by functional classification in the statements of revenues, expenses, and changes in net position in the categories required by the CSU.

Donated Property and Equipment

Donations of property, materials and equipment in excess of \$5,000 are recorded at estimated fair value, if donated. Title to all capital assets is transferred to the University upon receipt unless the item is to be sold. All marketable securities are recorded at their estimated fair values at the date of donation.

Income Tax Status

The Foundation is exempt from federal and state corporate income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d). In addition, the Foundation has been determined to be a public charity under IRC Section 170(b)(1)(A) that is eligible to receive deductible charitable contributions. However, the Foundation remains subject to taxes on any net income that is derived from a trade or business, regularly carried on, and unrelated to its exempt purpose. No income taxes have been recorded in the accompanying financial statements since management believes the Foundation has no taxable unrelated business income.

California Polytechnic State University Foundation
Notes to Financial Statements
June 30, 2025 and 2024

Note 2: Summary of Significant Accounting Policies (Continued)

Use of Estimates

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

Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation.

Recent Pronouncements

In April 2022, GASB issued Statement No 99, *Omnibus 2022*. Statement No 99 enhances comparability in accounting and financial reporting to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Certain statement requirements are effective for fiscal years beginning after June 15, 2022. Requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No 53 are effective for fiscal years beginning after June 15, 2023. Implementation of this Statement did not have a material impact on the Foundation's financial statements.

In June 2022, GASB issued Statement No 100, *Accounting Changes and Error Corrections-an amendment of GASB Statement No 62*. Statement No 100 enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective in fiscal years beginning after June 15, 2023, with earlier application encouraged. Implementation of this Statement did not have a material impact on the Foundation's financial statements.

In June 2022, GASB issued Statement No 101, *Compensated Absences*. Statement No 101 updates the recognition and measurement guidance for compensated absences. The Statement aligns the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, with earlier adoption encouraged. Implementation of this Statement did not have a material impact on the Foundation's financial statements.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. Statement No. 102 provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, with earlier adoption encouraged. Implementation of this Statement did not have a material impact on the Foundation's financial statements.

California Polytechnic State University Foundation
Notes to Financial Statements
June 30, 2025 and 2024

Note 2: Summary of Significant Accounting Policies (Continued)

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. Statement No. 103 improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, with earlier adoption encouraged. Management has not yet determined the impact of this Statement on its financial statements.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. Statement No. 104 enhances transparency in the capital asset note disclosures by requiring separate reporting of lease assets, intangible right-to-use assets (including subscription assets), other intangible assets, and capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, with earlier adoption encouraged. Management has not yet determined the impact of this Statement on the Corporation's financial statements.

Note 3: Cash and Cash Equivalents and Restricted Cash

The Foundation maintains cash for operating needs in checking, deposit, money market and negotiable order of withdrawal (NOW) accounts, with Federal Deposit Insurance Foundation (FDIC) insured financial institutions. At June 30, 2025 the Foundation's checking and related deposit accounts were insured by the FDIC up to \$250,000 per account title. At June 30, 2025 the Foundation had approximately \$4.5 million in uninsured cash deposits in its operating account.

At June 30, a portion of cash and cash equivalents were restricted according to donor stipulations as follows:

	2025	2024
Endowments	\$ 46,573	\$ 62,700
Split interest trusts	230,978	303,222
Total	\$ 277,551	\$ 365,922

California Polytechnic State University Foundation
Notes to Financial Statements
June 30, 2025 and 2024

Note 4: Investments

At June 30, investments are classified in the accompanying financial statement as follows:

	2025	2024
Short-term investments	\$ 89,162,361	\$ 91,397,144
Endowment investments	329,733,414	290,881,833
Other long-term investments	<u>13,731,781</u>	<u>17,856,488</u>
Total	<u><u>\$ 432,627,556</u></u>	<u><u>\$ 400,135,465</u></u>

At June 30, 2025 and 2024, other long-term investments included \$13.4 million and \$12.8 million of investments held in split interest trusts.

At June 30, 2025 investments comprised the following:

	2025		
	Current	Noncurrent	Total
Fixed income - bonds and			
U.S. Treasury bills	\$ 73,684,956	\$ -	\$ 73,684,956
Notes receivable		323,000	323,000
Mutual funds:			
Equity funds		287,548,441	287,548,441
Bond funds		55,205,551	55,205,551
Money market fund	15,477,405		15,477,405
Other investments:			
Alternative investments		<u>388,203</u>	<u>388,203</u>
Total	<u><u>\$ 89,162,361</u></u>	<u><u>\$ 343,465,195</u></u>	<u><u>\$ 432,627,556</u></u>

California Polytechnic State University Foundation
Notes to Financial Statements
June 30, 2025 and 2024

Note 4: Investments (Continued)

At June 30, 2024 investments comprised the following:

	2024		
	Current	Noncurrent	Total
Fixed income - bonds and			
U.S. Treasury bills	\$ 90,208,653	\$ 4,730,060	\$ 94,938,713
Notes receivable		323,000	323,000
Mutual funds:			
Equity funds		253,203,965	253,203,965
Bond funds		49,990,756	49,990,756
Money market funds	1,188,491		1,188,491
Other investments:			
Alternative investments		490,540	490,540
Total	\$ 91,397,144	\$ 308,738,321	\$ 400,135,465

Investment policies:

The Foundation's Board of Directors oversees the management of its investments and establishes an investment policy. The board has delegated to its Investment Committee the implementation of the investment policy. The Investment Committee establishes investment guidelines and selects investment managers.

The un-endowed investment portfolio is managed to maximize returns consistent with safety of principal and liquidity considerations necessary to meet the Foundation's cash flow requirements. Investments authorized by the Investment Committee include readily marketable money market and fixed income securities with an average maturity of three years or less.

The endowed portfolio is an investment pool in which a large number of individual endowments participate in order to benefit from diversification and economies of scale. The primary investment objective of the endowed investment portfolio is total return sufficient to preserve purchasing power and to provide income to support current and future expenditures consistent with endowment restrictions. Long-term, the total return on the portfolio, net of investment and administration fees, should compensate for inflation, plus provide the payout rate which is used to support current activities. Investments authorized by the Investment Committee include primarily high quality, readily marketable equity and fixed income securities in mutual funds and a limited amount of alternative investments.

The equity portion of the endowed portfolio may include both domestic and international equities, including foreign currency denominated, common and preferred stocks, actively managed and passive (index) strategies, along with a modest exposure to private equities, including venture capital partnerships, buyout and international funds. Overall,

California Polytechnic State University Foundation
Notes to Financial Statements
June 30, 2025 and 2024

Note 4: Investments (Continued)

the equity portfolio is measured against the Standard & Poor's 500, Russell 2000, EAFE, EAFE Small Cap, MSCI Emerging Markets, FTSE-NAREIT, and the S&P/Citi BMI World Property ex U.S. indices.

The fixed income portion of the endowed portfolio may include both domestic and international securities, along with common bond substitutes. Investment guidelines establish set ranges for the percentage of the total bond portfolio that can be invested in U.S. government, investment grade, international, and high yield bonds. The fixed income portfolio is measured against the Barclays Capital U.S. Intermediate Government/Credit Bond index and the Citi one-month CD.

The investment guidelines for the endowed portfolio also permit alternative investments primarily in limited partnerships where the Foundation is a limited partner relying upon the expertise of experienced general partners. All limited partnerships in which the Foundation invests are subject to annual audits.

Investment Risk Factors

There are many factors that can affect the value of investments. Some, such as custodial credit risk, concentration of credit risk, and foreign currency risk may affect both the equity and fixed income securities. Equity securities respond to such investment behavioral factors as economic conditions, individual company earnings performance, and market liquidity, while fixed income securities are particularly sensitive to credit risks and changes in interest rates. Alternative investments are subject to these risk factors and additional risk factors discussed below.

Equity Security Risks

Equity securities held by the Foundation either directly or through mutual funds comprised \$287.5 million or 66% of the total investments of the Foundation at June 30, 2025 and \$253.2 million or 63% at June 30, 2024. Equities are subject to both unsystematic and systematic risk. Unsystematic risk is the risk of a price change due to the unique circumstances of a specific security or group of related securities. The Foundation addresses unsystematic risk by investing in a diversified portfolio of equity securities and equity mutual funds. Equity securities are also subject to systematic risk or market risk. Systematic risk recognizes that equity securities as a class of asset can change in value as a result of occurrences such as inflation, exchange rates, political instability, war, economic conditions and interest rates. This type of risk is not specific to a particular company or industry and cannot be substantially mitigated by diversification.

Credit Risk

Fixed income securities are subject to credit risk, which is the chance that a bond issue will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make these payments will cause security prices to decline. The following schedule of credit ratings of Foundation investments summarizes the fair value of the fixed income securities subject to credit risk. The Foundation maintains policies to manage credit risk

California Polytechnic State University Foundation
Notes to Financial Statements
June 30, 2025 and 2024

Note 4: Investments (Continued)

which include requiring minimum credit ratings issued by nationally recognized statistical rating organizations such as Standard and Poor's or Moody's investor services.

At June 30, 2025, the credit ratings of the Foundation's fixed income securities were as follows:

	<u>Fair Value</u>	<u>Rating</u>
Bond mutual funds:		
DFA Intermediate Government Bond	\$ 33,557,654	AA
PIMCO Total Return Fund - Institutional	20,205,640	AA
PIMCO Foreign Bond Fund - Institutional	602,393	AA
Loomis Sayles Bond Fund - Institutional	592,090	A
PIMCO High Yield Fund - Institutional	247,774	BB
Total bond mutual funds	<u>55,205,551</u>	
U.S. Treasury bills	71,192,019	AA
Corporate bonds	2,492,937	Unrated
Government money market fund:		
Wells Fargo Money Market - Institutional	15,477,405	Unrated
Cash and restricted cash:		
Schwab One Fund	<u>230,978</u>	Unrated
Total fixed income and debt securities subject to credit risk	<u><u>\$ 144,598,890</u></u>	

Custodial Risk

Custodial risk is the risk that in the event of the failure of the custodian, the investments may not be accessible in a timely manner. Substantially all of the Foundation's investments are issued, registered or held in the name of the Foundation by custodian banks and brokers, as its agent. Other types of investments represent ownership interest that do not exist in physical or book entry form.

Concentration of Credit Risk

Concentration of credit risk is the risk associated with a lack of diversification, such as having substantial investments in a few individual issuers; thereby exposing the organization to greater risks resulting from adverse conditions or developments. The Foundation maintains investment policies that limit the holdings of any individual security (except those issued or guaranteed by the federal government) to 5% of invested funds. The Foundation does not have any holdings exceeding this limitation. Investment managers are required to confirm quarterly that they are in compliance with this policy.

California Polytechnic State University Foundation
Notes to Financial Statements
June 30, 2025 and 2024

Note 4: Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that fixed income securities will decline because of rising interest rates. The Foundation measures interest rate risk using the weighted average duration method.

At June 30, 2025, the weighted average duration of the Foundation's fixed income securities was as follows:

	Fair Value	Weighted Average Duration (in years)
Bond mutual funds:		
DFA Intermediate Government Bond	\$ 33,557,654	5.8
PIMCO Total Return Fund - Institutional	20,205,640	6.6
PIMCO Foreign Bond Fund - Institutional	602,393	7.5
Loomis Sayles Bond Fund - Institutional	592,090	4.5
PIMCO High Yield Fund - Institutional	247,774	2.7
Total bond mutual funds	55,205,551	
 U.S. Treasury bills	 71,192,019	 0.5
 Corporate bonds	 2,492,937	 0.3
 Money market fund and restricted cash	 <u>15,708,383</u>	 0.0
 Total fixed income and debt securities subject to interest rate risk	 <u><u>\$ 144,598,890</u></u>	 2.6

Foreign Currency Risk

Exposure from foreign currency risk results from investments in foreign currency denominated equity, fixed income and alternative investments in addition to some foreign currency investments held within U.S. mutual funds. The Foundation maintains significant international equity and fixed investments by investing in international mutual funds and alternative investments that are broadly diversified over many developed markets with limited exposure to emerging markets. Exposure from foreign currency risk from these investments is permitted and it may be fully or partially hedged by the individual mutual fund or alternative investment managers, but hedging is not permitted for speculation or to create leverage.

California Polytechnic State University Foundation
Notes to Financial Statements
June 30, 2025 and 2024

Note 4: Investments (Continued)

At June 30, 2025, the Foundation's estimated fair value of investments subject to foreign currency risk in its endowment and split interest trusts was as follows:

Euro	\$ 24,689,565
Japanese Yen	17,759,475
British Pounds	16,250,187
Swiss Francs	6,749,076
Chinese Yuan	6,341,110
Indian Rupee	5,666,450
Taiwanese Dollars	5,332,404
Korean Won	4,264,762
Australian Dollars	3,951,714
Canadian Dollars	3,741,462
Hong Kong Dollars	2,676,609
Danish Krone	1,620,044
Singapore Dollar	1,568,584
Swedish Krona	1,530,996
Brazilian Reals	1,161,467
Other	<u>6,637,064</u>
Total investments subject to foreign currency risk	<u>\$ 109,940,969</u>

Other currencies are individually less than 1% of the Foundation's investments subject to foreign currency risk.

At June 30, 2025, the foreign currency risk by investment type was as follows:

Equity mutual funds	\$ 109,837,580
Bond mutual funds	<u>103,389</u>
Total investments subject to foreign currency risk	<u>\$ 109,940,969</u>

Alternative Investment Risks

Alternative investments include ownership interests in a wide variety of partnership and fund structures. Generally, there is little or no regulation of these investments by the Securities and Exchange Commission or state attorney general. These investments employ a wide variety of strategies including absolute return, hedge, venture capital, private equity, distressed debt and other strategies. Investments in this category may employ leverage to enhance the investment return. Underlying investments can include financial assets such as marketable securities, non-marketable securities, derivatives and synthetic and structured investments; real assets; tangible and intangible assets, and other funds and partnerships. Generally, these investments do not have a ready market or may not be traded without approval of the general partner or fund management.

California Polytechnic State University Foundation
Notes to Financial Statements
June 30, 2025 and 2024

Note 4: Investments (Continued)

Alternative investments are subject to all of the risks described previously related to equities and fixed income instruments. In addition, the underlying assets may not be held by a custodian either because they cannot be, or because the entity has chosen not to hold them in this form. Valuations are determined by the investment managers who have a conflict of interest in that they are compensated for performance. Real and tangible assets may be subject to physical damage from a variety of means, and may suffer loss from natural causes, theft and other criminal actions, lawsuits involving rights, and other means. Intangible assets are subject to legal challenge or other possible impairment. These risks may or may not be insured or insurable. Broadly, alternative strategies and their underlying assets and rights are subject to an array of economic and market vagaries that can limit or erode value.

The Foundation does not have any direct investments in derivative financial instruments which would require accounting and disclosure under GASB Statement No. 53, *Accounting for Derivative Instruments*.

At June 30, 2025 the Foundation held alternative investments at estimated fair value in its endowment as follows:

Public sector investments	\$	301,352
Private sector investments		69,780
Distressed debt		<u>17,071</u>
Total	\$	<u><u>388,203</u></u>

Fair value of investments:

Investments are measured at fair market value on a recurring basis. Generally accepted accounting principles establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities.

(Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are unadjusted quoted market prices in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date.
- Level 2 inputs are based on significant observable inputs, including unadjusted quoted market prices for similar assets and liabilities in active markets, unadjusted quoted prices for identical or similar assets or liabilities in inactive markets, or inputs other than quoted prices that are observable for the asset or liability.
- Level 3 inputs are significant unobservable inputs for the asset or liability.

California Polytechnic State University Foundation
Notes to Financial Statements
June 30, 2025 and 2024

Note 4: Investments (Continued)

The level of the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Investments are stated at fair value, which is based on quoted market prices, except for alternative investments, notes receivable, and partnership interests, for which quoted market prices are not available. The following describes the fair value hierarchy level and valuation technique for each type of investment:

- Certificates of deposit, corporate bonds, and mutual funds are classified within Level 1, and fair value is based on quoted market prices.
- Alternative investments in private equity, venture capital limited partnerships, and distressed debt investments are classified as Level 3. The fair value of the alternative investments have been estimated using the net asset value (NAV) per share of the investments provided by the fund managers. For these Level 3 assets measured using NAV, the redemption frequency is quarterly, and the redemption notice period is 90 days.
- Notes receivable are classified as Level 3, and have been recorded at cost, which approximates the current fair value.

At June 30, 2025, the Foundation had the following recurring fair value investments:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Fixed income - bonds and			
U.S. Treasury bills	\$ 73,684,956	\$	\$
Mutual funds:			
Equity funds	287,548,441		
Bond funds	55,205,551		
Money market fund	15,477,405		
Other investments:			
Alternative investments			388,203
Notes receivable			323,000
Total	<u>\$ 431,916,353</u>	<u>\$ -</u>	<u>\$ 711,203</u>

California Polytechnic State University Foundation
Notes to Financial Statements
June 30, 2025 and 2024

Note 4: Investments (Continued)

At June 30, 2024, the Foundation had the following recurring fair value investments:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Fixed income - bonds and U.S. Treasury bills	\$ 94,938,713	\$	\$
Mutual funds:			
Equity funds	253,203,965		
Bond funds	49,990,756		
Money market fund	1,188,491		
Other investments:			
Alternative investments			490,540
Notes receivable			323,000
Total	<u>\$ 399,321,925</u>	<u>\$ -</u>	<u>\$ 813,540</u>

Note 5: Pledges Receivable

At June 30, pledges receivable comprised the following:

	<u>2025</u>	<u>2024</u>
Campus programs support	\$ 12,187,651	\$ 12,537,103
College-specific facilities	14,769,441	18,209,031
Scholarship contributions	5,996,027	6,037,693
Subtotal	<u>32,953,119</u>	<u>36,783,827</u>
Less: Allowance for uncollectible accounts	(1,647,656)	(1,839,191)
Less: Unamortized discount	<u>(2,125,893)</u>	<u>(3,335,779)</u>
Pledges receivable, net	<u>\$ 29,179,570</u>	<u>\$ 31,608,857</u>
Gross pledges due in:		
One year or less	\$ 18,369,805	\$ 12,875,587
One to five years	13,230,746	22,015,740
More than five years	<u>1,352,568</u>	<u>1,892,500</u>
Total gross	<u>\$ 32,953,119</u>	<u>\$ 36,783,827</u>

California Polytechnic State University Foundation
Notes to Financial Statements
June 30, 2025 and 2024

Note 6: Transactions with University and Cal Poly Corporation dba Cal Poly Partners

As discussed in Note 1, the Foundation is an auxiliary organization of the University. The following were transactions with the University as of and for the years ended June 30,

	2025	2024
Accounts payable	\$ 3,642,955	\$ 2,025,675
Payments to University for salaries and benefits of University personnel working on contracts, grants, and other programs	5,533,077	4,908,142
Payments to University for other than salaries of University personnel	35,917,804	12,225,494
Payments or transfers to University from endowments	3,700,978	3,120,083
Gifts to the University	17,250,000	18,400,000

The Foundation contracts with CPP for information technology services under a Business Support Services Agreement. The Foundation also provides funds to CPP for various program expenditures and to reimburse for employees who perform services that fulfill donor restrictions on the use of Foundation gifts and endowments. Also, the Foundation has other transactions with CPP in conjunction with its role as an auxiliary organization that administers gifts and endowments for the benefit of the University. The following were transactions with CPP as of and for the years ended June 30,

	2025	2024
Accounts receivable	\$ 15,937	\$ 825
Accounts payable	2,662,576	836,907
Deposit held by CPP	323,000	323,000
Payments to CPP under Support Agreement	10,000	10,000
Cash contributions to CPP	3,792,535	1,928,610
Cash contributions from CPP	963,925	1,072,866

The Foundation has transactions with the Associated Students Inc. of Cal Poly (ASI) which is another auxiliary organization of the University. The following were transactions with ASI as of and for the years ended June 30,

	2025	2024
Accounts receivable	\$ 4,096	\$ 3,133
Accounts payable	1,498	1,899
Cash contributions to ASI	408,525	29,142
Payments or transfers to ASI from endowments	10,504	

California Polytechnic State University Foundation
Notes to Financial Statements
June 30, 2025 and 2024

Note 7: Split Interest Trusts

The Foundation records split interest trust classification internally as expendable or nonexpendable depending on whether the donors' restrictions specify the balance will be distributed to a campus program account or an endowment at the end of the trust. The net amounts are recorded to deferred inflows. Expendable deferred inflows related to split interest trusts were \$0 at June 30, 2025 and 2024. Nonexpendable deferred inflows related to split interest trusts were \$6.2 million and \$5.7 million at June 30, 2025 and 2024, respectively.

The valuation of split interest trust liabilities falls into the Level 3 category of the fair value hierarchy, as discussed in Note 4. The estimated fair value is established by calculating the net present value of the payments to the lifetime beneficiaries by Foundation, based on input assumptions from actuarial tables for remaining time until maturity, and pay out and earnings rates.

Note 8: Risk Management

The Foundation manages its risk through the purchase of insurance through California State University Risk Management Authority (CSURMA), a public entity risk pool, for coverage of liability, property and general organizational risk. CSURMA provides self-insured risk with purchase of excess insurance. The Foundation maintains general liability insurance coverage and errors and omission claims coverage, subject to certain deductibles. The Foundation also maintains excess property insurance coverage. There have been no settlements since the Foundation's inception that have exceeded insurance limits. There are no self-insurance claims liabilities recorded in the accompanying financial statements because any amounts at June 30, 2025 and 2024 are expected to be minimal. Likewise, no amounts have been paid to CSURMA during the years ended June 30, 2025 or 2024, related to the Foundation's estimated future funding for claims liability.

Note 9: Subsequent Events

Events subsequent to June 30, 2025, have been evaluated through September 15, 2025, which is the date the financial statements were available to be issued. Management did not identify any subsequent events that required disclosure.

California Polytechnic State University Foundation
Supplementary Schedules for Inclusion in the Financial
Statements of the California State University
June 30, 2025

Schedule of Net Position
June 30, 2025
(for inclusion in the California State University Financial Statements)

Assets:

Current assets:

Cash and cash equivalents	\$ 5,363,083
Short-term investments	89,162,361
Accounts receivable, net	37,866
Lease receivable, current portion	
P3 receivable, current portion	
Notes receivable, current portion	
Pledges receivable, net	17,451,314
Prepaid expenses and other current assets	16,208
Total current assets	112,030,832

Noncurrent assets:

Restricted cash and cash equivalents	277,551
Accounts receivable, net	—
Lease receivable, net of current portion	—
P3 receivable, net of current portion	—
Notes receivable, net of current portion	—
Student loans receivable, net	—
Pledges receivable, net	11,728,256
Endowment investments	329,733,414
Other long-term investments	13,731,781
Capital assets, net	—
Other assets	146,025
Total noncurrent assets	355,617,027
Total assets	\$ 467,647,859

Deferred outflows of resources:

Unamortized loss on debt refunding	—
Net pension liability	—
Net OPEB liability	—
Leases	—
P3	—
Others	—
Total deferred outflows of resources	—

Liabilities:

Current liabilities:

Accounts payable	\$ 6,502,328
Accrued salaries and benefits	—
Accrued compensated absences, current portion	—
Unearned revenues	—
Lease liabilities, current portion	—
SBITA liabilities - current portion	—
P3 liabilities - current portion	—
Long-term debt obligations, current portion	—
portion	—
Depository accounts	—
Other liabilities	—
Total current liabilities	6,502,328

Noncurrent liabilities:

Accrued compensated absences, net of current portion	—
Unearned revenues	—
Grants refundable	—
Lease liabilities, net of current portion	—
SBITA liabilities, net of current portion	—
P3 liabilities, net of current portion	—
Long-term debt obligations, net of current portion	—
current portion	—

Schedule of Net Position
June 30, 2025
(for inclusion in the California State University Financial Statements)

Depository accounts	—
Net other postemployment benefits liability	—
Net pension liability	—
Other liabilities	7,543,054
Total noncurrent liabilities	<u>7,543,054</u>
Total liabilities	<u>14,045,382</u>
Deferred inflows of resources:	
P3 service concession arrangements	—
Net pension liability	—
Net OPEB liability	—
Unamortized gain on debt refunding	—
Nonexchange transactions	—
Lease	—
P3	—
Others	6,177,050
Total deferred inflows of resources	<u>6,177,050</u>
Net position:	
Net investment in capital assets	—
Restricted for:	
Nonexpendable – endowments	177,080,722
Expendable:	
Scholarships and fellowships	32,657,788
Research	9,642,322
Loans	—
Capital projects	32,377,534
Debt service	—
Others	186,171,039
Unrestricted	9,496,022
Total net position	<u>\$ 447,425,427</u>

Schedule of Revenues, Expenses, and Changes in Net Position
Year ended June 30, 2025
(for inclusion in the California State University Financial Statements)

Revenues:

Operating revenues:

Student tuition and fees, gross	\$	-
Scholarship allowances (enter as negative)		—

Grants and contracts, noncapital:

Federal		—
State		—
Local		—
Nongovernmental		—
Sales and services of educational activities		—
Sales and services of auxiliary enterprises, gross		—
Scholarship allowances (enter as negative)		—
Other operating revenues		—
Total operating revenues		<u>—</u>

Expenses:

Operating expenses:

Instruction	1,999,678
Research	1,703,429
Public service	883,979
Academic support	21,242,177
Student services	1,186,568
Institutional support	7,256,897
Operation and maintenance of plant	26,925,731
Student grants and scholarships	4,419,426
Auxiliary enterprise expenses	1,031,334
Depreciation and amortization	—
Total operating expenses	<u>66,649,219</u>
Operating income (loss)	<u>(66,649,219)</u>

Nonoperating revenues (expenses):

State appropriations, noncapital	—
Federal financial aid grants, noncapital	—
State financial aid grants, noncapital	—
Local financial aid grants, noncapital	—
Nongovernmental and other financial aid grants, noncapital	—
Other federal nonoperating grants, noncapital	—
Gifts, noncapital	26,107,146
Investment income (loss), net	4,532,324
Endowment income (loss), net	38,587,382
Interest expense	—
Other nonoperating revenues (expenses)	(10,587)
Net nonoperating revenues (expenses)	<u>69,216,265</u>
Income (loss) before other revenues (expenses)	<u>2,567,046</u>

State appropriations, capital	—
Grants and gifts, capital	8,416,056
Additions (reductions) to permanent endowments	15,772,270
Increase (decrease) in net position	<u>26,755,372</u>

Net position:

Net position at beginning of year, as previously reported	420,670,055
Restatements	—
Net position at beginning of year, as restated	<u>420,670,055</u>
Net position at end of year	<u><u>\$ 447,425,427</u></u>

California Polytechnic State University Foundation
Other Information
June 30, 2025
(for inclusion in the California State University)

1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments	\$ 46,573
All other restricted cash and cash equivalents	230,978
Noncurrent restricted cash and cash equivalents	277,551
Current cash and cash equivalents	5,363,083
Total	\$ 5,640,634

2.1 Composition of investments:

Investment Type	Current	Noncurrent	Total
Money market funds	\$ 15,477,405		\$ 15,477,405
Repurchase agreements			-
Certificates of deposit			-
U.S. agency securities			-
U.S. treasury securities	73,684,956		73,684,956
Municipal bonds			-
Corporate bonds			-
Asset backed securities			-
Mortgage backed securities			-
Commercial paper			-
Supranational			-
Mutual funds		342,753,992	342,753,992
Exchange traded funds			-
Equity securities			-
Alternative investments:			
Private equity (including limited partnerships)		388,203	388,203
Hedge funds			-
Managed futures			-
Real estate investments (including REITs)			-
Commodities			-
Derivatives			-
Other alternative investment types			-
Other external investment pools			-
CSU Consolidated Investment Pool (formerly SWIFT)			-
State of California Local Agency Investment Fund (LAIF)			-
State of California Surplus Money Investment Fund (SMIF)			-
Other investments:			
Notes Receivable		323,000	323,000
			-
			-
			-
Total Other investments	-	323,000	323,000
Total investments	89,162,361	343,465,195	432,627,556
Less endowment investments (enter as negative number)	-	(329,733,414)	(329,733,414)
Total investments, net of endowments	\$ 89,162,361	\$ 13,731,781	\$ 102,894,142

2.2 Fair value hierarchy in investments:

Investment Type	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
Money market funds	\$ 15,477,405	\$ 15,477,405			
Repurchase agreements	-				
Certificates of deposit	-				
U.S. agency securities	-				
U.S. treasury securities	73,684,956	73,684,956			
Municipal bonds	-				
Corporate bonds	-				
Asset backed securities	-				
Mortgage backed securities	-				
Commercial paper	-				
Supranational	-				
Mutual funds	342,753,992	342,753,992			
Exchange traded funds	-				
Equity securities	-				
Alternative investments:					
Private equity (including limited partnerships)	388,203			388,203	
Hedge funds	-				
Managed futures	-				
Real estate investments (including REITs)	-				
Commodities	-				
Derivatives	-				
Other alternative investment types	-				

California Polytechnic State University Foundation
Other Information
June 30, 2025
(for inclusion in the California State University)

Other external investment pools	-				
CSU Consolidated Investment Pool (formerly SWIFT)	-	-	-	-	
State of California Local Agency Investment Fund (LAIF)	-	-	-	-	
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	
Other investments:					
Notes Receivable	323,000			323,000	
	-				
	-				
	-				
	323,000	-	-	323,000	-
Total other investments:					
Total investments	\$ 432,627,556	\$ 431,916,353	\$ --	\$ 711,203	\$ --

2.3 Investments held by the University under contractual agreements:

Instruction: Amounts should agree with University's investments held on behalf of Discretely Presented Component Units.

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

3.1 Capital Assets, excluding ROU assets:

Composition of capital assets, excluding ROU assets:

	Balance June 30, 2024	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2024 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2025
Non-depreciable/Non-amortizable capital assets:									
Land and land improvements	\$ -				-				-
Works of art and historical treasures	-				-				-
Construction work in progress (CWIP)	-				-				-
Intangible assets:									
Rights and easements	-				-				-
Patents, copyrights and trademarks	-				-				-
Intangible assets in progress (PWIP)	-				-				-
Licenses and permits	-				-				-
Other intangible assets:									
	-				-				-
	-				-				-
	-				-				-
	-				-				-
	-				-				-
Total Other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable capital assets	-	-	-	-	-	-	-	-	-
Depreciable/Amortizable capital assets:									
Buildings and building improvements	-				-				-
Improvements, other than buildings	-				-				-
Infrastructure	-				-				-
Leasehold improvements	-				-				-
Personal property:									
Equipment	-				-				-
Library books and materials	-				-				-
Intangible assets:									
Software and websites	-				-				-
Rights and easements	-				-				-
Patents, copyrights and trademarks	-				-				-
Licenses and permits	-				-				-
Other intangible assets:									
	-				-				-
	-				-				-
	-				-				-
	-				-				-
	-				-				-
Total Other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	-	-	-	-	-	-	-	-	-
Total capital assets	-	-	-	-	-	-	-	-	-
Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)									
Buildings and building improvements	-				-				-
Improvements, other than buildings	-				-				-
Infrastructure	-				-				-

California Polytechnic State University Foundation
Other Information
June 30, 2025
(for inclusion in the California State University)

Leasehold improvements	-	-	-
Personal property:			
Equipment	-	-	-
Library books and materials	-	-	-
Intangible assets:			
Software and websites	-	-	-
Rights and easements	-	-	-
Patents, copyrights and trademarks	-	-	-
Licenses and permits	-	-	-
Other intangible assets:			
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
Total Other intangible assets	-	-	-
Total intangible assets	-	-	-
Total accumulated depreciation/amortization	-	-	-
Total capital assets, net excluding ROU assets	\$ -	-	-

Capital Assets, Right of Use

	Balance June 30, 2024	Prior Period Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2024 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2025
Composition of capital assets - Lease ROU, net:									
Non-depreciable/Non-amortizable lease assets:									
Land and land improvements	—				—				—
Total non-depreciable/non-amortizable lease assets	-	—	—	—	—	—	—	—	-
Depreciable/Amortizable lease assets:									
Land and land improvements	—				—				—
Buildings and building improvements	—				—				—
Improvements, other than buildings	—				—				—
Infrastructure	—				—				—
Personal property:									
Equipment	—				—				—
Total depreciable/amortizable lease assets	—	—	—	—	—	—	—	—	—
Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)									
Land and land improvements	—				—				—
Buildings and building improvements	—				—				—
Improvements, other than buildings	—				—				—
Infrastructure	—				—				—
Personal property:									
Equipment	—				—				—
Total accumulated depreciation/amortization	—	—	—	—	—	—	—	—	—
Total capital assets - lease ROU, net	—	—	—	—	—	—	—	—	—

	Balance June 30, 2024	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2024 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2025
Composition of capital assets - SBITA ROU, net									
Depreciable/Amortizable SBITA assets:									
Software	—				—				—
Total depreciable/amortizable SBITA assets	-	-	-	-	-	-	-	-	-
Less accumulated depreciation/amortization:									
Software	—				—				—
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-	-
Total capital assets - SBITA ROU, net	-	-	-	-	-	-	-	-	-

California Polytechnic State University Foundation
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June 30, 2025
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Composition of capital assets - P3 ROU, net:	Balance June 30, 2024	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2024 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2025
Non-depreciable/Non-amortizable P3 assets:									
Land and land improvements	—				—				—
Total non-depreciable/non-amortizable P3 assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Depreciable/Amortizable P3 assets:									
Land and land improvements	—				—				—
Buildings and building improvements	—				—				—
Improvements, other than buildings	—				—				—
Infrastructure	—				—				—
Personal property:									
Equipment	—				—				—
Total depreciable/amortizable P3 assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Less accumulated depreciation/amortization:									
Land and land improvements	—				—				—
Buildings and building improvements	—				—				—
Improvements, other than buildings	—				—				—
Infrastructure	—				—				—
Personal property:									
Equipment	—				—				—
Total accumulated depreciation/amortization	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets - P3 ROU, net	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

Total capital assets, net including ROU assets

—
—

3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense related to capital assets	\$	-	
Amortization expense - Leases ROU		-	
Amortization expense - SBITA ROU		-	
Amortization expense - P3 ROU		-	
			Provide explanation for others:
Depreciation and Amortization expense - Others			
Total depreciation and amortization	<u>\$</u>	<u>-</u>	

4 Long-term liabilities:

	Balance June 30, 2024	Prior Period Adjustments/Recla ssifications	Balance June 30, 2024 (Restated)	Additions	Reductions	Balance June 30, 2025	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$	-	-			-	-	-
2. Claims liability for losses and loss adjustment expenses		-	-			-		-
3. Capital lease obligations (pre-ASC 842):								
Gross balance	-		-			-		-
Unamortized net premium/(discount)	-		-			-	-	-
Total capital lease obligations (pre ASC 842)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4. Long-term debt obligations:								
4.1 Auxiliary revenue bonds (non-SRB related)	-		-			-	-	-
4.2 Commercial paper	-		-			-		-
4.3 Notes payable (SRB related)	-		-			-		-
4.4 Finance purchase of capital assets	-		-			-		-
4.5 Others:								
	-		-			-		-
	-		-			-		-

Total others
Sub-total long-term debt

Total long-term liabilities

Long-term debt obligations, net of current portion

Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations		
Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
\$ -	-	-	-	-	-	-	-	-

California Polytechnic State University Foundation
Other Information
June 30, 2025
(for inclusion in the California State University)

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 5,533,077
Payments to University for other than salaries of University personnel	35,917,804
Payments received from University for services, space, and programs	
Gifts-in-kind to the University from discretely presented component units	
Gifts (cash or assets) to the University from discretely presented component units	20,950,978
Accounts (payable to) University (enter as negative number)	
Other amounts (payable to) University (enter as negative number)	(3,642,955)
Accounts receivable from University (enter as positive number)	
Other amounts receivable from University (enter as positive number)	

8 Restatements

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

Note: Additional account details can be found in the Table of Object Codes and CSU Fund Definitions

Restatement #1 Enter transaction description

Debit/(Credit)

Restatement #2 Enter transaction description

9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and Other Services	Depreciation and amortization	Total operating expenses
Instruction	\$ -	\$ -	\$ -	\$ -	\$ -	1,999,678	\$ -	\$ 1,999,678
Research	—	—	—	—	—	1,703,429.00	—	1,703,429
Public service	—	—	—	—	—	883,979.00	—	883,979
Academic support	—	—	—	—	—	21,242,177.00	—	21,242,177
Student services	—	—	—	—	—	1,186,568.00	—	1,186,568
Institutional support	—	—	—	—	—	7,256,897.00	—	7,256,897
Operation and maintenance of plant	—	—	—	—	—	26,925,731.00	—	26,925,731
Student grants and scholarships	—	—	—	—	4,419,426.00	—	—	4,419,426
Auxiliary enterprise expenses	—	—	—	—	—	1,031,334.00	—	1,031,334
Depreciation and amortization	—	—	—	—	—	—	—	—
Total operating expenses	\$ -	\$ -	\$ -	\$ -	\$ 4,419,426	\$ 62,229,793	\$ -	\$ 66,649,219

No pension plan reported

10 Deferred outflows/inflows of resources:

1. Deferred Outflows of Resources

Deferred outflows - unamortized loss on refunding(s)
Deferred outflows - net pension liability
Deferred outflows - net OPEB liability
Deferred outflows - leases
Deferred outflows - P3
Deferred outflows - others:
Sales/intra-entity transfers of future revenues
Gain/loss on sale leaseback
Loan origination fees and costs
Change in fair value of hedging derivative instrument
Irrevocable split-interest agreements

Total deferred outflows - others
Total deferred outflows of resources

—
—
\$ —

California Polytechnic State University Foundation
Other Information
June 30, 2025
(for inclusion in the California State University)

2. Deferred Inflows of Resources

Deferred inflows - service concession arrangements	
Deferred inflows - net pension liability	
Deferred inflows - net OPEB liability	
Deferred inflows - unamortized gain on debt refunding(s)	
Deferred inflows - nonexchange transactions	
Deferred inflows - leases	
Deferred inflows - P3	
Deferred inflows - others:	
Sales/intra-entity transfers of future revenues	
Gain/loss on sale leaseback	
Loan origination fees and costs	
Change in fair value of hedging derivative instrument	
Irrevocable split-interest agreements	6,177,050

Total deferred inflows - others	<u>6,177,050</u>
Total deferred inflows of resources	<u>\$ 6,177,050</u>

11 Other nonoperating revenues (expenses)

Other nonoperating revenues	\$ 166,887
Other nonoperating (expenses)	<u>(177,474)</u>
Total other nonoperating revenues (expenses)	<u><u>\$ (10,587)</u></u>

**Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed In Accordance with *Government Auditing Standards***

To the Board of Directors of
California Polytechnic State University Foundation
San Luis Obispo, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of California Polytechnic State University Foundation (the Foundation), which comprise the statements of net position as of June 30, 2025, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated September 15, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audits of the financial statements, we considered California Polytechnic State University Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of California Polytechnic State University Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of California Polytechnic State University Foundation's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "GLENN BURDETTE ATTEST CORPORATION". The letters are in all caps and have a cursive, slightly stylized appearance.

Glenn Burdette Attest Corporation
San Luis Obispo, California

September 15, 2025