Cal Poly Corporation

Audited Financial Statements and

Supplementary Information

Years Ended June 30, 2020 and 2019

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GLENN BURDETTE
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

Board of Directors
Cal Poly Corporation
San Luis Obispo, California

Report on the Financial Statements

We have audited the accompanying statements of net position of Cal Poly Corporation (the Corporation), a component unit of California Polytechnic State University, San Luis Obispo, as of June 30, 2020 and 2019, 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 Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion.

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An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of June 30, 2020 and 2019, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 6 through 17, Schedule of Changes in the Net OPEB Liability and Related Ratios on page 61, Schedule of Contributions – OPEB on page 62, Schedule of Changes in the Net Pension Liability and Related Ratios on pages 63 through 64, and the Schedule of Contributions – Pension on page 65, be presented to supplement the basic financial statements. Such information, although not a basic part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Corporation's basic financial statements. The accompanying supplementary information for inclusion in the financial statements of the California State University on pages 67 through 74 as required by the California State University and other supplementary information on pages 76 through 77 are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The supplementary 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. Such 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.

The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2020, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

Glenn Burdette Attest Corporation

Glenn Burdette Attest Corporation
San Luis Obispo, California

September 10, 2020

Cal Poly Corporation
Management's Discussion and Analysis
June 30, 2020 and 2019

The Cal Poly Corporation ("Corporation") is an auxiliary organization of the California Polytechnic State University, San Luis Obispo ("University"). The Corporation is an IRC Section 501(c)(3) not-for-profit public benefit organization established to provide services which complement the instructional program of the University and assist the institution in achieving its educational mission.

This section of the Corporation's annual financial report presents a discussion and analysis of the financial performance of the Corporation during the fiscal years ended June 30, 2020 ("2019-20"), June 30, 2019 ("2018-19"), and June 30, 2018 ("2017-18"). This discussion has been prepared by management and should be read in conjunction with and is qualified in its entirety by the accompanying audited financial statements and notes. The financial statements presented here are incorporated into the University's financial statements as a component unit.

Introduction to the Financial Statements

This annual report consists of a series of financial statements, prepared in accordance with principles issued by the Governmental Accounting Standards Board ("GASB"). For reporting purposes, the Corporation is considered a special-purpose government engaged in business-type activities which best represent the activities of the Corporation as an auxiliary organization of the 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 provide information about the Corporation's financial position as a whole and the results of activities on that position for each year presented. These statements are prepared using the economic resources measurement focus and the accrual basis of accounting, which recognizes expenses when incurred and revenues when earned rather than when payment is made or received. They are supported by the Notes to Financial Statements and this section. All sections must be considered together to obtain a complete understanding of the financial picture of the Corporation.

Statements of Net Position: The Statements of Net Position include all assets, deferred outflows, liabilities, and deferred inflows of the Corporation reported at their recorded value, as of the statement date. Net position - the difference between assets plus deferred outflows and liabilities plus deferred inflows - is one way to measure the Corporation's financial health, or financial position. Over time, increases or decreases in net position can be an indicator as to whether the Corporation's financial health is improving or declining.

Statements of Revenues, Expenses, and Changes in Net Position: The Statements of Revenues, Expenses, and Changes in Net Position present the revenues earned and expenses incurred during the year.

Statements of Cash Flows: The Statements of Cash Flows present the inflows and outflows of cash for the year and are 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, present gross rather than net amounts for the years' activities.

Cal Poly Corporation
Management's Discussion and Analysis
June 30, 2020 and 2019

Analytical Overview

Summary

The following discussion highlights management's understanding of the key financial aspects of the Corporation's financial activities for the fiscal years 2019-20, 2018-19, and 2017-18. The accompanying audited financial statements as of and for the years ended June 30, 2020 and 2019 are reported in accordance with standards and requirements of the GASB, as are the following schedules.

The Corporation experienced material operating losses for 2019-20 resulting from the economic impact of the COVID-19 pandemic (the "Pandemic"). In response to the Pandemic, the University made a decision to provide the Spring 2020 academic quarter virtually. Students were encouraged to shelter-at-home, where possible. As a result, Corporation operations experienced material operating revenue losses. In response, the Corporation reduced discretionary spending and implemented a series of furloughs across all employee types. However, these measures only reduced the 2019-20 operating losses as reflected in the accompanying financial statements.

Condensed Statements of Net Position

	June 30, 2020	June 30, 2019	June 30, 2018
Assets:			
Current assets	$ 88,379,918	$ 104,237,377	$ 103,432,062
Noncurrent assets:			
Capital assets, net	75,728,437	61,517,875	48,560,299
Other noncurrent assets	44,926,570	44,172,965	40,606,905
Total assets	209,034,925	209,928,217	192,599,266
Deferred Outflows of Resources	3,765,002	4,465,904	5,851,928
Liabilities:			
Current liabilities	16,606,085	15,675,567	19,646,838
Noncurrent liabilities	59,566,732	57,880,396	56,428,202
Total liabilities	76,172,817	73,555,963	76,075,040
Deferred Inflows of Resources	14,847,782	15,500,908	12,131,311
Net Position:			
Net investment in capital assets	35,562,572	20,810,618	19,288,645
Restricted, expendable	22,364,743	23,936,253	15,185,802
Unrestricted	63,852,013	80,590,379	75,770,396
Total net position	$ 121,779,328	$ 125,337,250	$ 110,244,843

Net Position

Net position may serve over time as an indicator of the Corporation's financial position. As of June 30, 2020, assets and deferred outflows exceeded liabilities and deferred inflows by $121.8 million, resulting in a decrease of $3.6 million in net position from the prior year. The decrease primarily represents the net result of a $12.8 million operating loss combined with nonoperating revenues of $5.3 million and capital grants and gifts of $3.9 million. For the year ended June 30, 2019, overall net position increased $15.1 million. The increase in net position primarily represents the net result of a $9.7 million operating loss combined with nonoperating revenues of $21 million and capital grants and gifts of $3.8 million. Operating losses reflected on the Statements of Revenues, Expenses and Changes in Net Position are primarily the result of the classification of gifts as nonoperating revenues. A majority of these gifts are meant to support *University programs support* expenses, which are classified as operating expenses. Without these gifts, the related *University programs support* expenses would not occur. In addition, as mentioned previously, operating losses for 2019-20 were further exacerbated by the economic impact of the Pandemic.

Net investment in capital assets represents the Corporation's capital assets, net of accumulated depreciation and amortization, and also net of outstanding balances of related debt. The Corporation uses these capital assets in its day-to-day operations. For the year ended June 30, 2020, net investment in capital assets increased $14.8 million or 70.9% from the prior year. During 2019-20, capital asset purchases exceeded the combination of capital asset disposals and depreciation and amortization expense on existing capital assets. Significant capital asset additions primarily relate to construction-in-progress for the new Vista Grande dining facility. For the year ended June 30, 2019, net investment in capital assets increased $1.5 million or 7.9% from the prior year. During 2018-19, capital asset purchases exceeded the combination of capital asset disposals and depreciation and amortization expense on existing capital assets.

Restricted, expendable represents the portion of the Corporation's net position that is restricted by donors or by law. The following table summarizes at year end which funds are restricted, the type of restriction, and the amount:

	Year Ended June 30,		
	2020	**2019**	**2018**
Restricted, expendable:			
Research	$ 184,479	$ 157,727	$ 186,315
Capital projects	2,751,539	5,985,101	5,544,601
Instruction	6,134,428	6,776,672	1,003,323
Academic support	601,528	477,408	331,726
Student services	4,293,093	4,313,584	4,673,164
Other	8,399,676	6,225,761	3,446,673
Total restricted, expendable	$ 22,364,743	$ 23,936,253	$ 15,185,802

This balance can fluctuate from year to year based on the level of gift activity and expenditures. For the year ended June 30, 2020, overall restricted, expendable net position decreased $1.6 million or 6.6% from the prior year. The decrease is primarily the result of a $3.2 million decrease in net position restricted for capital projects. During the current year, the Corporation expended pledges and gifts previously received on behalf of athletics for capital projects, including the beach volleyball facility and the baseball clubhouse. In addition, net position restricted for other purposes increased $2.2 million. During 2019-20, a pledge for $2 million was received to establish a new center with a focus on enhancing the efficacy of organic farming.

For the year ended June 30, 2019, overall restricted, expendable net position increased $8.8 million or 57.6% from the prior year. The increase is primarily the result of a $5.8 million increase in net position restricted for instruction. During 2018-19, the Corporation completed the sale of the Valencia Creek property (617 acres of property located in Santa Cruz County), resulting in a gain of $7.3 million. This property was considered part of Swanton Pacific Ranch, an estate gifted to the Corporation in 1993, which provides an opportunity for students to study the methods of resource conservation applied through sustainable management techniques. In addition, net position restricted for other purposes increased $2.8 million. During 2018-19, a pledge for $3 million was awarded to the Corporation's Strawberry Center from the California Strawberry Commission.

Gifts and pledges received are often restricted by their donors. Fluctuations in restricted, expendable net position are based on the timing of project expenditures in relation to the receipt of gifts and other funds.

Unrestricted represents the portion of net position that can be used to finance day-to-day operations of the Corporation without constraints established by donor restrictions, debt covenants or other legal requirements. Although unrestricted net position is not subject to externally imposed restrictions per accounting definitions, significant portions of unrestricted net position are designated for specific programs or projects. For the year ended June 30, 2020, unrestricted net position decreased by $16.7 million to $63.8 million from the prior year. The decrease was driven by significant capital expenditures for campus dining operations, including construction-in-progress for the new Vista Grande dining facility. For the year ended June 30, 2019, unrestricted net position increased by $4.8 million to $80.6 million from the prior year. The increase was driven by favorable operating results from campus dining operations of $3.4 million combined with $4.6 million in net investment income, offset by $2.7 million in capital asset cash acquisitions and $190,000 in debt service payments.

Assets

Current assets represent assets that can normally be converted to cash in less than one year, including cash and cash equivalents, short-term investments, accounts receivable, contracts and grants receivable, inventories, prepaid expenses and the current portion of pledges receivable. Investments used for current operations are classified as *Short-term investments* and remained consistent from the prior year.

Cash and cash equivalents are generally held in checking and money market accounts. All highly liquid investments with an original maturity date of three months or less are also classified as cash and cash equivalents. Total cash and cash equivalents decreased $18.6 million or 44.2% for the year ended June 30, 2020. The decrease is consistent with the decrease in unrestricted net position. As mentioned previously, during 2019-20, there were significant capital expenditures for campus dining operations, including construction-in-progress for the new Vista Grande dining facility. Please refer to the Statement of Cash Flows for more information regarding changes in cash and cash equivalents.

Pledges receivable, net represents the portion of pledges receivable expected to be collected within one year and increased $2.4 million or 82.3% from the prior year. The Corporation received $5.1 million in pledges during the current year, including a pledge for $2 million to establish a new center with a focus on enhancing the efficacy of organic farming. The increase in the current portion of pledges receivable relates to the portion of new pledges expected to be collected within one year offset by payments received on new and existing pledges.

Noncurrent assets consist primarily of restricted cash and cash equivalents related to endowments and charitable gift annuities, pledges receivable not expected to be collected within one year, endowment and other long-term investments and capital assets, net of depreciation. Investments that are restricted for withdrawal or to be used for other than current operations, including endowments and charitable gift annuities, are classified as other long-term investments.

Pledges receivable, net decreased $1 million or 11.1% from the prior year. As mentioned previously, the Corporation received $5.1 million in pledges during the current year, including a pledge for $2 million to establish a new center with a focus on enhancing the efficacy of organic farming. Pledge amounts expected to be collected within one year are classified as current assets. The increase as a result of new pledges was offset by amounts reclassified to current assets.

Investments restricted from withdrawal or designated for the acquisition or construction of capital assets are classified as *Other long-term investments,* which primarily includes securities in the Corporation's Internal Fund, OPEB Investment Pool, and charitable gift annuities held for others. Other long-term investments increased $1.6 million or 5% from the prior year, which is consistent with investment income of $1.6 million recorded over the same period.

Capital assets, net include land, buildings, leasehold improvements, construction-in-progress, equipment and intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. At June 30, 2020, the Corporation held $61.9 million of non-depreciable assets at June 30, 2020, compared to $47.5 million at June 30, 2019. Non-depreciable capital assets primarily consist of land and improvements and construction-in-progress. The change in non-depreciable assets during 2019-20 primarily relates to $12.1 million in additions to construction-in-progress of the new Vista Grande dining facility.

At June 30, 2020, the Corporation held $13.6 million in depreciable and amortizable assets, net of accumulated depreciation, as compared to $13.9 million in the prior year. During 2019-20, depreciable capital asset additions of $633,000 were offset by depreciable capital asset disposals with a net book value of $52,000. In addition, construction-in-progress of $1.2 million was completed and placed in service. During 2019-20, depreciation and amortization expense on existing capital assets totaled $1.9 million.

Deferred Outflows of Resources

Deferred Outflows of Resources at June 30, 2020 includes contributions made by the Corporation to its pension plan and OPEB plan during 2019-20. In addition, changes in the net pension liability and net OPEB liability as a result of differences between actual and expected actuarial experience are initially recorded as deferred outflows of resources and then recognized in pension expense in future periods. Finally, deferred outflows of resources at June 30, 2020 includes a deferred loss on the refunding of a portion of the CSU System-Wide Revenue Bonds Series 2009A.

Liabilities

Current liabilities, or amounts owed or due within one year, consist of accounts payable, accrued salaries and benefits payable, unearned revenue, sponsored programs receipts over expenditures and other liabilities.

Accounts payable increased $1.8 million or 74.6% from the prior year. Changes in accounts payable are dependent on the timing of expenses incurred and payment made. The June 30, 2020 balance includes accounts payable of $1.8 million related to the construction of the Vista Grande dining facility.

Accrued salaries and benefits payable decreased by $503,000 or 26.9% from the prior year. The decrease is driven primarily by furloughs implemented in response to the economic impact of the Pandemic.

Sponsored programs receipts over expenditures primarily includes revenue billed or collected in advance of when it is earned on grants and contracts. For the year ended June 30, 2020, sponsored programs receipts over expenditures decreased $357,000 or 10.4% from the prior year. Changes in sponsored programs receipts over expenditures are dependent on the timing of grants and contracts awarded and work performed. In general, contract and grant expenditures decreased in Q4 of 2019-20 as compared to Q4 of 2018-19 as a result of the economic impact of the Pandemic.

The Corporation is self-insured with respect to unemployment claims. Actual unemployment claims are billed to the Corporation from the California Employment Development Department. For the year ended June 30, 2020, *Self-insurance claims liability* increased $186,000 or 844% from the prior year. The increase is driven primarily by furloughs implemented in response to the economic impact of the Pandemic.

Noncurrent liabilities consist primarily of long-term debt, deposits held in custody for others (including endowments), the net other postemployment benefit (OPEB) liability, the net pension liability, split-interest trust liabilities and the use interest of beneficiary obligation.

The Corporation's *Long-term debt obligation* of $29.5 million at June 30, 2020 represents a note payable, which originated as part of the SRB Series 2009A bond issuance to partially fund the construction of the Technology Park. During 2016-17, the note payable was amended in connection with a partial defeasance with proceeds from the issuance of the SRB Series 2016A. On July 1, 2017, the Corporation amended the note payable a second time to partially fund the construction of the new Vista Grande dining facility with California State University Institute

Commercial Paper Notes as an interim source of financing. On August 1, 2018, the Corporation entered into a third amendment to the note payable, which replaced the commercial paper notes with proceeds from the issuance of the SRB Series 2018A.

The noncurrent portion of the note payable outstanding as of June 30, 2020 includes bond premiums of $344,000 and $4 million related to the issuance of the Series 2016A and 2018A bonds, respectively. The Corporation made principal payments in the amounts of $425,000 on this debt during 2019-20.

The *Net OPEB liability* is related to the Corporation's defined benefit postretirement plan, which provides medical benefits to retirees of the Corporation. The net OPEB liability is measured as the total OPEB liability, less the value of assets in the VEBA trust on that date. The net OPEB liability is measured as of June 30, 2019, using an actuarial valuation as of June 30, 2018. Based on the most recent actuarial report, the total OPEB liability measured as of June 30, 2019 was $30 million and the value of assets in the VEBA trust on that date was $26.2 million.

The *Net pension liability* is related to the Corporation's defined benefit pension plan. The net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability is measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. Based on the most recent actuarial report, the total pension liability measured as of June 30, 2020 was $87.1 million and the pension plan's fiduciary net position on that date was $65.1 million.

<u>Deferred Inflows of Resources</u>

Deferred Inflows of Resources at June 30, 2020 includes changes in the net pension liability resulting from changes in actuarial assumptions, as well as differences between projected and actual earnings on plan investments. In addition, deferred outflows of resources includes changes in the net OPEB liability resulting from changes in actuarial assumptions, differences between actual and expected actuarial experiences, and differences between projected and actual earnings on plan investments. Deferred inflows of resources are recognized as expense in future periods.

In 2014-15, the Corporation was gifted the Bartleson Ranch and Conservatory, valued at $11.3 million, subject to the terms of a life-interest agreement. Deferred inflows of resources of $11.1 million are included on the Statement of Net Position at June 30, 2020, to reflect the deferral of income related to this gift until the expiration of the life-interest term.

<u>Results of Operations</u>

Decrease in net position for 2019-20 was $3.6 million as compared to an increase in net position of $15.1 million for 2018-19. The decrease for 2019-20 primarily represents the net result of a $12.8 million operating loss combined with nonoperating revenues of $5.3 million and capital grants and gifts of $3.9 million. Nonoperating revenues include investment income of $1.6 million combined with noncapital gifts of $7.4 million and other nonoperating expenses of $2.6 million. As mentioned previously, operating losses are primarily the result of the classification of gifts as nonoperating revenues. A majority of these gifts are meant to support *University programs support* expenses, which are classified as operating expenses. In addition, as mentioned previously, operating losses for 2019-20 were further exacerbated by the economic impact of the Pandemic. The increase in net position for 2018-19 primarily represents the net result of a $9.7 million operating loss combined with nonoperating revenues of $21 million and capital grants and gifts of $3.8 million. Nonoperating revenues is comprised of investment income of $4.6 million combined with noncapital gifts of $9.8 million and other nonoperating revenues of $7.9 million, which includes the sale of the Valencia Creek property for a gain of $7.3 million.

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

	Year Ended June 30,		
	2020	**2019**	**2018**
Operating revenues:			
Grants and contracts	$ 23,694,137	$ 25,269,903	$ 24,675,767
Sales and services of auxiliary enterprises	31,299,370	39,053,188	41,424,875
Fees for services	7,079,257	7,489,550	6,638,160
University programs support	3,070,922	3,486,703	3,485,157
Conference and workshop revenues	788,013	3,042,516	2,614,633
Other operating revenue	993,515	913,575	864,371
Total operating revenues	66,925,214	79,255,435	79,702,963
Operating expenses:			
Corporation administration	5,967,302	5,459,598	5,230,866
Contract and grant expense	23,887,340	24,571,542	24,227,634
Auxiliary activities cost of sales	8,695,698	11,672,421	14,099,069
Auxiliary activities expense	19,310,313	20,505,267	19,886,790
University programs support	16,261,943	21,320,259	18,885,356
Sponsored program administration	1,310,297	1,245,260	1,323,159
Depreciation and amortization	1,850,429	1,785,478	1,881,489
Other operating expenses	2,429,709	2,347,659	3,168,667
Total operating expense	79,713,031	88,907,484	88,703,030
Operating loss	(12,787,817)	(9,652,049)	(9,000,067)
Nonoperating revenues (expenses):			
Gifts, noncapital	7,360,230	9,777,570	7,531,007
Investment income, net	1,646,372	4,640,630	3,418,262
Interest expense	(1,111,164)	(1,359,323)	(319,178)
Other nonoperating revenues (expenses), net	(2,597,022)	7,906,056	(1,120,256)
Total nonoperating revenues (expenses)	5,298,416	20,964,933	9,509,835
Other changes in net position:			
Capital grants and gifts	3,931,479	3,779,523	1,342,268
Increase (decrease) in net position	(3,557,922)	15,092,407	1,852,036
Beginning net position	125,337,250	110,244,843	118,886,439
Prior year restatement	-	-	(10,493,632)
Beginning net position, as restated	125,337,250	110,244,843	108,392,807
Ending net position	$ 121,779,328	$ 125,337,250	$ 110,244,843

Operating revenues decreased $12.3 million or 15.6% in 2019-20 as compared to 2018-19. The change is driven by a $7.8 million decrease in *Sales and services of auxiliary enterprises*. This decrease primarily relates to Campus Dining operations, which was impacted significantly by the University's response to the Pandemic. In response to the Pandemic, the University made a decision to provide the Spring 2020 academic quarter virtually. Students were encouraged to shelter-at-home, where possible. As a result, the Spring quarter freshman dining plan allotment was refunded to a majority of students and all catering events were canceled for the remainder of the academic year.

In addition to the decrease in sales and services of auxiliary enterprises, *Conference and workshop revenues* decreased $2.3 million or 74.1% from the prior year. In response to the Pandemic, the University made a decision to cancel or postpone all conferences and workshops with attendance of 10 or more people until State government guidelines allow otherwise. *Grants and Contracts* also decreased $1.6 million, driven by decrease in funding from all sectors, but primarily the federal and nongovernment sectors. In general, contract and grant expenditures decreased in Q4 of 2019-20 as compared to Q4 of 2018-19 as a result of the economic impact of the Pandemic. Finally, *University programs support* decreased $416,000 or 11.9% from the prior year. Included in university programs support are ticket sales for performances presented by Cal Poly Arts. In response to the Pandemic, the University made a decision to cancel or postpone all Cal Poly Arts performances until State government guidelines allow otherwise.

Total operating revenues decreased $448,000 or 0.6% in 2018-19 as compared to 2017-18. The change is driven by a $2.4 million decrease in *Sales and services of auxiliary enterprises*. This decrease primarily relates to Campus Dining operations, which was impacted by a 16% decrease in freshman headcount from the prior year.

Offsetting the decrease in sales and services of auxiliary enterprises during 2018-19 was an $851,000 increase in *Fee for services*, primarily driven by increased income generated by the Irrigation Training and Research Center. *Grants and Contracts* increased $594,000, primarily the result of increased funding from state agencies. *Conference and workshop revenues* also increased $428,000 from the prior year, primarily due to an increase in revenues from key repeat events (such as EPIC, CPEW, and CubeSat).

Operating expenses decreased $9.2 million or 10.3% in 2019-20 as compared to 2018-19. The change includes a $3 million decrease in *Auxiliary activities cost of sales* and a $1.2 million decrease in *Auxiliary activities expense.* The decrease in both categories primarily relates to Campus Dining operations, which follows the reduction in revenues previously mentioned.

In addition to the decrease in auxiliary activities cost of sales and auxiliary activities expense, *University programs support* expenses decreased $5.1 million from the prior year. The change in 2019-20 includes a $2 million decrease in conference and workshop expenditures, which follows the reduction in revenues previously mentioned. In addition, the change also includes a reduction in expenditures for athletic facility projects, including $2.2 million towards the baseball clubhouse project.

In 2018-19, total operating expenses increased $205,000 or 0.2% in 2018-19 as compared to 2017-18. The change is driven by a $2.4 million decrease in *Auxiliary activities cost of sales.* The decrease primarily relates to a $1.4 million decrease in cost of sales from Campus Dining operations, which is consistent with the previously mentioned 16% decrease in freshman headcount. In addition, 2017-18 includes the sale of approximately $1.1 million in inventory to the third party operator of the University Store and Cal Poly Downtown, which assumed operations effective July 1, 2017. *Other operating expenses* also decreased $821,000 in 2018-19 as compared to 2017-18, driven by a decrease in net OPEB expense.

Offsetting the decreases in auxiliary activities cost of sales and other operating expenses in 2018-19 was a $2.4 million increase in *University programs support* expenses over the prior year. The change in 2018-19 includes an increase in expenditures for athletic facilities, including $1.4 million towards the baseball clubhouse. In addition, public service support increased $583,000 and Institutional support increased $648,000. *Auxiliary activities expense* and *Corporation administration* expense also increased $618,000 and $229,000, respectively, in 2018-19 as compared to 2017-18. The increase was primarily due an increase in employee costs, resulting from minimum wage increases.

Nonoperating revenues (expenses) consists primarily of noncapital gifts and investment income.

Gifts, noncapital decreased $2.4 million or 24.7% in 2019-20 as compared to 2018-19. During 2018-19, a $3 million pledge was awarded to the Corporation's Strawberry Center from the California Strawberry Commission. Noncapital gifts increased $2.2 million or 29.8% in 2018-19 as compared to 2017-18 as a result of this pledge. Variances in gift income are due to the varying nature of contributions from year to year, which depends on a number of factors, both internal and external.

Investment income, net decreased $3 million in 2019-20 to $1.6 million as compared to $4.6 million in 2018-19. Net investment income is primarily the result of $3.2 million in interest and dividends combined with $1.2 million in market value gains offset by $143,000 in investment management fees. In 2018-19, net investment income was primarily the result of $3 million in interest and dividends combined with $2.2 million in market value gains offset by $123,000 in investment management fees.

Interest expense represents interest recorded on the long-term debt obligation. As mentioned previously, the Corporation's long-term debt obligation of $29.5 million at June 30, 2020 represents a note payable, which originated as part of the SRB Series 2009A bond issuance to partially fund the construction of the Technology Park. During 2018-19, the note payable was amended in connection with the issuance of the SRB Series 2018A to partially fund the construction of the new Vista Grande dining facility.

Other nonoperating revenues, net decreased $10.5 million in 2019-20 as compared to 2018-19. As previously mentioned, during 2018-19, the Corporation completed the sale of the Valencia Creek property (617 acres of property located in Santa Cruz County), resulting in a gain of $7.3 million, which was included as part of other nonoperating revenues. In addition, during 2019-20, the Corporation transferred the completed beach volleyball court facility to the University, which had a book value of approximately $3.3 million.

Other changes in net position consists of *capital grants and gifts*, which remained consistent in 2019-20 as compared to the prior year. In 2018-19, capital grants and gifts increased $2.4 million or 181.6% as compared to 2017-18. The increase is the primarily the result of more capital gifts and pledges received primarily on behalf of athletics. In particular, $1.9 million in capital gifts and pledges were received for construction of a new beach volleyball facility. Variances in capital grants and gifts are due to the varying nature of contribution revenue from year to year, which depends on a number of factors, both internal and external.

Currently Known Facts Impacting Future Periods

The Corporation has begun the design of a renovation of its central facility for its campus dining operations. Renovation of this facility is expected to commence in fiscal year 2020-21. A portion of this project is expected to be financed with proceeds from the issuance of CSU System-Wide Revenue Bonds. Completion of the project will be accompanied by significant capital outlay expenditures. These expenditures are expected to have a material impact on the Corporation's unrestricted net position.

The on-going Pandemic has created instability within the higher education industry. It has also created broad economic uncertainty. Measuring the impact of the Pandemic on future periods is difficult; however, it has the potential to create a significant disruption in Corporation operations, capital projects, and cash flows. Management continues to monitor the impact of the Pandemic and make organizational adjustments, when appropriate.

Financial Statements

Cal Poly Corporation

Statements of Net Position

June 30, 2020 and 2019

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	$ 23,503,043	$ 42,090,704
Short-term investments	49,502,544	49,924,158
Accounts receivable, net	2,043,667	2,130,498
Contracts and grants receivable, net	6,066,919	5,632,571
Pledges receivable, net	5,310,081	2,912,936
Inventories	1,373,564	1,071,155
Prepaid expenses and other current assets	580,100	475,355
Total current assets	88,379,918	104,237,377
Noncurrent assets:		
Restricted cash and cash equivalents	37,726	49,312
Accounts receivable, net	18,877	31,107
Pledges receivable, net	8,004,112	9,005,559
Endowment investments	2,320,535	2,173,902
Other long-term investments	34,222,320	32,590,085
Capital assets, net	75,728,437	61,517,875
Other assets	323,000	323,000
Total noncurrent assets	120,655,007	105,690,840
Total assets	209,034,925	209,928,217
Deferred Outflows of Resources		
Unamortized loss on refunding	227,251	242,324
Related to net other postemployment benefit liability	473,199	594,645
Related to net pension liability	3,064,552	3,628,935
Total deferred outflows of resources	3,765,002	4,465,904

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

Cal Poly Corporation

Statements of Net Position

June 30, 2020 and 2019

Page 2

	2020	2019
Liabilities		
Current liabilities:		
Accounts payable	$ 4,273,321	$ 2,447,381
Accrued salaries and benefits payable	1,369,343	1,872,479
Accrued compensated absences	794,218	741,044
Unearned revenue	6,459,190	6,753,551
Sponsored programs receipts over expenditures	3,057,397	3,414,112
Long-term debt obligation	445,000	425,000
Self-insurance claims liability	207,616	22,000
Total current liabilities	16,606,085	15,675,567
Noncurrent liabilities:		
Accrued compensated absences, net of current	146,661	
Long-term debt obligation	29,010,978	29,620,956
Deposits held in custody for others	3,844,966	3,938,469
Net other postemployment benefit liability	3,779,903	2,990,715
Net pension liability	22,020,074	20,415,956
Charitable gift annuities held for others liability	764,150	914,300
Total noncurrent liabilities	59,566,732	57,880,396
Total liabilities	76,172,817	73,555,963
Deferred Inflows of Resources		
Related to life-interest in real estate	11,069,800	11,112,600
Related to net other postemployment benefit liability	3,432,393	4,133,014
Related to net pension liability	345,589	255,294
Total deferred inflows of resources	14,847,782	15,500,908
Net Position		
Net investment in capital assets	35,562,572	20,810,618
Restricted for:		
Expendable:		
Research	184,479	157,727
Capital projects	2,751,539	5,985,101
Instruction	6,134,428	6,776,672
Academic support	601,528	477,408
Student services	4,293,093	4,313,584
Other	8,399,676	6,225,761
Unrestricted	63,852,013	80,590,379
Total net position	$ 121,779,328	$ 125,337,250

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

Cal Poly Corporation

Statements of Revenues, Expenses and Changes in Net Position

Years Ended June 30, 2020 and 2019

	2020	2019
Operating revenues:		
Grants and contracts, noncapital:		
Federal	$ 14,171,937	$ 14,755,200
State	4,597,454	4,767,972
Local	472,395	695,524
Nongovernmental	4,452,351	5,051,207
Sales and services of auxiliary enterprises	31,299,370	39,053,188
Fees for services	7,079,257	7,489,550
University programs support	3,070,922	3,486,703
Conference and workshop revenues	788,013	3,042,516
Other operating revenues	993,515	913,575
Total operating revenues	66,925,214	79,255,435
Operating expenses:		
Corporation administration	5,967,302	5,459,598
Contract and grant expenses	23,887,340	24,571,542
Auxiliary activities cost of sales	8,695,698	11,672,421
Auxiliary activities expenses	19,310,313	20,505,267
University programs support:		
Conference and workshops expense	503,149	2,524,680
Public service support	7,076,428	7,064,313
Institutional support	2,779,191	3,125,965
Academic support	2,005,592	2,245,180
Student services	381,991	643,907
Other University programs	3,515,592	5,716,214
Sponsored programs administration	1,310,297	1,245,260
Depreciation and amortization	1,850,429	1,785,478
Other operating expenses	2,429,709	2,347,659
Total operating expenses	79,713,031	88,907,484
Operating loss	(12,787,817)	(9,652,049)

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

Cal Poly Corporation

Statements of Revenues, Expenses and Changes in Net Position

Years Ended June 30, 2020 and 2019

Page 2

	2020	2019
Nonoperating revenues (expenses):		
Gifts, noncapital	$ 7,360,230	$ 9,777,570
Investment gain, net	1,646,372	4,640,630
Interest expense	(1,111,164)	(1,359,323)
Other nonoperating revenues (expenses), net	(2,597,022)	7,906,056
Total nonoperating revenues (expenses)	5,298,416	20,964,933
Other changes in net position:		
Capital grants and gifts	3,931,479	3,779,523
Total other changes in net position	3,931,479	3,779,523
Increase (decrease) in net position	(3,557,922)	15,092,407
Net position - beginning of year	125,337,250	110,244,843
Net position - end of year	$ 121,779,328	$ 125,337,250

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

Cal Poly Corporation

Statements of Cash Flows

Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Receipts from grants and contracts	$ 22,057,874	$ 23,574,520
Receipts from sales and services of auxiliary enterprises	32,573,822	42,044,490
Receipts from fees for services	7,079,257	7,489,550
Receipts from University programs	3,070,922	3,486,703
Payments to vendors	(12,499,197)	(29,054,992)
Payments for employees	(36,219,239)	(36,128,242)
Payments to University, net	(28,777,411)	(18,913,199)
Payments to Foundation, net	256,651	(683,306)
Payments to VEBA Trust	(235,568)	(345,550)
Other receipts	1,005,745	1,093,360
Other payments	(104,745)	(221,115)
Net cash used in operating activities	(11,791,889)	(7,657,781)
Cash flows from noncapital financing activities:		
Cash contributions received	3,853,076	8,127,290
Cash received for charitable gift annuities held for others	15,246	-
Distributions to annuity beneficiaries	(98,524)	(302,809)
Fees and expenses of charitable gift annuities held for others	(7,508)	(9,717)
Foundation support	442,311	442,311
Change in depository accounts	(93,503)	107,607
Net cash provided by noncapital financing activities	4,111,098	8,364,682
Cash flows from capital and related financing activities:		
Capital grants and gifts	5,124,097	1,024,766
Acquisition of capital assets	(14,800,131)	(2,608,184)
Proceeds from sale of capital assets	-	211
Interest paid on long-term debt obligation	(1,260,627)	(104,377)
Defeasance of long-term obligation	(425,000)	(85,000)
Net cash used in capital and related financing activities	(11,361,661)	(1,772,584)
Cash flows from investing activities:		
Proceeds from sale and maturities of investments	7,673,004	35,391,508
Purchase of investments	(9,957,841)	(28,479,805)
Investment income proceeds	2,728,042	2,379,217
Net cash provided by investing activities	443,205	9,290,920
Net increase (decrease) in cash and cash equivalents	(18,599,247)	8,225,237
Cash and cash equivalents - beginning of year	42,140,016	33,914,779
Cash and cash equivalents - end of year	$ 23,540,769	$ 42,140,016

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

Cal Poly Corporation

Statements of Cash Flows

Years Ended June 30, 2020 and 2019

Page 2

	2020	2019
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$ (12,787,817)	$ (9,652,049)
Adjustments to reconcile operating loss to		
net cash used in operating activities:		
Depreciation and amortization	1,850,429	1,785,478
Bad debt	13,524	4,607
Loss on disposal of assets	51,550	10,973
Other noncash expenses	513,425	452,005
Changes in operating assets and liabilities:		
Accounts receivable, net	(4,692,679)	(1,820,351)
Inventories	(302,409)	(37,409)
Prepaid expenses and other current assets	(104,745)	93,885
Accounts payable	30,195	(648,475)
Accounts payable - University	1,822,733	3,991
Accounts payable - Foundation	(24,021)	(78,443)
Accrued salaries and benefits payable	(503,136)	(95,666)
Accrued compensated absences	199,835	21,356
Self-insurance claims liability	323,494	1,334
Unearned revenue	(294,361)	203,208
Grants refundable	(356,715)	(731,301)
Net OPEB liability	789,188	(2,692,738)
Net pension liability	1,604,118	738,466
Deferred outflow and inflows	75,503	4,783,348
Net cash used in operating activities	$ (11,791,889)	$ (7,657,781)
Supplemental disclosures of cash flow information:		
Contributions of investments	$ 349,521	$ 1,028,007
Other noncash contributions	1,413,989	1,269,259
Increase (decrease) in fair value of investments	(1,277,102)	2,292,347
Acquisition of capital assets from proceeds of debt	4,338,651	12,210,933
Amortization of net bond premium	164,978	153,118
Amortization of loss on debt refunding	15,073	15,073
Interest costs paid from proceeds of debt	3,409	1,199,266
Debt issuance costs paid from proceeds of debt		101,347

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

Cal Poly Corporation
Notes to Financial Statements
June 30, 2020 and 2019

Note 1: Organization

The Cal Poly Corporation (Corporation) is a nonprofit auxiliary organization to the California Polytechnic State University, San Luis Obispo (University). The Corporation is a self-supporting entity which provides the University with certain services and facilities that are an integral part of the educational program of the University. The University has delegated authority for these activities to the auxiliary in order to mitigate risk to the University or because the activities cannot be financially supported by the state government by law or can be more efficiently operated through the auxiliary. Essentially, all revenues, and the realization of certain assets, are dependent upon the continuation of the Corporation's status as an auxiliary organization to the University. The Corporation was originally incorporated as California Polytechnic State University Foundation and legally changed its name to Cal Poly Corporation in 2006.

In February 2012, the Corporation accepted all of the assets, liabilities and activities of Cal Poly Housing Corporation, a nonprofit auxiliary organization to the University organized to develop and maintain affordable housing and related facilities for University faculty and staff.

Note 2: Summary of Significant Accounting Policies

Financial Reporting Entity

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

Basis of Presentation

The financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants, gifts, and similar items are recognized as soon as all eligibility requirements have been met. The Corporation complies with all applicable GASB pronouncements.

Classification of Current and Noncurrent Assets (Other than Investments) and Liabilities

The Corporation 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 dates of the Statements of Net Position to be current. All other assets and liabilities are considered to be noncurrent.

Note 2: Summary of Significant Accounting Policies (Continued)

Reclassifications

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

Cash and Cash Equivalents

The Corporation considers all unrestricted highly-liquid investments with an initial original maturity of three months or less to be cash equivalents for purposes of the Statements of Cash Flows. Cash equivalents held by brokers at year-end pending long-term reinvestment are considered investments.

Investments

Investment securities are reported at fair value. Marketable securities' fair values are based on quoted market prices from independent sources. Investments in real estate are initially recorded at fair value established by independent appraisals. In subsequent periods, real estate is evaluated for impairment based on market conditions, market quotes or updated appraisals.

Investments that are used for current operations are classified as short-term investments. Investments that are restricted from withdrawal or use for other than current operations, designated or restricted for the acquisition or construction of noncurrent assets, designated or restricted for the liquidation of the noncurrent portion of long-term debt, and restricted as to the liquidity of the investments are classified as other long-term investments. All endowment and split-interest trust investments are classified as noncurrent regardless of maturity due to restrictions limiting the Corporation'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

The Corporation has accounts receivable from the University, University organizations and students and external organizations in conjunction with the services it provides as an auxiliary organization. Accounts receivable are also recorded from contract and grant sponsors, generally federal, state and local governments, nonprofit organizations and corporate sponsors. The Corporation provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off against the valuation allowance. The Corporation maintains a minimal allowance for doubtful accounts for these

Note 2: Summary of Significant Accounting Policies (Continued)

receivables based upon management's estimate of their collectability. The allowance for doubtful accounts for accounts receivable was $13,532 and $4,442 at June 30, 2020 and 2019, respectively.

Pledges Receivable

Pledges receivable are unconditional promises to make future payments to the Corporation. Pledges receivable are recognized as gift revenue in the period pledged when all applicable eligibility requirements are met. Pledge payments promised to be made in future years are recorded at the present value of future cash flows net of an allowance for doubtful accounts of $1,304,080 and $1,198,059 at June 30, 2020 and 2019, respectively. The discount on pledges receivable is computed using the five-year Treasury note rate applicable in the year pledged. In subsequent years, this discount is accreted and recorded as additional gift revenue.

Conditional pledges, which depend on the occurrence of a specified future or uncertain event, are recognized as gift revenue when the conditions are substantially met.

Inventories

Inventories are valued according to various methods, which approximate the lower of cost (first-in, first-out method) or market as follows:

Breeding stock - actual cost less accumulated depreciation
Other livestock - unit value livestock method
Foodstuff - moving average cost
Other inventories - moving average cost or first-in, first-out

Endowments

The Corporation holds 9 individual endowments for others. These endowments are managed by the Corporation to be invested long-term and the related income either expended for support of University programs, including the Alumni Association and Associated Students, Inc., or related external organizations. Additions to endowments held for others (principally the return on investment of fund assets) are recorded as liabilities as opposed to revenues.

Capital Assets

Capital assets, consisting of land, buildings, leasehold improvements, construction-in-progress, equipment and intangible assets, with an estimated useful life greater than one year, are recorded at cost at the date of acquisition. Capital assets with a unit acquisition cost of less than $5,000 are generally not capitalized. Capital assets acquired as a group with individual unit acquisition costs less than $5,000 may be capitalized if they are considered collectively

Note 2: Summary of Significant Accounting Policies (Continued)

material. The cost of normal maintenance and repairs that do not add to the value of the asset, or materially extend its useful life, are expensed to operations. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets.

Estimated useful lives are generally as follows:

Buildings	30 years
Leasehold improvements	5 - 20 years
Equipment	3 - 8 years
Intangible assets	3 - 5 years

Capital assets acquired through federal and state grants and contracts where the government retains a reversionary interest are not capitalized, or depreciated, until title passes to the Corporation.

Deferred Inflows/Outflows of Resources

The Corporation records all inflows and outflows of resources that are not assets and liabilities and are related to future periods as deferred inflows or outflows of resources.

Compensated Absences

The Corporation accrues leave for employees at rates based upon length of service and job classification. Accrued balances are categorized as current and noncurrent based upon the criteria discussed above.

Unearned Revenue

The Corporation sells dining plan contracts to University students on a prepaid basis. The amount of the dining plan contracts that has not been earned is recorded as unearned revenue. Unearned revenue also includes unearned amounts for conference deposits.

Sponsored Programs Receipts Over Expenditures

Sponsored programs receipts over expenditures primarily includes revenue billed or collected in advance of when it is earned on grants and contracts and not related to time constraints.

Note 2: Summary of Significant Accounting Policies (Continued)

Actuarial Trust Liabilities and Change in Value of Charitable Gift Annuities Held for Others

Actuarial trust liabilities include charitable gift annuities held for others based on the present value of future payments calculated using IRS life expectancy tables or California Department of Insurance standard annuity tables and discounted at the Treasury note rate in effect for a comparable period of time at the date of the gift. Change in value of charitable gift annuities is recorded for any changes in actuarial assumptions.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position of the Cal Poly Corporation Retiree Welfare Benefits Plan (the Benefits Plan) and additions to/deductions from the Benefits Plan's fiduciary net position have been determined on the same basis as they are reported by the Benefits Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Corporation's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

The Corporation's net position is classified into the following categories for accounting and reporting purposes:

Net investment in capital assets:
This category includes capital assets, net of accumulated depreciation and amortization, less the outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets, including any related deferred outflows or inflows of resources.

Restricted – expendable:
This category relates to contributions restricted by donors to be expended for specific purposes in support of the University.

Note 2: Summary of Significant Accounting Policies (Continued)

Unrestricted:
This category includes the portion of net position not subject to donor-imposed restrictions, which Corporation management may designate for specific purposes. The Corporation first expends restricted-expendable assets, when available, prior to utilizing unrestricted funds. A significant portion of unrestricted net position is currently designated for capital projects.

Classification of Revenues and Expenses

The Corporation considers operating revenues and expenses in the Statements of Revenues, Expenses and Changes in Net Position to be those revenues and expenses that result from exchange transactions or from other activities that are connected directly to the Corporation's primary functions. Exchange transactions include charges for services rendered and the acquisition of goods and services.

In accordance with GASB Statement No. 35, certain significant revenues relied upon and budgeted for fundamental operational support of the core mission of the Corporation are mandated to be recorded as nonoperating revenues. Nonoperating revenues and expenses include the Corporation's net investment income, private gifts for other than capital purposes, interest expense on capital related debt and gain or loss on disposal of capital assets. Capital grants and gifts and extraordinary and nonrecurring events are classified as other changes in net position.

Donated Assets

Donated materials, livestock, property and equipment, and other noncash donations of greater than $5,000 and all marketable securities are recorded as contributions at their estimated fair values at the date of donation.

Donated Services

The Corporation records the amount of contributed services, specialized skills that would typically be purchased if not provided by donation, as revenue in the period received. For the years ended June 30, 2020 and 2019, grants and contracts revenue included $844,672 and $817,254, respectively, of assigned time of project directors paid by the University.

Donated Collection Items

The Corporation maintains an art collection acquired by donation which has not been recorded in the financial statements, as the collection is held for public exhibition or education; the collection is protected, kept unencumbered, cared for, and preserved. The value of the collection was estimated at $1,400,000 at June 30, 2020 and 2019.

Note 2: Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

As defined in GASB Statement No. 72, *Fair Value Measurement and Application*, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Corporation uses valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

GASB Statement No. 72 establishes a hierarchy of inputs to valuation techniques used to measure fair value. That hierarchy has three levels:

Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 — Observable inputs, other than Level 1 prices, for the asset or liability, either directly or indirectly;
Level 3 — Unobservable inputs for the asset or liability.

For fiscal year ended June 30, 2020, the application of valuation techniques applied to the Corporation’s financial statements has been consistent.

Income Tax Status

The Corporation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Corporation’s tax-exempt purpose is subject to taxation as unrelated business income. No liability for income taxes has been recorded since the amount is not expected to be significant. In addition, the Corporation qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(iv) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

The Corporation follows accounting standards generally accepted in the United States of America, which requires, among other things, the recognition and measurement of tax positions based on a "more likely than not" (likelihood greater than 50%) approach. As of June 30, 2020, management has considered its tax positions and believes that the Corporation did not maintain any tax positions that did not meet the "more likely than not" threshold. The Corporation does not expect any material changes through June 30, 2021. However, tax returns remain subject to examination by the Internal Revenue Service for fiscal years ending on or after June 30, 2017, and by the California Franchise Tax Board for fiscal years ending on or after June 30, 2016. As noted above, the Corporation does not currently pay income taxes. However, the Corporation 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 Corporation has no taxable unrelated business income.

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 of assets and liabilities and disclosures as of the date of the financial statements and revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Recent Pronouncements

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. Statement No. 83 establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The provisions of Statement No. 83 are effective for reporting periods beginning after June 15, 2019. Implementation of this Statement, in the prior year, did not have a material impact on the Corporation’s financial statements.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. Activities meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the entity to disburse fiduciary resources. The provisions of Statement No. 84 are effective for reporting periods beginning after December 15, 2019. Implementation of this Statement did not have a material impact on the Corporation’s financial statements.

In June 2017, GASB issued Statement No. 87, *Leases*. Statement No. 87 increases the usefulness of entities’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions of Statement No. 87 are effective for fiscal years beginning after June 15, 2021. Management has not yet determined the impact of this Statement on its financial statements.

In March 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. Statement No. 88 is meant to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements. The provisions of Statement

Note 2: Summary of Significant Accounting Policies (Continued)

No. 88 are effective for reporting periods beginning after June 15, 2019. Implementation of this Statement did not have a material impact on the Corporation's financial statements.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. Statement No. 89 enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The provisions of Statement No. 89 are effective for reporting periods beginning after December 15, 2020 with earlier application encouraged. Management began applying the provisions of Statement No. 89 for the Corporation's June 30, 2018 financial statements. Interest cost incurred for capital assets currently under construction is not capitalized as part of the historical cost of the asset.

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests*. Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The provisions of Statement No. 90 are effective for reporting periods beginning after December 15, 2019 with earlier application encouraged. Management has not yet determined the impact of this Statement on its financial statements.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The provisions of Statement No. 91 are effective for reporting periods beginning after December 15, 2021 with earlier application encouraged. Management has not yet determined the impact of this Statement on its financial statements.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. Statement No. 92 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The provisions of Statement No. 92 are generally effective for reporting periods beginning after June 15, 2021 with earlier application encouraged. Management has not yet determined the impact of this Statement on its financial statements.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. Statement No. 93 addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate. The provisions of Statement No. 93 are generally effective for fiscal years beginning after June 15, 2021 with

Note 2: Summary of Significant Accounting Policies (Continued)

earlier application encouraged. Management has not yet determined the impact of this Statement on its financial statements.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. Statement No. 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements, as well as availability payment arrangements. The provisions of Statement No. 94 are generally effective for fiscal years beginning after June 15, 2022 with earlier application encouraged. Management has not yet determined the impact of this Statement on its financial statements.

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

Additionally, in May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The provisions of Statement No. 96 are generally effective for fiscal years beginning after June 15, 2022 with earlier application encouraged. Management has not yet determined the impact of this Statement on its financial statements.

In June 2020, GASB issued Statement No 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. Statement No. 97 will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The provisions of Statement 96 are effective for fiscal years beginning after June 15, 2021 with earlier application encouraged. Management has not yet determined the impact of this Statement on its financial statements.

Note 3: Cash and Cash Equivalents

The Corporation maintains cash balances at several financial institutions located in California. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per account title. With a portion of their funds, the Corporation also participates in a deposit-placement money market program designed to allocate funds amongst member institutions in such a way that no one bank holds more than $250,000 in Corporation assets, meaning that all the assets placed with a particular program are fully FDIC insured. At June 30, 2020, the Corporation had uninsured cash deposits totaling $1,788,041 held principally at Wells Fargo Bank.

Note 3: Cash and Cash Equivalents (Continued)

At June 30, 2020 and 2019, a portion of cash and cash equivalents was restricted according to donor stipulations as follows:

	2020	2019
Endowments	$ 8,106	$ 8,378
Split interest trusts	29,620	40,934
Total restricted cash and cash equivalents	$ 37,726	$ 49,312

Note 4: Investments

At June 30, 2020 and 2019, investments were classified in the accompanying financial statements as follows:

	2020	2019
Short-term investments	$ 49,502,544	$ 49,924,158
Endowment investments	2,320,535	2,173,902
Other long-term investments	34,222,320	32,590,085
Total investments	$ 86,045,399	$ 84,688,145

At June 30, 2020 and 2019, other long-term investments included $1,797,377 and $1,861,996, respectively, representing assets held for charitable gift annuities held for others.

At June 30, 2020, investments comprised the following:

	2020		
	Current	Noncurrent	Total
Equity securities	$ 291,009	$	$ 291,009
Fixed income securities		446,344	446,344
Real estate		80,000	80,000
Mutual funds:			
Equity funds	34,252,271	8,679,313	42,931,584
Bond funds	14,431,636	27,281,637	41,713,273
Exchange traded funds	101,561		101,561
Other investments:			
Cash and interest receivable pending long-term investment	426,067	51,338	477,405
Agriculture related retains		4,223	4,223
Total investments	$ 49,502,544	$ 36,542,855	$ 86,045,399

Note 4: Investments (Continued)

At June 30, 2019, investments comprised the following:

	2019		
	Current	**Noncurrent**	**Total**
Equity securities	$ 35,299	$	$ 35,299
Fixed income securities	3,021,691	462,947	3,484,638
Real estate		80,000	80,000
Mutual funds:			
Equity funds	32,724,474	8,126,902	40,851,376
Bond funds	13,321,507	25,898,731	39,220,238
Exchange traded funds	152,028		152,028
Other investments:			
Cash and interest receivable pending long-term investment	669,159	191,184	860,343
Agriculture related retains		4,223	4,223
Total investments	$ 49,924,158	$ 34,763,987	$ 84,688,145

Investment Policies

The Corporation's Board of Directors (Board) oversees the management of its investments and establishes investment policy. The Board has delegated the implementation of the investment policy to staff with the concurrence of its Investment Advisory Committee. The Investment Advisory Committee advises on investment guidelines and selection of investment managers. The Corporation prohibits investments that jeopardize the safety of principal concept or non-profit status of the Corporation. The Board of Trustees of the CSU adopted a resolution urging auxiliary boards that make corporate investments to issue statements of social responsibility and to follow those precepts in examining past and considering future investments. The Corporation's Board recognizes and accepts its social responsibility with respect to the investment of funds.

The Corporation manages investments consistent with the designation and use of the assets. Investments recommended by the Investment Advisory Committee include high quality, readily marketable securities.

The goal of the fixed income securities is to limit risk while outperforming what would otherwise be available in cash or money market products. The fixed income portion of the investments 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, non-investment grade and foreign bonds. The fixed income portfolio is measured against the Barclays Capital Intermediate U.S. Government/Credit, Merrill Lynch 1 – 3 Year U.S. Treasuries, Citi 3-Month Treasury Bill and Citi 1-Month CD.

Note 4: Investments (Continued)

The equity portion of the investments may include both domestic and international equities, including foreign currency denominated, common and preferred stocks and actively managed and passive (index) strategies. The equity portion is measured against the Standard & Poor's 500 (S&P 500), S&P 500 Developed--Excluding U.S. BMI Property, Russell 2000, MSCI Europe, Australasia, and Far East (EAFE), MSCI EAFE Small Cap, MSCI EAFE Emerging Markets, FTSE NAREIT Equity and Dow Jones UBS Commodity Index.

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 sensitive to credit risks and changes in interest rates.

Equity Securities Risk:
Equity securities held by the Corporation through mutual funds or the Student Investment Management Portfolio comprised $43,324,154, or 50%, of the total investments of the Corporation at June 30, 2020. 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 Corporation addresses unsystematic risk by investing in widely diversified equity mutual funds. Equity securities are also subject to systematic risk or market risk. Systematic risk recognizes that equity securities, as an asset class, can change in value as a result of such factors 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 risk summarizes the fair value of the fixed income securities subject to credit risk. The Corporation maintains policies to manage credit risk which include requiring minimum credit ratings issued by nationally recognized statistical rating organizations, including Standard and Poor's or Moody's Investor Services, for certain investments. For investments in securities rated below investment grade, the Corporation and its investment advisor monitor the investments and fund managers to determine if the portfolio is managed according to the stated guidelines.

Note 4: Investments (Continued)

The credit ratings of the Corporation's fixed income securities held in investments and money market funds at June 30, 2020 were as follows:

	Fair Value	Rating
Bond mutual funds:		
DFA Intermediate Government Bond	$ 6,264,326	AAA
Loomis Sayles Bond Fund - Institutional	3,063,600	BBB
PIMCO Total Return Fund - Institutional	5,278,243	AA
PIMCO Foreign Bond Fund - Institutional	3,724,163	AA
PIMCO High Yield Fund - Institutional	1,325,412	BB
PIMCO Short Term - Institutional	8,770,748	A
PIMCO Low Duration Fund	13,286,781	AA
U.S. government:		
U.S. Treasury bills	446,344	AAA
Money market funds:		
Wells Fargo Cash Investment Money Market - Institutional	6,547,462	Unrated
Schwab One Fund	487,511	Unrated
Schwab Government Money Fund	26,397	Unrated
Total fixed income and debt securities subject to credit risk	$ 49,220,987	

Custodial Risk:

Custodial risk is the risk that in the event of the failure of the custodian, the investments may not be returned. Substantially all of the Corporation's investments are issued, registered or held in the name of the Corporation 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. GASB requires disclosure of investments in any one individual issuer that represent 5% or more of total investments. At June 30, 2020 and 2019, the Corporation had no investments that exceeded this threshold.

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 Corporation measures interest rate risk using the weighted average duration method. The weighted average duration of the Corporation's fixed income securities and money market funds at June 30, 2020 was as follows:

	Fair Value	Weighted Average Duration (in years)
Bond mutual funds:		
DFA Intermediate Government Bond	$ 6,264,326	6.9
Loomis Sayles Bond Fund - Institutional	3,063,600	6.5
PIMCO Total Return Fund - Institutional	5,278,243	5.3
PIMCO Foreign Bond Fund - Institutional	3,724,163	8.0
PIMCO High Yield Fund - Institutional	1,325,412	3.5
PIMCO Short Term - Institutional	8,770,748	0.1
PIMCO Low Duration Fund	13,286,781	1.6
U.S. government:		
U.S. Treasury bills	446,344	6.6
Money market funds	7,061,370	0.0
Total fixed income and debt securities subject to interest rate risk	$ 49,220,987	3.1

Foreign Currency Risk:

Exposure to foreign currency risk results from investments in foreign currency denominated equity or fixed income investments. The Corporation maintains international equity investments by investing in international mutual funds that are broadly diversified over many developed and emerging markets. Exposure to foreign currency risk from these investments is permitted and may be fully or partially hedged by the individual mutual fund managers, but hedging is not permitted for speculation or to create leverage.

Note 4: Investments (Continued)

The Corporation's exposure to foreign currency risk at June 30, 2020 was as follows:

	Fair Value
Euro	$ 3,707,054
Japanese Yen	2,875,594
British Pounds	2,350,281
Chinese Yen	1,229,429
Hong Kong Dollars	738,984
Swiss Francs	627,567
New Taiwan Dollar	598,150
South Korean Won	598,043
Canadian Dollar	577,460
Swedish Krona	445,899
Australian Dollar	439,860
Singapore Dollar	405,080
Indian Rupee	393,937
Mexican Peso	266,665
Danish Krone	238,502
Brazilian Reals	213,280
Norwegian Krona	187,942
South African Rand	169,857
Other	592,896
Total investments subject to foreign currency risk	$ 16,656,480

Other currencies are individually less than 1% of the Corporation's investments. The foreign currency risk by investment type at June 30, 2020 was as follows:

Equity mutual funds	$ 16,446,112
Bond mutual funds	210,368
Total investments subject to foreign currency risk	$ 16,656,480

Investment Fair Values:

The Corporation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. With the exception of the following, all of the Corporation investments are classified in Level 1 of the fair value hierarchy:

Level 2 – U.S. government backed – asset backed securities
Level 3 – Agriculture related retains and real estate

Note 4: Investments (Continued)

Securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique, which is derived from the spread applied to U.S. treasury securities of a similar maturity and were valued at $0 and $152,032 at June 30, 2020 and 2019, respectively. Agriculture related retains classified in Level 3 are partnership interests based on values provided by the partnership and were valued at $4,233 at June 30, 2020 and 2019. Real estate classified in Level 3 consists of gifted assets based on fair values at the time of donation and were valued at $80,000 at June 30, 2020 and 2019. For the year ended June 30, 2019, land with an original fair value at the time of donation of $900,000 was sold.

Note 5: Pledges Receivable

At June 30, 2020 and 2019, pledges receivable comprised the following:

	2020	2019
Athletic programs	$ 7,472,491	$ 4,707,278
College-specific facilities	7,993,294	9,203,993
Stadium suites	139,323	190,193
Subtotal	15,605,108	14,101,464
Less allowance for uncollectible accounts	(1,304,080)	(1,198,060)
Less unamortized discount	(986,835)	(984,909)
Pledges receivable, net	$ 13,314,193	$ 11,918,495
Amounts due in:		
One year or less	$ 5,746,891	$ 3,278,026
One to five years	9,810,717	10,640,938
More than five years	47,500	182,500
Total amounts due	$ 15,605,108	$ 14,101,464

Note 6: Capital Assets

At June 30, 2020, capital assets comprised the following:

	2020				
	Balance June 30, 2019	Additions	Reductions	Transfers of Completed CIP	Balance June 30, 2020
Nondepreciable capital assets:					
Land and improvements	$ 18,692,425	$	$	$	$ 18,692,425
Works of art and historical treasures	445,799				445,799
Construction in progress	28,406,951	18,561,488	(3,039,333)	(1,211,094)	42,718,012
Total nondepreciable capital assets	47,545,175	18,561,488	(3,039,333)	(1,211,094)	61,856,236
Depreciable and amortizable capital assets:					
Buildings and building improvements	14,892,155	4,936		26,242	14,923,333
Leasehold improvements	10,325,271	73,118	(51,550)	795,919	11,142,758
Equipment	9,153,116	555,131	(91,042)	199,467	9,816,672
Intangible assets:					
Software and websites	822,126		(218,915)	189,466	792,677
Licenses and permits	527,087				527,087
Total depreciable and amortizable capital assets	35,719,755	633,185	(361,507)	1,211,094	37,202,527
Less accumulated depreciation and amortization:					
Buildings and building improvements	(6,501,512)	(640,215)			(7,141,727)
Leasehold improvements	(7,059,670)	(547,596)			(7,607,266)
Equipment	(6,935,961)	(644,513)	91,042		(7,489,432)
Intangible assets:					
Software and websites	(775,407)	(52,069)	218,915		(608,561)
Licenses and permits	(474,505)	(8,835)			(483,340)
Total accumulated depreciation and amortization	(21,747,055)	(1,893,228)	309,957	-	(23,330,326)
Total capital assets, net	$ 61,517,875	$ 17,301,445	$ (3,090,883)	$ -	$ 75,728,437

Note 6: Capital Assets (Continued)

At June 30, 2019, capital assets comprised the following:

	2019				
	Balance June 30, 2018	Additions	Reductions	Transfers of Completed CIP	Balance June 30, 2019
Nondepreciable capital assets:					
Land and improvements	$ 18,692,425	$	$	$	$ 18,692,425
Works of art and historical treasures	445,799				445,799
Construction in progress	16,240,265	13,734,086	(10,973)	(1,556,427)	28,406,951
Total nondepreciable capital assets	35,378,489	13,734,086	(10,973)	(1,556,427)	47,545,175
Depreciable and amortizable capital assets:					
Buildings and building improvements	14,346,273	545,882			14,892,155
Leasehold improvements	9,050,171	17,097	(47,353)	1,305,356	10,325,271
Equipment	8,748,778	612,269	(459,002)	251,071	9,153,116
Intangible assets:					
Software and websites	981,475		(159,349)		822,126
Licenses and permits	527,087	30,000	(30,000)		527,087
Total depreciable and amortizable capital assets	33,653,784	1,205,248	(695,704)	1,556,427	35,719,755
Less accumulated depreciation and amortization:					
Buildings and building improvements	(5,706,497)	(795,015)			(6,501,512)
Leasehold improvements	(6,605,966)	(501,057)	47,353		(7,059,670)
Equipment	(6,780,606)	(592,067)	436,712		(6,935,961)
Intangible assets:					
Software and websites	(890,174)	(44,582)	159,349		(775,407)
Licenses and permits	(488,731)	(15,774)	30,000		(474,505)
Total accumulated depreciation and amortization	(20,471,974)	(1,948,495)	673,414	-	(21,747,055)
Total capital assets, net	$ 48,560,299	$ 12,990,839	$ (33,263)	$ -	$ 61,517,875

Note 7: Long-Term Debt Obligation

For the year ended June 30, 2020, the long-term debt obligation activity was as follows:

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
Note payable, State-Wide:					
Revenue Bond Series 2016A	$ 2,105,000	$	$ (80,000)	$ 2,025,000	$ 85,000
Revenue Bond Series 2018A	23,400,000		(345,000)	23,055,000	360,000
	25,505,000	-	(425,000)	25,080,000	445,000
Unamortized bond premium					
Revenue Bond Series 2016A	366,363		(22,662)	343,701	
Revenue Bond Series 2018A	4,174,593		(142,316)	4,032,277	
	$ 30,045,956	$ -	$ (589,978)	$ 29,455,978	$ 445,000

At June 30, 2020, future maturities of the long-term debt obligation balance were as follows:

For the Year Ending June 30,	Principal	Interest	Total
2021	$ 445,000	$ 1,239,475	$ 1,684,475
2022	470,000	1,216,600	1,686,600
2023	495,000	1,192,475	1,687,475
2024	520,000	1,167,100	1,687,100
2025	545,000	1,140,475	1,685,475
2026-2030	3,190,000	5,251,500	8,441,500
2031-2035	4,080,000	4,347,850	8,427,850
2036-2040	4,410,000	3,285,900	7,695,900
2041-2045	5,460,000	2,076,250	7,536,250
2046-2049	5,465,000	563,625	6,028,625
Total future maturities	$ 25,080,000	$ 21,481,250	$ 46,561,250

At June 30, 2020 and 2019, the long-term debt obligation represents a note payable originally related to the CSU System-Wide Revenue Bonds (SRB) Series 2009A bond issuance to partially fund the construction of the Technology Park (Tech Park). The note payable was amended on March 1, 2016 in connection with a partial defeasance with proceeds from the issuance of the SRB Series 2016A. On July 1, 2017, the Corporation entered into a second amendment to the note payable to partially fund the construction of the Vista Grande Replacement Building Project.

The amendment increased the Corporation net borrowings by $26,581,000 through the issuance of California State University Institute Commercial Paper Notes. On August 1, 2018, the Corporation entered into a third amendment to the note payable, which replaced the commercial paper notes with proceeds from the issuance of the SRB Series 2018A. The note payable related to the SRB Series 2018A is for $23,400,000 with a premium of $4,305,049 that will

Note 7: Long-Term Debt Obligation (Continued)

be amortized over the life of the loan, which are included in long-term debt obligation on the Statements of Net Position. Amortization of the bond premium for the years ended June 30, 2020 and 2019 was $142,316 and $130,465, respectively.

Principal payments on the note payable began in 2012 and continue until the final payment in November 2048. The note is secured by pledged revenues, including indirect cost recovery payments. The Corporation cannot incur, assume, guarantee, or obligate itself for any debt senior to this unless it meets certain income tests and notifies the Board of Trustees of the CSU of such issuance.

The SRB Series 2016A refunding resulted in a loss of $293,195, which was included in deferred outflows of resources in the Statements of Net Position. The loss on debt refunding is being amortized over the life of the latest refunding debt. The unamortized loss on debt refunding, included in deferred outflows of resources in the Statements of Net Position, was $227,251 and $242,324 as of June 30, 2020 and 2019, respectively.

The SRB Series 2016A refunding also resulted in a bond premium of $442,847 that is being amortized over the life of the latest refunding debt. Amortization of the bond premium for the years ended June 30, 2020 and 2019 was $22,662, respectively.

The all-in true interest rate is 5.28% for the SRB Series 2009A, 2.78% for the SRB Series 2016A, and 3.63% for the SRB Series 2018A. Payments on the note are made each May and November.

Note 8: Other Postemployment Benefit Plan

General Information about the OPEB Plan

Plan Description and Benefits Provided

The Corporation sponsors a defined benefit postretirement plan, the Cal Poly Corporation Retiree Welfare Benefits Plan (the Benefit Plan) that covers both salaried and non-salaried employees. The Benefit Plan is a single employer defined OPEB plan administered through the Cal Poly Corporation Voluntary Employees' Beneficiary Association (VEBA) Trust. The Cal Poly Corporation VEBA Trust (Trust) is administered by the Cal Poly Corporation Benefits Committee (Trust Administrator). Members of the Cal Poly Corporation Benefits Committee are approved by the Corporation Executive Director and the Chair of the Corporation's Board of Directors. The Trust is intended to hold assets sufficient to cover, at a minimum, the calculated future healthcare benefits associated with current retirees and active, vested employees. The Corporation holds assets to cover future healthcare benefits associated with active, non-vested employees in its board designated OPEB investment pool.

Note 8: Other Postemployment Benefit Plan (Continued)

The Benefit Plan provides an extension of medical benefits provided while under employment to the plan participants. For employees hired prior to December 1, 2011, vesting occurs after five years credited service with CalPERS and attainment of age fifty. Employees hired as of December 1, 2011 and thereafter are subject to an alternative vesting schedule based on years of service and age. Under this revised schedule, an employee is eligible for 50% of the benefits after ten years credited service with CalPERS (five of which must be with the Corporation) and attainment of age fifty, and is eligible for 100% after twenty years of service and attainment of age fifty.

Employees Covered by Benefit Terms

At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	144
Inactive employees entitled to but not yet receiving benefits	28
Active employees	233
Total	405

Contributions

Contributions to the Trust are intended to maintain Trust assets sufficient to cover, at a minimum, the calculated future healthcare benefits associated with current retirees and active, vested employees. Annual contribution rates are based on the results of the actuarial report. Employees are not required to contribute to the Trust. Medical premium payments for retirees are contributory, with retiree contributions adjusted annually for the difference between the total medical premium cost and the Corporation contribution rate. Retirees pay their portion of medical premiums directly to CalPERS, and are therefore not recorded in the accompanying financial statements.

Net OPEB Liability

The Corporation's net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures.

Note 8: Other Postemployment Benefit Plan (Continued)

Actuarial Assumptions

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.26 percent
Salary increases	3.25 percent
Investment rate of return	6.5 percent
Healthcare cost trend rates (pre-65)	7.95 percent for 2020, decreasing .025 percent per year to an ultimate rate of 4.50 percent for 2034 and later years
Healthcare cost trend rates (post-65)	4.65 percent for 2020, decreasing to an ultimate rate of 4.50 percent for 2021 and later years

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Mortality rates used in the valuation are those used in the most recent CalPERS valuations (CalPERS 2017 Mortality pre-retirement and post-retirement with Scale MP-2017).

The long-term expected rate of return on Trust investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for hypothetical investment portfolio allocation of 50% equity, and 50% fixed income. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. As of June 30, 2020, the best estimates of long-term expected rates of return for each major investment class in the Trust's portfolio are as follows:

Asset Class	Long-Term Expected Real Rate of Return
Domestic Large Cap	9.75%
Domestic Small Cap	10.75%
Intl Large Cap	9.75%
Intl Small Cap	10.75%
Emerging Markets	11.25%
Domestic REITs	9.75%
Intl REITs	9.75%
Domestic Fixed Income - High Quality	1.80%
Domestic Fixed Income - Investment Grade	2.40%
Intl Fixed Income	0.95%
High Yield Bonds	4.75%
Cash	0.00%

Note 8: Other Postemployment Benefit Plan (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 6.5 percent. This single discount rate was based on the long-term expected real rate of return of assets.

Changes in the Net OPEB Liability

The changes in the Net OPEB Liability for the Benefit Plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2019	$ 28,656,479	$ 25,665,764	$ 2,990,715
Changes in the year:			
Service cost	957,397		957,397
Interest on total OPEB liability	1,876,206		1,876,206
Differences between actual and expected experience	24,239		24,239
Contribution - employer		594,645	(594,645)
Net investment income		1,486,549	(1,486,549)
Benefit payments	(1,522,318)	(1,522,318)	
Administrative expense		(12,540)	12,540
Net changes	1,335,524	546,336	789,188
Balance at June 30, 2020	$ 29,992,003	$ 26,212,100	$ 3,779,903

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Benefit Plan, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current discount rate:

	Discount Rate - 1% (5.5%)	Current Discount Rate (6.5%)	Discount Rate + 1% (7.5%)
Net OPEB liability	$ 8,099,092	$ 3,779,903	$ 259,565

Note 8: Other Postemployment Benefit Plan (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates
The following presents the net OPEB liability of the Benefit Plan, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB liability	$ 399,762	$ 3,779,903	$ 7,979,339

OPEB plan fiduciary net position
Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Trust financial statements. Copies of the Trust annual financial report may be obtained from the Cal Poly Corporation Business Office at One Grand Avenue, San Luis Obispo, CA 93407.

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the Corporation recognized OPEB expense of $661,332. At June 30, 2020, the Corporation reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 451,320	$
Differences between expected and actual experiences in the measurement of the total OPEB liability	21,879	(1,004,813)
Changes in assumptions		(2,338,893)
Net difference between projected and actual earnings on plan investments		(88,687)
Total	$ 473,199	$ (3,432,393)

Note 8: Other Postemployment Benefit Plan (Continued)

Deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. All other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ending June 30,		
2021	$	505,883
2022		505,881
2023		333,069
2024		367,415
2025		405,890
Thereafter		1,292,376
Total	$	3,410,514

Payable to the OPEB Plan

At June 30, 2020 and 2019, the Corporation reported a payable of $0, respectively, to the Trust for the year then ended.

Note 9: Transactions with Related Parties

As discussed in Note 1, the Corporation is an auxiliary organization of the University. Services are provided by the Corporation to the University with billings rendered for services provided. The University also bills the Corporation for services it provides. The following were transactions with the University as of and for the years ended June 30, 2020 and 2019:

		2020		2019
Accounts receivable	$	1,726,294	$	345,751
Accounts payable		619,243		621,267
Deposit with University		132,661		208,975
Reimbursements to University for salaries and benefits of University personnel		3,839,036		4,125,368
Reimbursements to University for other than salaries of University personnel		17,310,229		7,230,202
Payments received from University for services, space and programs		3,686,283		5,622,874
Cash gifts to the University		3,885,095		5,779,332
Noncash gifts to the University		3,304,103		237,893

Note 9: Transactions with Related Parties (Continued)

The Corporation provides information technology and other services to the Cal Poly Foundation (Foundation) under a Business Support Services Agreement, effective July 1, 2015. The following were transactions with the Foundation as of and for the years ended June 30, 2020 and 2019:

	2020	2019
Current accounts receivable	$ 34,473	$ 493,859
Deposit with Corporation	323,000	323,000
Accounts payable	-	24,021
Payments from Foundation under BSSA/ASA	10,000	10,000
Cash contributions to Foundation	178,714	462,066
Cash contributions from Foundation	2,756,771	3,705,239

Note 10: Operating Leases

Lessee

In exchange for services provided to the University, the Corporation has entered into certain long-term operating lease agreements with the University which allow the Corporation the use of campus land and facilities at nominal amounts through June 30, 2020. In addition, the Corporation has operating lease agreements with the University and its auxiliaries for certain facilities. Rental payments are due through June 30, 2023 and are subject to annual rent adjustments of up to 4%. The total rent expense paid on these leases for the years ended June 30, 2020 and 2019 was $295,056 and $304,996, respectively.

At June 30, 2020, future minimum rental payments for these leases were as follows:

For the Year Ending June 30,	
2021	$ 297,968
2022	223,816
2023	229,971
Total	$ 751,755

The Corporation also has a lease with an unrelated third party for Cal Poly Downtown. Monthly rental payments for the existing lease began November 1, 2016 at a monthly base amount of $13,650 and are subject to biennial rent adjustments based on CPI indices for a term of 10 years. On May 6, 2020, the lease agreement was amended to reduce monthly rental payments through October 31, 2021 and remove biennial rent adjustments through November 1, 2022. The total rent expense paid on both leases for the years ended June 30, 2020 and 2019 was

Note 10: Operating Leases (Continued)

$157,657 and $167,895, respectively. At June 30, 2020, future minimum rental payments for this lease were as follows:

For the Year Ending June 30,		
2021	$	149,058
2022		154,791
2023		154,791
2024		154,791
2025		157,887
Thereafter		212,580
Total	$	983,898

In conjunction with the Bella Montaña development, the Corporation holds a ground lease with the University which expires April 2104. The lease requires the homes to be sold under a University faculty and staff housing eligibility priority system which requires the homeowner to reside there as principal place of residence and restricts resale to eligible buyers. Each home is subject to a ground sublease. Under the ground lease agreement, the Corporation is to pay the University annually all ground rents received under the subleases less costs of administration, operating expenses and reserves. Total ground rents received for the years ended June 30, 2020 and 2019 were $46,832 and $46,392, respectively. Administrative costs and operating expenses exceeded ground rents received; therefore, no amounts were paid to the University.

Effective May 1, 2018, the Corporation entered into a lease for its Center for Innovation and Entrepreneurship with an unrelated third party for commercial space in the city of San Luis Obispo, CA. Monthly rental payments for the lease began May 1, 2018 at a monthly base amount of $6,150. Monthly base rental payments are subject to annual rent adjustments based on CPI indices, however adjustment shall not be more than 3% of the prior year's monthly rent. The lease term is three years, with two options each to extend for an additional year. The total rent expense paid on the lease for the years ended June 30, 2020 and 2019 was $63,345 and $74,169, respectively. At June 30, 2020, future minimum rental payments for this lease were as follows:

For the Year Ending June 30,		
2021	$	78,686
2022		67,203
Total	$	145,889

Effective July 1, 2018, the Corporation entered into a lease for its Cal Poly Center for Health Research with an unrelated third party for office space at French Hospital in the city of San Luis Obispo, CA. Monthly rental payments for the lease begin July 1, 2018 at a monthly base amount of $1,879 which includes a pro-rata share of CAM expenses. Monthly base rental payments are subject to annual rent adjustments based on CPI indices; however, adjustment shall

Note 10: Operating Leases (Continued)

not be less than 3% nor more than 7% of the prior year's monthly rent. The initial lease term was three years and the lease has been extended through June 30, 2024. The total rent expense paid on the lease for the years ended June 30, 2020 and 2019 was $23,220 and $22,543, respectively. At June 30, 2020, future minimum rental payments for this lease were as follows:

For the Year Ending June 30,		
2021	$	23,916
2022		24,634
2023		25,373
2024		26,134
Total	$	100,057

Lessor

The Corporation leases office space to various tenants in the Tech Park with original lease terms of one to six years. The leases require tenants to pay their pro-rata share of common area maintenance (CAM) expenses. Rental income and CAM charges for the years ended June 30, 2020 and 2019 were $472,300 and $495,488, respectively. The cost of the Tech Park included in land, building and improvements was $6,915,035 and $6,900,775 at June 30, 2020 and 2019, respectively. Related accumulated depreciation was $2,971,396 and $2,615,072 at June 30, 2020 and 2019, respectively.

At June 30, 2020, future minimum rental income and CAM charges under these leases were as follows:

For the Year Ending June 30,		
2021	$	368,892
2022		163,705
2023		140,134
2024		119,561
2025		122,786
Thereafter		20,600
Total	$	935,678

Note 11: Defined Benefit Pension Plan

General Information about the Pension Plan

Plan Description and Benefits Provided

Substantially all full-time employees of the Corporation participate in CalPERS (the Plan), an agent multiple-employer contributory public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California.

Note 11: Defined Benefit Pension Plan (Continued)

Employees hired for the first time by the Corporation on or after January 1, 2013 (Tier 3) who are eligible for retirement at the age of 62 are entitled to a monthly benefit of 2% of final compensation for each year of service credit. Employees hired for the first time on or after May 14, 2005 but before January 1, 2013 (Tier 2) may become eligible for the 2% benefit at age 60. Employees hired for the first time prior to May 14, 2005 (Tier 1) may become eligible for the 2% benefit at age 55. Retirement compensation is reduced if the plan is coordinated with social security. Retirement may begin at age 50 (Tiers 1 and 2) or 52 (Tier 3) with a reduced benefit rate. The Plan also provides death and disability benefits. Retirement benefits fully vest after five years of credited service. Upon separation from the Corporation, members' accumulated contributions are refundable with interest credited through the date of separation. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Employees Covered

At June 30, 2020, the following employees were covered by the benefit terms for the Plan:

Inactive employees or beneficiaries currently receiving benefits	364
Inactive employees entitled to but not yet receiving benefits	709
Active employees	255
Total	1,328

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Corporation is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Net Pension Liability

The Corporation's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Note 11: Defined Benefit Pension Plan (Continued)

Actuarial Assumptions

The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	(1)
Investment Rate of Return	7.375% (2)
Mortality	(3)

(1) Depending on age, service and type of employment
(2) Net of pension plan investment and administrative expenses, including inflation
(3) The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011

All other actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%, which did not change from the prior year. To determine whether the municipal bond rate should be used in the calculation of a discount rate, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.15% is applied to all plans in the Public Employees Retirement Fund.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

Note 11: Defined Benefit Pension Plan (Continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11 + (b)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

(a) An expected inflation of 2.00% used for this period.
(b) An expected inflation of 2.92% used for this period.

Note 11: Defined Benefit Pension Plan (Continued)

Changes in the Net Pension Liability

The changes in the Net Pension Liability for the Plan follow:

	Increase (Decrease)		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability**
Balance at June 30, 2019	$ 83,061,914	$ 62,645,958	$ 20,415,956
Changes in the year:			
Service cost	1,829,285		1,829,285
Interest on total pension liability	5,901,425		5,901,425
Differences between actual and expected experience	802,201		802,201
Changes in assumptions	-		-
Contribution - employer		2,144,821	(2,144,821)
Contribution - employee		756,141	(756,141)
Net investment income		4,072,390	(4,072,390)
Benefit payments, including refunds of employee contributions	(4,482,684)	(4,482,684)	
Administrative expense		(44,559)	44,559
Net changes	4,050,227	2,446,109	1,604,118
Balance at June 30, 2020	$ 87,112,141	$ 65,092,067	$ 22,020,074

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	Discount Rate - 1% (6.15%)	**Current Discount Rate (7.15%)**	**Discount Rate + 1% (8.15%)**
Plan's Net Pension Liability	$ 33,551,637	$ 22,020,074	$ 12,544,739

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2020, the Corporation recognized pension expense of $4,755,827. At June 30, 2020, the Corporation reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 2,493,495	$
Changes of assumptions		(72,939)
Differences between expected and actual experiences	571,057	
Net difference between projected and actual earnings on plan investments		(272,650)
Total	$ 3,064,552	$ (345,589)

Deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. All other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in future pension expense as follows:

For the Year Ending June 30,	
2020	$ 693,396
2021	(448,840)
2022	(87,676)
2023	68,588
Total	$ 225,468

Payable to the Pension Plan

At June 30, 2020 and 2019, the Corporation reported a payable of $33,190 and $41,935, respectively, for the outstanding amount of contributions to the pension plan required for the year then ended.

Note 12: Risk Management

The Corporation 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 Corporation maintains general liability insurance coverage for individual claims up to $15 million per occurrence. Unfair employment practices liability claims under $25,000 are self-insured. The Corporation also maintains excess property insurance coverage to limits of $100 million in excess of $5,000 self-insured limits.

Note 13: COVID-19 Pandemic

As noted in Management's Discussion and Analysis, the Corporation has been impacted by the recent Covid-19 pandemic. Due to the uncertainty surrounding the pandemic, the length and severity of the outbreak, and the volatility in the world investment markets, there is uncertainty as to how these events will affect results of operations and investment fund income in the future. A limited number of students were welcomed back to campus in September 2020 and the Corporation will have limited dining services available, but it remains uncertain when full capacity will be resumed and management expects this to impact operating revenues going forward.

Note 14: Subsequent Events

Events subsequent to June 30, 2020 have been evaluated through September 10, 2020, which is the date the financial statements were available to be issued. Except as follows, the Corporation did not identify any subsequent events that require disclosure.

In August 2020, the CZU August Lightning Complex Fire passed through Cal Poly's Swanton Pacific Ranch, which is owned and maintained by the Corporation on behalf of the University. It is unclear at this time what the impact of the damage will be, but the Corporation does maintain insurance on this property. All students and staff at the facility were able to evacuate safely.

Required Supplementary Information

Cal Poly Corporation

Schedule of Changes in the Net OPEB Liability and Related Ratios

Last 10 Fiscal Years*

	2020	2019	2018
Total OPEB liability			
Service cost	$ 957,397	$ 1,141,018	$ 1,086,684
Interest	1,876,206	2,032,225	1,923,754
Differences between expected and actual experience	24,239	(1,012,510)	(269,900)
Changes in assumptions		(2,904,595)	
Benefit payments	(1,522,318)	(1,424,857)	(1,119,651)
Net change in total OPEB liability	1,335,524	(2,168,719)	1,620,887
Total OPEB liability - beginning	$ 28,656,479	$ 30,825,198	$ 29,204,311
Total OPEB liability - ending (a)	$ 29,992,003	$ 28,656,479	$ 30,825,198
Plan fiduciary net position			
Contributions - employer	$ 594,645	$ 492,280	$ 296,314
Net investment income	1,486,549	1,469,561	2,405,355
Benefit payments	(1,522,318)	(1,424,857)	(1,119,651)
Administrative expense	(12,540)	(12,965)	(12,743)
Net change in plan fiduciary net position	546,336	524,019	1,569,275
Plan fiduciary net position - beginning	25,665,764	25,141,745	23,572,470
Plan fiduciary net position - ending (b)	$ 26,212,100	$ 25,665,764	$ 25,141,745
Net OPEB liability - ending (a)-(b)	$ 3,779,903	$ 2,990,715	$ 5,683,453
Plan fiduciary net position as a percentage of the total OPEB liability	87.4%	89.6%	81.6%
Covered employee payroll	$ 12,615,771	$ 11,941,343	$ 12,085,567
Net OPEB liability as a percentage of covered employee payroll	30.0%	25.0%	47.0%

* Fiscal year 2018 was the first year of implementation, therefore only three years are shown.

Notes to Schedule:

Benefit Changes: There have been no changes to benefit terms since June 30, 2017.

Changes of Assumptions: The mortality, retirement, and withdrawal rates were updated to reflect the most recent experience study published by CalPERS.

The per capita claims cost (or baseline cost) is based on current premiums and plan selection. The plan selection was updated to reflected experience in the 2018 census and the premiums were updated to reflect experience through 2019. The trend rates were revised to reflect lower expectations of future healthcare cost inflation.

There have been no other changes in the assumptions since June 30, 2017.

See accompanying independent auditor's report.

Cal Poly Corporation
Schedule of Contributions – OPEB
Last 10 Fiscal Years*

	2020	2019	2018
Actuarially determined contribution	N/A	N/A	N/A
Contributions in relation to the actuarially determined contributions	$ 594,645	$ 492,280	$ 296,314
Contribution deficiency (excess)	N/A	N/A	N/A
Employer contributions to the VEBA Trust	$ 345,550	$ 234,262	$ 296,314
Active implicit rate subsidy transferred to VEBA Trust	249,095	258,018	
Total employer contributions	$ 594,645	$ 492,280	$ 296,314
Covered employee payroll	$ 12,615,771	$ 11,941,343	$ 12,085,567
Contributions as a percentage of covered employee payroll	4.7%	4.1%	2.5%

* Fiscal year 2018 was the first year of implementation, therefore only three years are shown.

Notes to Schedule:

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Straight-line method
Asset Valuation Method	Market value of assets as of the measurement date
Inflation	2.26%
Healthcare cost trend rates (pre-65)	7.95 percent for 2020, decreasing 0.25 percent per year to an ultimate rate of 4.50 percent for 2034 and later years
Healthcare cost trend rates (post-65)	4.65 percent for 2020, decreasing to an ultimate rate of 4.50 percent for 2021 and later years
Salary Increases	3.25 percent
Investment rate of return	6.50 percent
Retirement Age	Retirement rates used in the valuation are those used in the most recent CalPERS valuation, CalPERS 2017 Public Agency Miscellaneous 2% @ 55 and 2% @ 60 for actives hired before January 1, 2013, and 2% @ 62 for actives hired on or after January 1, 2013.
Mortality	Mortality rates used in the valuation are those used in the most recent CalPERS valuations (CalPERS 2017 Mortality pre-retirement and post-retirement with Scale MP-2017).

See accompanying independent auditor's report.

Cal Poly Corporation
Schedule of Changes in the Net Pension Liability and Related Ratios
Last 10 Fiscal Years*

	2020	2019	2018	2017	2016	2015
Total pension liability						
Service cost	$ 1,829,285	$ 1,921,554	$ 1,914,269	$ 1,565,548	$ 1,403,277	$ 1,402,348
Interest on total pension liability	5,901,425	5,614,238	5,348,446	5,128,834	4,920,633	4,760,420
Differences between expected and actual experience	802,201	800,963	159,480	(207,770)	(888,401)	
Changes in assumptions		(437,649)	4,427,253		(1,192,843)	
Benefit payments, including refunds of employee contributions	(4,482,684)	(4,067,814)	(3,756,787)	(3,634,440)	(3,316,952)	(3,147,576)
Net change in total pension liability	4,050,227	3,831,292	8,092,661	2,852,172	925,714	3,015,192
Total pension liability - beginning	83,061,914	79,230,622	71,137,961	68,285,789	67,360,075	64,344,883
Total pension liability - ending (a)	$ 87,112,141	$ 83,061,914	$ 79,230,622	$ 71,137,961	$ 68,285,789	$ 67,360,075
Plan fiduciary net position						
Contributions - employer	$ 2,144,821	$ 1,789,867	$ 1,760,624	$ 1,570,071	$ 1,438,515	$ 1,281,507
Contributions - employee	756,141	673,081	683,416	636,058	561,411	461,197
Net investment income	4,072,390	4,966,867	6,042,407	280,275	1,227,805	8,470,353
Benefit payments	(4,482,684)	(4,067,814)	(3,756,787)	(3,634,440)	(3,316,952)	(3,147,576)
Administrative expense	(44,559)	(269,175)	(81,063)	(34,182)	(63,120)	
Net change in plan fiduciary net position	2,446,109	3,092,826	4,648,597	(1,182,218)	(152,341)	7,065,481
Plan fiduciary net position - beginning	62,645,958	59,553,132	54,904,535	56,086,753	56,239,094	49,173,613
Plan fiduciary net position - ending (b)	$ 65,092,067	$ 62,645,958	$ 59,553,132	$ 54,904,535	$ 56,086,753	$ 56,239,094
Net pension liability - ending (a)-(b)	$ 22,020,074	$ 20,415,956	$ 19,677,490	$ 16,233,426	$ 12,199,036	$ 11,120,981
Plan fiduciary net position as a percentage of the total pension liability	74.7%	75.4%	75.2%	77.2%	82.1%	83.5%
Covered employee payroll	$12,352,523	$ 12,844,611	$ 12,705,045	$ 11,885,419	$ 10,733,343	$ 10,427,158
Net pension liability as a percentage of covered employee payroll	178.3%	158.9%	154.9%	136.6%	113.7%	106.7%

* Fiscal year 2015 was the first year of implementation, therefore only six years are shown.

See accompanying independent auditor's report.

Cal Poly Corporation

Schedule of Changes in the Net Pension Liability and Related Ratios

Last 10 Fiscal Years*

Page 2

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2017 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017.

See accompanying independent auditor's report.

Cal Poly Corporation
Schedule of Contributions – Pension
Last 10 Fiscal Years*

	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 2,144,821	$ 1,789,867	$ 1,760,624	$ 1,570,071	$ 1,438,515	$ 1,281,507
Contributions in relation to the actuarially determined contributions	2,144,821	1,789,867	1,760,624	1,570,071	1,438,515	1,281,507
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 12,352,523	$ 12,844,611	$ 12,705,045	$ 11,885,419	$ 10,733,343	$ 10,427,158
Contributions as a percentage of covered-employee payroll	17.4%	13.9%	13.9%	13.2%	13.4%	12.3%

* Fiscal year 2015 was the first year of implementation, therefore only six years are shown.

Notes to Schedule:

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2015 Funding Valuation Report
Asset Valuation Method	Fair Value of Assets. For details, see June 30, 2015 Funding Valuation Report
Inflation	2.75%
Salary Increases	Varies by entry age and service
Payroll Growth	3.00%
Investment Rate of Return	7.375% Net of Pension Plan Investment and Administration Expenses; includes inflation
Retirement Age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

See accompanying independent auditor's report.

Supplementary Information for Inclusion in the Financial Statements of the California State University

Cal Poly Corporation (San Luis Obispo)

Schedule of Net Position

June 30, 2020

(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	$ 23,503,043
Short-term investments	49,502,544
Accounts receivable, net	8,110,586
Capital lease receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	5,310,081
Prepaid expenses and other current assets	1,953,664
Total current assets	**88,379,918**
Noncurrent assets:	
Restricted cash and cash equivalents	37,726
Accounts receivable, net	18,877
Capital lease receivable, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	8,004,112
Endowment investments	2,320,535
Other long-term investments	34,222,320
Capital assets, net	75,728,437
Other assets	323,000
Total noncurrent assets	**120,655,007**
Total assets	**209,034,925**
Deferred outflows of resources:	
Unamortized loss on debt refunding	227,251
Net OPEB liability	473,199
Net pension liability	3,064,552
Others	-
Total deferred outflows of resources	**3,765,002**
Liabilities:	
Current liabilities:	
Accounts payable	4,273,321
Accrued salaries and benefits	1,369,343
Accrued compensated absences, current portion	794,218
Unearned revenues	9,516,587
Capital lease obligations, current portion	-
Long-term debt obligations, current portion	445,000
Claims liability for losses and loss adjustment expenses, current portion	207,616
Depository accounts	-
Other liabilities	-
Total current liabilities	16,606,085
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	146,661
Unearned revenues	-
Grants refundable	-
Capital lease obligations, net of current portion	-
Long-term debt obligations, net of current portion	29,010,978
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	3,844,966
Net other postemployment benefits liability	3,779,903
Net pension liability	22,020,074
Other liabilities	764,150
Total noncurrent liabilities	59,566,732
Total liabilities	76,172,817
Deferred inflows of resources:	
Service concession arrangements	-
Net pension liability	345,589
Net OPEB liability	3,432,393
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Others	11,069,800
Total deferred inflows of resources	14,847,782
Net position:	
Net investment in capital assets	35,562,572
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	184,479
Loans	-
Capital projects	2,751,539
Debt service	-
Others	19,428,725
Unrestricted	63,852,013
Total net position	**$ 121,779,328**

Cal Poly Corporation (San Luis Obispo)

Schedule of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2020

(for inclusion in the California State University)

Revenues:	
Operating revenues:	
Student tuition and fees, gross	$ -
Scholarship allowances (enter as negative)	-
Grants and contracts, noncapital:	
Federal	14,171,937
State	4,597,454
Local	472,395
Nongovernmental	4,452,351
Sales and services of educational activities	-
Sales and services of auxiliary enterprises, gross	31,299,370
Scholarship allowances (enter as negative)	-
Other operating revenues	11,931,707
Total operating revenues	**66,925,214**
Expenses:	
Operating expenses:	
Instruction	565,746
Research	18,106,248
Public service	13,170,386
Academic support	2,017,295
Student services	840,130
Institutional support	9,921,593
Operation and maintenance of plant	2,760,999
Student grants and scholarships	435,824
Auxiliary enterprise expenses	30,044,381
Depreciation and amortization	1,850,429
Total operating expenses	**79,713,031**
Operating income (loss)	**(12,787,817)**
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	7,360,230
Investment income (loss), net	1,646,372
Endowment income (loss), net	-
Interest expense	(1,111,164)
Other nonoperating revenues (expenses) - excl. interagency transfers	(2,597,022)
Net nonoperating revenues (expenses)	**5,298,416**
Income (loss) before other revenues (expenses)	**(7,489,401)**
State appropriations, capital	-
Grants and gifts, capital	3,931,479
Additions (reductions) to permanent endowments	-
Increase (decrease) in net position	**(3,557,922)**
Net position:	
Net position at beginning of year, as previously reported	125,337,250
Restatements	-
Net position at beginning of year, as restated	**125,337,250**
Net position at end of year	**$ 121,779,328**

Cal Poly Corporation (San Luis Obispo)
Other Information
June 30, 2020
(for inclusion in the California State University)

1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments	$	8,106
All other restricted cash and cash equivalents		29,620
Noncurrent restricted cash and cash equivalents		37,726
Current cash and cash equivalents		23,503,043
Total	$	23,540,769

2.1 Composition of investments:

Investment Type	Current	Noncurrent	Fair Value
Money market funds			-
Repurchase agreements			-
Certificates of deposit			-
U.S. agency securities			-
U.S. treasury securities		446,344	**446,344**
Municipal bonds			-
Corporate bonds			-
Asset backed securities			-
Mortgage backed securities			-
Commercial paper			-
Mutual funds	48,683,907	35,960,950	**84,644,857**
Exchange traded funds	101,561		**101,561**
Equity securities	291,009		**291,009**
Alternative investments:			
Private equity (including limited partnerships)			-
Hedge funds			-
Managed futures			-
Real estate investments (including REITs)		80,000	**80,000**
Commodities			-
Derivatives			-
Other alternative investment			-
Other external investment pools			-
CSU Consolidated Investment Pool (formerly SWIFT)			-
State of California Local Agency Investment Fund (LAIF)			-
State of California Surplus Money Investment Fund (SMIF)			-
Other investments:			
Cash and interest receivable pending long-term investment	426,067	51,338	**477,405**
Agriculture related retains		4,223	**4,223**
			-
			-
			-
Total Other investments	426,067	55,561	481,628
Total investments	49,502,544	36,542,855	86,045,399
Less endowment investments (enter as negative number)		(2,320,535)	(2,320,535)
Total investments, net of endowments	**$ 49,502,544**	**$ 34,222,320**	**$ 83,724,864**

2.2 Fair value hierarchy in investments:

Investment Type	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
Money market funds	$ -				
Repurchase agreements	-				
Certificates of deposit	-				
U.S. agency securities	-				
U.S. treasury securities	446,344	446,344			
Municipal bonds	-				
Corporate bonds	-				
Asset backed securities	-				
Mortgage backed securities	-				
Commercial paper	-				
Mutual funds	84,644,857	84,644,857			
Exchange traded funds	101,561	101,561			
Equity securities	291,009	291,009			
Alternative investments:					
Private equity (including limited partnerships)	-				
Hedge funds	-				
Managed futures	-				
Real estate investments (including REITs)	80,000			80,000	
Commodities	-				
Derivatives	-				
Other alternative investment	-				
Other external investment pools	-				
CSU Consolidated Investment Pool (formerly SWIFT)	-				
State of California Local Agency Investment Fund (LAIF)	-				
State of California Surplus Money Investment Fund (SMIF)	-				
Other investments:					
Cash and interest receivable pending long-term investment	477,405	477,405			
Agriculture related retains	4,223			4,223	
	-				
	-				
	-				
Total Other investments	481,628	477,405	-	4,223	-
Total investments	**$ 86,045,399**	**$ 85,961,176**	**-**	**$ 84,223**	**-**

2.3 Investments held by the University under contractual agreements:

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

Cal Poly Corporation (San Luis Obispo)
Other Information
June 30, 2020
(for inclusion in the California State University)

3.1 Composition of capital assets:

	Balance June 30, 2019	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2019 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2020
Non-depreciable/Non-amortizable capital assets:									
Land and land improvements	$ 18,692,425				$ 18,692,425				$ 18,692,425
Works of art and historical treasures	445,799				445,799				445,799
Construction work in progress (CWIP)	28,406,951				28,406,951	18,372,022	(3,039,333)	(1,021,628)	42,718,012
Intangible assets:									
Rights and easements	-				-				-
Patents, copyrights and trademarks	-				-				-
Intangible assets in progress (PWIP)	-				-	189,466		(189,466)	-
Licenses and permits	-				-				-
Other intangible assets:									
	-				-				-
	-				-				-
	-				-				-
	-				-				-
	-				-				
Total Other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	189,466	-	(189,466)	-
Total non-depreciable/non-amortizable capital assets	$ 47,545,175	-	-	-	$ 47,545,175	18,561,488	(3,039,333)	(1,211,094)	$ 61,856,236
Depreciable/Amortizable capital assets:									
Buildings and building improvements	14,892,155				14,892,155	4,936	-	26,242	14,923,333
Improvements, other than buildings	-				-				-
Infrastructure	-				-				-
Leasehold improvements	10,325,271				10,325,271	73,118	(51,550)	795,919	11,142,758
Personal property:									
Equipment	9,153,116				9,153,116	555,131	(91,042)	199,467	9,816,672
Library books and materials	-				-				-
Intangible assets:									
Software and websites	822,126				822,126	-	(218,915)	189,466	792,677
Rights and easements	-				-				-
Patents, copyrights and trademarks	-				-				-
Licenses and permits	527,087				527,087				527,087
Other intangible assets:									
	-				-				-
	-				-				-
	-				-				-
	-				-				-
	-				-				-
Total Other intangible assets:	-	-	-	-	-	-	-	-	-
Total intangible assets	1,349,213	-	-	-	1,349,213	-	(218,915)	189,466	1,319,764
Total depreciable/amortizable capital assets	35,719,755	-	-	-	35,719,755	633,185	(361,507)	1,211,094	37,202,527
Total capital assets	$ 83,264,930	-	-	-	$ 83,264,930	19,194,673	(3,400,840)	-	$ 99,058,763
Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)									
Buildings and building improvements	(6,501,512)				(6,501,512)	(640,215)			(7,141,727)
Improvements, other than buildings	-				-				-
Infrastructure	-				-				-
Leasehold improvements	(7,059,670)				(7,059,670)	(547,596)			(7,607,266)
Personal property:									
Equipment	(6,935,961)				(6,935,961)	(644,513)	91,042		(7,489,432)
Library books and materials	-				-				-
Intangible assets:									
Software and websites	(775,407)				(775,407)	(52,069)	218,915		(608,561)
Rights and easements	-				-				-
Patents, copyrights and trademarks	-				-				-
Licenses and permits	(474,505)				(474,505)	(8,835)			(483,340)
Other intangible assets:									
	-				-				-
	-				-				-
	-				-				-
	-				-				-
	-				-				-
Total Other intangible assets:	-	-	-	-	-	-	-	-	-
Total intangible assets	(1,249,912)	-	-	-	(1,249,912)	(60,904)	218,915	-	(1,091,901)
Total accumulated depreciation/amortization	(21,747,055)	-	-	-	(21,747,055)	(1,893,228)	309,957	-	(23,330,326)
Total capital assets, net	$ 61,517,875	-	-	-	$ 61,517,875	$ 17,301,445	$ (3,090,883)	-	$ 75,728,437

Cal Poly Corporation (San Luis Obispo)
Other Information
June 30, 2020
(for inclusion in the California State University)

3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense related to capital assets	$	1,850,429
Amortization expense related to other assets		
Total depreciation and amortization	**$**	**1,850,429**

4 Long-term liabilities:

		Balance June 30, 2019	Prior Period Adjustments/Reclassifications	Balance June 30, 2019 (Restated)	Additions	Reductions		Balance June 30, 2020		Current Portion	Noncurrent Portion
1. Accrued compensated absences	**$**	**741,044**		**741,044**	871,314	(671,480)	**$**	**940,878**	$	794,218	146,660
2. Claims liability for losses and loss adjustment expenses		**22,000**		**22,000**	185,616			**207,616**		207,616	-
3. Capital lease obligations:											
Gross balance		-		-				-		-	-
Unamortized net premium/(discount)		-		-				-		-	-
Total capital lease obligations	**$**	-	-	-	-	-		-		-	-
4. Long-term debt obligations:											
4.1 Auxiliary revenue bonds (non-SRB related)	**$**	-		-			**$**	-		-	-
4.2 Commercial paper		-		-				-			-
4.3 Notes payable (SRB related)		**25,505,000**		**25,505,000**		(425,000)		**25,080,000**		445,000	24,635,000
4.4 Others:											
		-		-				-			-
		-		-				-			-
		-		-				-			-
		-		-				-			-
Total others		-	-	-	-	-		-		-	-
Sub-total long-term debt	**$**	**25,505,000**	-	**25,505,000**	-	(425,000)	**$**	**25,080,000**		445,000	24,635,000
4.5 Unamortized net bond premium/(discount)		**4,540,956**		**4,540,956**		(164,978)		**4,375,978**		-	4,375,978
Total long-term debt obligations		**30,045,956**	-	**30,045,956**	-	(589,978)		**29,455,978**		445,000	29,010,978
Total long-term liabilities	**$**	**30,809,000 $**	**- $**	**30,809,000 $**	**1,056,930 $**	**(1,261,458)**	**$**	**30,604,472**	**$**	**1,446,834 $**	**29,157,638**

5 Capital lease obligations schedule:

	Capital lease obligations related to SRB			All other capital lease obligations			Total capital lease obligations		
	Principal Only	**Interest Only**	**Principal and Interest**	**Principal Only**	**Interest Only**	**Principal and Interest**	**Principal Only**	**Interest Only**	**Principal and Interest**
Year ending June 30:									
2021			-			-	-	-	-
2022			-			-	-	-	-
2023			-			-	-	-	-
2024			-			-	-	-	-
2025			-			-	-	-	-
2026 - 2030			-			-	-	-	-
2031 - 2035			-			-	-	-	-
2036 - 2040			-			-	-	-	-
2041 - 2045			-			-	-	-	-
2046 - 2050			-			-	-	-	-
Thereafter			-			-	-	-	-
Total minimum lease payments	$ -	-	-	-	-	-	-	-	-
Less: amounts representing interest									-
Present value of future minimum lease payments									-
Unamortized net premium/(discount)									-
Total capital lease obligations									-
Less: current portion									-
Capital lease obligations, net of current portion									$ -

Cal Poly Corporation (San Luis Obispo)
Other Information
June 30, 2020
(for inclusion in the California State University)

6 Long-term debt obligations schedule:

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations		
	Principal	**Interest**	**Principal and Interest**	**Principal**	**Interest**	**Principal and Interest**	**Principal**	**Interest**	**Principal and Interest**
Year ending June 30:									
2021			-	445,000	1,239,475	1,684,475	445,000	1,239,475	1,684,475
2022			-	470,000	1,216,600	1,686,600	470,000	1,216,600	1,686,600
2023			-	495,000	1,192,475	1,687,475	495,000	1,192,475	1,687,475
2024			-	520,000	1,167,100	1,687,100	520,000	1,167,100	1,687,100
2025			-	545,000	1,140,475	1,685,475	545,000	1,140,475	1,685,475
2026 - 2030			-	3,190,000	5,251,500	8,441,500	3,190,000	5,251,500	8,441,500
2031 - 2035			-	4,080,000	4,347,850	8,427,850	4,080,000	4,347,850	8,427,850
2036 - 2040			-	4,410,000	3,285,900	7,695,900	4,410,000	3,285,900	7,695,900
2041 - 2045			-	5,460,000	2,076,250	7,536,250	5,460,000	2,076,250	7,536,250
2046 - 2050			-	5,465,000	563,625	6,028,625	5,465,000	563,625	6,028,625
Thereafter			-			-	-	-	-
Total minimum payments	$ -	-	-	**25,080,000**	**21,481,250**	**46,561,250**	**25,080,000**	**21,481,250**	**46,561,250**
Less: amounts representing interest									(21,481,250)
Present value of future minimum payments									25,080,000
Unamortized net premium/(discount)									4,375,978
Total long-term debt obligations									29,455,978
Less: current portion									(445,000)
Long-term debt obligations, net of current portion									**$ 29,010,978**

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	3,839,036
Payments to University for other than salaries of University personnel	17,310,229
Payments received from University for services, space, and programs	3,686,283
Gifts-in-kind to the University from discretely presented component units	3,304,103
Gifts (cash or assets) to the University from discretely presented component units	3,885,095
Accounts (payable to) University	(619,243)
Other amounts (payable to) University	
Accounts receivable from University	1,726,294
Other amounts receivable from University	

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

		Debit/(Credit)
Restatement #1	Enter transaction description	
		-
Restatement #2	Enter transaction description	
		-

Cal Poly Corporation (San Luis Obispo)
Other Information
June 30, 2020
(for inclusion in the California State University)

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	91,517	190,045	16,083	2,236		265,865		**565,746**
Research	6,947,318	156,148	1,220,893	169,774		9,612,115		**18,106,248**
Public service	5,919,360	1,179,488	1,040,245	144,653		4,886,640		**13,170,386**
Academic support	700,739	269,943	123,144	17,124		906,345		**2,017,295**
Student services	261,586	66,902	45,970	6,393		459,279		**840,130**
Institutional support	3,881,773	1,371,942	682,165	94,860		3,890,853		**9,921,593**
Operation and maintenance of plant	366,317	62,097	-	-		2,332,585		**2,760,999**
Student grants and scholarships					435,824			**435,824**
Auxiliary enterprise expenses	8,893,757	3,241,046	1,562,953	217,339		16,129,286		**30,044,381**
Depreciation and amortization							1,850,429	**1,850,429**
Total operating expenses	**$ 27,062,367**	**$ 6,537,611**	**$ 4,691,453**	**$ 652,379**	**$ 435,824**	**$ 38,482,968**	**$ 1,850,429**	**$ 79,713,031**

10 Deferred outflows/inflows of resources:

1. Deferred Outflows of Resources	
Deferred outflows - unamortized loss on refunding(s)	227,251
Deferred outflows - net pension liability	3,064,552
Deferred outflows - net OPEB liability	473,199
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	**$ 3,765,002**
2. Deferred Inflows of Resources	
Deferred inflows - service concession arrangements	
Deferred inflows - net pension liability	345,589
Deferred inflows - net OPEB liability	3,432,393
Deferred inflows - unamortized gain on debt refunding(s)	
Deferred inflows - nonexchange transactions	
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	11,069,800
Total deferred inflows - others	11,069,800
Total deferred inflows of resources	**$ 14,847,782**

Other Supplementary Information

Cal Poly Corporation

Statements of Financial Position of the California State University – San Luis Obispo Alumni Association

June 30, 2020 and 2019

		2020		2019
Assets				
Current assets:				
Cash and cash equivalents	$	151,987	$	181,215
Certificates of deposit		38,538		38,525
Accounts receivable		161,733		106,875
Inventories		856		856
Prepaid expenses and other assets				789
Total current assets		353,114		328,260
Other assets:				
Investments		614,730		398,717
Total assets	$	967,844	$	726,977
Liabilities and Net Assets				
Current liabilities:				
Accounts payable	$	995	$	1,455
Total current liabilities		995		1,455
Net assets:				
Unrestricted:				
Undesignated		966,849		725,522
Total unrestricted net assets		966,849		725,522
Total liabilities and net assets	$	967,844	$	726,977

See accompanying independent auditor's report.

Cal Poly Corporation

Statements of Activities of the California State

University – San Luis Obispo Alumni Association

Years Ended June 30, 2020 and 2019

	2020	2019
Unrestricted revenue and support:		
Donations and grants	$ 44,509	$ 17,721
Travel and promotion	22,077	29,738
Homecoming	37,050	54,021
Investment gain (loss)	349	17,558
External activities	328,672	189,562
Total unrestricted revenue and support	432,657	308,600
Expenses:		
Program services:		
Salaries and wages	2,835	
Postage	953	681
Tax preparation	2,625	2,260
Travel		4,371
Office expense	50,085	38,953
Accounting services	7,025	7,637
Hosting special events	7,229	13,375
External activities	45,513	217,041
Scholarships	55,000	
Other	20,065	821
Total expenses	191,330	285,139
Change in unrestricted net assets	241,327	23,461
Unrestricted net assets - beginning of year	725,522	702,061
Unrestricted net assets - end of year	$ 966,849	$ 725,522

See accompanying independent auditor's report.