

Cal Poly Corporation dba Cal Poly Partners

Audited Financial Statements
and Supplementary Information

Years Ended June 30, 2024 and 2023



Cal Poly Corporation dba Cal Poly Partners
Audited Financial Statements and
Supplementary Information
Years Ended June 30, 2024 and 2023

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Independent Auditors' Report

Board of Directors
Cal Poly Corporation dba Cal Poly Partners
San Luis Obispo, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying statements of net position of Cal Poly Corporation dba Cal Poly Partners (the Corporation), a component unit of the California Polytechnic State University, San Luis Obispo, as of June 30, 2024 and 2023, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of Cal Poly Corporation dba Cal Poly Partners, as of June 30, 2024 and 2023, and the changes in its net position, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 7 through 17, Schedule of Changes in the Net OPEB Liability and Related Ratios on page 64, Schedule of Contributions – OPEB on page 66, Schedule of Changes in the Net Pension Liability and Related Ratios on page 68, and the Schedule of Contributions – Pension on page 70, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 72 through 81 as required by the California State University and other supplementary information on pages 83 through 84 are presented for purposes of additional analysis and are not required parts of the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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 16, 2024, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or

Board of Directors
Cal Poly Corporation dba Cal Poly Partners
San Luis Obispo, California
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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 16, 2024

Cal Poly Corporation dba Cal Poly Partners
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The Cal Poly Corporation dba Cal Poly Partners ("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, 2024 ("2023-24"), June 30, 2023 ("2022-23"), and June 30, 2022 ("2021-22"). 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.

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Management's Discussion and Analysis
June 30, 2024 and 2023

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 2023-24, 2022-23, and 2021-22. The accompanying audited financial statements as of and for the years ended June 30, 2024 and 2023 are reported in accordance with standards and requirements of the GASB, as are the following schedules.

Condensed Statements of Net Position

	June 30,		
	2024	2023	2022
Assets:			
Current assets	\$ 125,953,373	\$ 108,846,019	\$ 96,646,746
Noncurrent assets:			
Capital assets, net	162,456,585	119,174,156	93,442,842
Other noncurrent assets	64,294,690	47,386,688	51,616,742
Total assets	<u>352,704,648</u>	<u>275,406,863</u>	<u>241,706,330</u>
Deferred Outflows of Resources	<u>9,325,282</u>	<u>11,687,404</u>	<u>3,489,911</u>
Liabilities:			
Current liabilities	68,722,421	41,321,791	20,836,217
Noncurrent liabilities	80,328,948	79,619,550	66,347,499
Total liabilities	<u>149,051,369</u>	<u>120,941,341</u>	<u>87,183,716</u>
Deferred Inflows of Resources	<u>46,493,770</u>	<u>22,360,669</u>	<u>28,219,337</u>
Net Position:			
Net investment in capital assets	75,496,044	54,389,979	38,957,807
Restricted, expendable	13,523,635	20,650,321	18,368,127
Unrestricted	77,465,112	68,751,957	72,467,254
Total net position	<u>\$ 166,484,791</u>	<u>\$ 143,792,257</u>	<u>\$ 129,793,188</u>

Net Position

Net position may serve over time as an indicator of the Corporation's financial position. As of June 30, 2024, assets and deferred outflows exceeded liabilities and deferred inflows by \$166.5 million, resulting in an increase of \$23 million in net position from the prior year. The increase primarily represents the net result of a \$14.7 million operating loss combined with net nonoperating revenues of \$27.3 million and capital grants and gifts of \$10.1 million. For the year ended June 30, 2023, overall net position increased \$14 million. The increase primarily represents the net result of an \$19.4 million operating loss combined with net nonoperating revenues of \$28.1 million and capital grants and gifts of \$5.3 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 be *University programs support* expenses, which are classified as operating expenses. Without these gifts, the related *University programs support* expenses would not occur.

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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, 2024, net investment in capital assets increased \$21.1 million or 38.8% from the prior year. During 2023-24, capital asset purchases exceeded the combination of capital asset disposals and depreciation and amortization expense on existing capital assets. Capital asset additions primarily relate to construction-in-progress for the renovation of the Corporation's central dining facility, along with the purchase of a 48,000 square foot commercial property located in the city of San Luis Obispo, California, commonly referred to as the Cal Poly Mustang Business Park (CPMBP). For the year ended June 30, 2023, net investment in capital assets increased \$15.4 million or 39.6% from the prior year. During 2022-23, 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,		
	2024	2023	2022
Restricted, expendable:			
Research	\$ 58,076	\$ 115,863	\$ 92,214
Capital projects	52,449	259,534	533,121
Instruction	3,020,348	3,783,275	5,780,533
Academic support	810,067	552,994	623,763
Student services	3,106,099	8,687,048	4,054,172
Other	6,476,596	7,251,607	7,284,324
Total restricted, expendable	<u>\$ 13,523,635</u>	<u>\$ 20,650,321</u>	<u>\$ 18,368,127</u>

This balance can fluctuate from year to year based on the level of gift activity and expenditures. For the year ended June 30, 2024, overall restricted, expendable net position decreased \$7.1 million or 34.5% from the prior year. The decrease is primarily the result of a \$5.6 million decrease in net position restricted for student services.

For the year ended June 30, 2023, overall restricted, expendable net position increased \$2.3 million or 12.4% from the prior year. The increase is primarily the result of a \$4.6 million increase in net position restricted for student services offset by a \$2 million decrease in net position restricted for instruction.

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, 2024, unrestricted net position increased by \$8.7 million to \$77.5 million from the prior year. The increase

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Management's Discussion and Analysis
June 30, 2024 and 2023

was driven by a \$10.5 million return across all Corporation investments. For the year ended June 30, 2023, unrestricted net position decreased by \$3.7 million to \$68.8 million from the prior year. The decrease was driven by capital expenditures, including the renovation of the Corporation's central dining facility offset by a \$5.7 million return across all Corporation investments.

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.

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. Please refer to the Statement of Cash Flows for more information regarding changes in cash and cash equivalents.

Accounts receivable, net increased \$8 million or 259% from the prior year. During 2023-24, approximately \$5.5 million of California State University (CSU) Institute Commercial Paper Notes were issued to the university on behalf of the Corporation for renovation of the CPMBP, a 48,000 square foot commercial property purchased by the Corporation during the fiscal year. Funds were deposited into a university account and a corresponding receivable was recorded on the Corporation's Statement of Net Position.

Contracts and grants receivable, net represents revenue earned but not received from work performed under contract and grants. For the fiscal year ended June 30, 2024, contracts and grants receivable, net increased \$3.4 million or 37.2% from the prior year. Changes in contracts and grants receivable, net, are dependent on the timing of revenues earned and payments received. Overall contract and grants expenditures increased during 2023-24 to \$38.9 million, compared to \$34.4 million for 2022-23.

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.

Note receivable, net of \$641,000 represents draws on the line-of-credit extended from the Corporation to the College of Agriculture, Food, & Environmental Sciences for construction of the JUSTIN and J. LOHR Center for Wine and Viticulture. The line-of-credit agreement requires quarterly interest payments, with all outstanding principal and interest originally due and payable on the expiration date, June 30, 2024. On September 11, 2024, the Corporation executed an amendment to the line-of-credit agreement, extending the due date to June 30, 2025.

Lease Receivable, net represents the present value of the lease payments expected to be received over various lease terms where the Corporation acts as lessor, and is accounted for in accordance with GASB Statement No. 87, *Leases*.

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June 30, 2024 and 2023

The balance increased \$25.6 million from the prior year. During 2023-24, the Corporation entered into a lease agreement with the university for their exclusive use of the CPMBP, a 48,000 square foot commercial property purchased by the Corporation during the fiscal year, creating a lease receivable balance of \$26.2 million at June 30, 2024 related to that property.

Pledges receivable, net decreased \$2.4 million or 28% from the prior year primarily. Changes in pledges receivable, net, are dependent on the timing of pledges made and payments received. Pledge amounts expected to be collected within one year are classified as current assets. The change in 2023-24 is reflective of any increases because of new pledges being offset by amounts reclassified to current assets.

Investments used for current operations are classified as *Short-term investments*, which primarily includes the Corporation's Corporate Pool. *Endowment Investments* represent individual endowments held on behalf of other entities. 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. Endowment investments increased \$3.2 million from the prior year. The increase is primarily the result of a \$3 million endowment received on behalf of the College of Food and Environment Sciences. Other long-term investments decreased \$9.5 million or 28% from the prior year. The decrease was primarily the result of \$9 million in liquidations from the internal investment fund, which was primarily used to support the renovation of the Corporation's central dining facility.

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. The Corporation held \$43.4 million of non-depreciable assets at June 30, 2024, compared to \$63.1 million at June 30, 2023. Non-depreciable capital assets primarily consist of land and improvements and construction-in-progress. The change in non-depreciable assets during 2023-24 primarily relates to the completion of the renovation of the Corporation's central dining facility, which was placed in service during the fiscal year.

At June 30, 2024, the Corporation held \$162.5 million in depreciable and amortizable assets, net of accumulated depreciation, as compared to \$119.1 million in the prior year. During 2023-24, the Corporation purchased the CPMBP, a 48,000 square foot commercial property located in the city of San Luis Obispo, California, for \$16.8 million. In addition, construction-in-progress related to the renovation of the Corporation's central dining facility of \$46.1 million was completed and placed in service. During 2023-24, depreciation and amortization expense on existing capital assets totaled \$5.3 million.

Deferred Outflows of Resources

Deferred Outflows of Resources at June 30, 2024 includes contributions made by the Corporation to its pension plan and OPEB plan during 2023-24. In addition, deferred outflows of resources includes changes in the net pension liability and net OPEB liability as a result of differences between actual and expected earnings on plan investments, along with other adjustments to actuarial measurements. Deferred outflows of resources are recognized as expense

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June 30, 2024 and 2023

in future periods. Finally, deferred outflows of resources at June 30, 2024 includes a deferred loss on the refunding of a portion of the Cal State University (CSU) System-Wide Revenue Bonds (SRB) 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 decreased \$4.1 million or 29% from the prior year. Changes in accounts payable are dependent on the timing of expenses incurred and payment made. The June 30, 2023 balance included accounts payable of \$8.4 million due to the University for expenses incurred for the renovation of the Corporation's central facility. At June 30, 2024, this payable balance is \$1.4 million.

Accrued salaries and benefits payable decreased by \$1.1 million or 40% from the prior year. Effective July 1, 2023, the Corporation entered into an agreement with an unrelated third party to provide certain services for the Corporation's campus dining service program. As part of the agreement, the unrelated third party became the employer of record for all campus dining service employees. Accordingly, accrued salaries and benefits payable at June 30, 2024 no longer includes an accrual related to these individuals.

Unearned revenue includes meal plan contracts received and recorded for the upcoming academic year. As meal plans are consumed during the year, revenue is recognized and the unearned revenue balance declines. For the year ended June 30, 2024 unearned revenue increased approximately \$1.7 million or 10% from the prior year. This increase reflects an increase in freshmen enrollment for the upcoming academic year, along with meal plan price increases for the 2024-25 academic year to offset current economic conditions. In addition, students are offered the ability to keep leftover dining funds if they purchased a voluntary meal plan for the next academic year. As a result, more returning students purchased voluntary meal plans to capture leftover funds from the prior year.

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, and charitable gift annuities held for others.

The Corporation's *Long-term debt obligation* (current and noncurrent) of \$65 million at June 30, 2024 represents a note payable to the CSU, which originated as part of the SRB Series 2009A 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 CSU 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. One July 1, 2021, the Corporation amended the note payable a fourth time to partially fund the renovation of its central dining facility with proceeds from the issuance of the SRB Series 2021A. Effective September 1, 2023, the Corporation entered into a fifth amendment to the note payable related to proceeds borrowed from the issuance of

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CSU Institute Commercial Paper Notes as an interim source of financing for the purchase of CPMBP, a 48,000 square foot commercial property located in the city of San Luis Obispo, California. It is anticipated that the CSU Institute Commercial Paper Notes will be replaced with proceeds from the issuance of the SRB Series 2024A during fiscal year 2024-25.

The noncurrent portion of the note payable outstanding as of June 30, 2024 includes bond premiums of \$253,000, \$3.5 million, and \$2 million related to the issuance of the SRB Series 2016A, 2018A, and 2021A respectively. The Corporation made aggregate principal payments in the amount of \$750,000 on this debt during 2023-24.

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, 2023, using an actuarial valuation as of June 30, 2022. Based on the most recent actuarial report, the total OPEB liability measured as of June 30, 2023 was \$28.4 million and the value of assets in the VEBA trust on that date was \$26.2 million.

Deferred Inflows of Resources

Deferred Inflows of Resources at June 30, 2024 includes changes in the net pension liability resulting from differences between actual and expected actuarial experience. In addition, deferred outflows of resources includes changes in the net OPEB liability resulting from changes in actuarial assumptions, and differences between actual and expected actuarial experience. 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 \$10.9 million are included on the Statement of Net Position at June 30, 2024, to reflect the deferral of income related to this gift until the expiration of the life-interest term. Finally, deferred inflows of resources related to leases represent resources that will provide a future economic benefit and are accounted for in accordance with GASB Statement No. 87, *Leases*.

Results of Operations

Increase in net position for 2023-24 was \$22.7 million as compared to an increase in net position of \$14 million for 2022-23. The increase for 2023-24 primarily represents the net result of an \$14.7 million operating loss combined with net nonoperating revenues of \$27.3 million and capital grants and gifts of \$10.1 million. Net nonoperating revenues include net investment income of \$10.5 million combined with noncapital gifts of \$7.4 million, interest expense of \$2.1 million, and other net nonoperating revenues of \$11.6 million. The increase for 2022-23 primarily represents the net result of an \$19.4 million operating loss combined with net nonoperating revenues of \$28.1 million and capital grants and gifts of \$5.3 million. Net nonoperating revenues include net investment income of \$5.7 million combined with noncapital gifts of \$13.1 million, interest expense of \$1.5 million, and other net nonoperating revenues of \$10.8 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 be *University programs support* expenses, which are classified as operating expenses.

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

	Year Ended June 30,		
	2024	2023	2022
Operating revenues:			
Grants and contracts	\$ 37,486,980	\$ 31,095,457	\$ 24,981,038
Sales and services of auxiliary enterprises	52,632,791	44,155,879	39,629,927
Fees for services	10,521,262	9,164,422	9,325,920
University programs support	5,302,735	5,481,495	4,229,811
Conference and workshop revenues	3,131,936	2,981,112	2,791,725
Other operating revenue	3,792,576	2,601,120	4,637,712
Total operating revenues	<u>112,868,280</u>	<u>95,479,485</u>	<u>85,596,133</u>
Operating expenses:			
Corporation administration	7,515,489	6,647,990	5,749,373
Contract and grant expense	36,663,162	34,234,944	28,523,891
Auxiliary activities cost of sales	17,020,318	14,599,505	12,635,841
Auxiliary activities expense	34,553,974	24,726,643	20,361,924
University programs support	21,465,325	27,867,946	18,907,730
Sponsored program administration	1,550,377	1,389,225	1,144,862
Depreciation and amortization	5,260,153	4,168,730	3,943,760
Other operating expenses	3,520,159	1,231,582	693,418
Total operating expense	<u>127,548,957</u>	<u>114,866,565</u>	<u>91,960,799</u>
Operating loss	<u>(14,680,677)</u>	<u>(19,387,080)</u>	<u>(6,364,666)</u>
Nonoperating revenues (expenses):			
Gifts, noncapital	7,386,371	13,104,686	9,790,494
Investment income, net	10,451,939	5,719,863	(10,896,359)
Interest expense	(2,143,052)	(1,528,460)	(1,588,387)
Other nonoperating revenues (expenses), net	11,559,980	10,839,085	(216,064)
Total nonoperating revenues (expenses)	<u>27,255,238</u>	<u>28,135,174</u>	<u>(2,910,316)</u>
Other changes in net position:			
Capital grants and gifts	<u>10,117,973</u>	<u>5,250,975</u>	<u>8,875,502</u>
Increase (decrease) in net position	<u>22,692,534</u>	<u>13,999,069</u>	<u>(399,480)</u>
Beginning net position	<u>143,792,257</u>	<u>129,793,188</u>	<u>130,192,668</u>
Ending net position	<u>\$ 166,484,791</u>	<u>\$ 143,792,257</u>	<u>\$ 129,793,188</u>

Cal Poly Corporation dba Cal Poly Partners
Management's Discussion and Analysis
June 30, 2024 and 2023

Operating revenues increased \$17.4 million or 18.2% in 2023-24 as compared to 2022-23. The change includes an \$8.5 million increase in *Sales and services of auxiliary enterprises* primarily driven by an increase in campus dining program sales.

In addition to the increase in Sales and services of auxiliary enterprises, *Grants and contracts* increased \$6.4 million or 11.4% primarily driven by increases in sponsored project activity in the federal and state sectors. Fees for services also increased \$1.4 million or 14.8% from the prior year, driven by an increase in indirect cost recovery and fee for service charges to grants and contracts. Finally, *Other operating revenues* increased \$1.2 million, or 45.8% over the prior year. The increase includes rents received from the university for its use of CPMPB, a 48,000 square foot commercial property located in the city of San Luis Obispo, California.

Operating revenues increased \$9.9 million or 11.5% in 2022-23 as compared to 2021-22. The change is driven by a \$6.1 million increase in *Grants and contracts* driven by increases in sponsored project activity in the federal and state sectors. In addition to the increase in Grants and contracts, *Sales and services of auxiliary enterprises* increased \$4.5 million or 11.4% primarily driven by a \$3.8 million increase in campus dining program sales.

University programs support also increased \$1.3 million or 29.6% from the prior year. This increase was primarily driven by increases in revenue of approximately \$346,000 from Center & Institutes, \$294,000 from Athletic royalties, and \$214,000 from various special activity accounts. Also, included in university programs support are ticket sales for performances presented by Cal Poly Arts which saw an increase of \$131,000 in 2022-23 over the prior year.

Offsetting the increases in operating revenues mentioned above, *Other operating revenues* decreased \$2.0 million, or 43.9% in 2022-23 as compared to 2021-22. The decrease is primarily driven by actuarial losses related to the Corporation's net OPEB and net pension liabilities. In 2021-22, the actuarial study resulted in actuarial gains related to the net OPEB and net pension liabilities, which were included in *Other operating revenues*. The 2022-23 actuarial losses are driven by differences between projected and actual earnings on plan investments and are included in *other operating expenses*.

Operating expenses increased \$12.7 million or 11% in 2023-24 as compared to 2022-23. The change includes a \$2.4 million increase in *Auxiliary activities cost of sales* and a \$9.8 million increase in *Auxiliary activities expense*. The increase in both categories primarily relates to campus dining operations, which follows the increase in revenues previously mentioned. In addition, *Contract and grant expense* increased \$2.4 million, which also follows the increase in *Grant and contract* revenues previously mentioned. Further, *Depreciation and amortization* expense increased \$1.1 million or 26.2% from the prior year. This increase was primarily driven by the additions of the CPMBP and the completion of the renovation of the Corporation's central dining facility, which were both placed in service during the fiscal year and began depreciating. Finally, *Other operating expenses* increased approximately \$2.3 million or 29.6% from the prior year. This increase was primarily driven by an increase in GASB 68 pension expense, based on the most recent valuation from CalPERS.

Cal Poly Corporation dba Cal Poly Partners
Management's Discussion and Analysis
June 30, 2024 and 2023

Offsetting the increases in operating expenses mentioned above, *University programs support* expense decreased \$6.4 million or 23% in 2023-24 as compared to 2022-23. In the prior year, the Corporation made a \$7 million disbursement to the University for contributions towards the construction of the William and Linda Frost Center for Research and Innovation building. As this was a one-time contribution in the prior year, University programs support expense decreased in the current year.

Operating expenses increased \$22.9 million or 24.9% in 2022-23 as compared to 2021-22. The change includes a \$1.9 million increase in *Auxiliary activities cost of sales* and a \$4.4 million increase in *Auxiliary activities expense*. The increase in both categories primarily relates to Campus Dining operations, which follows the increase in revenues previously mentioned. In addition, *Contract and grant expense* increased \$5.7 million, which also follows the increase in *Grant and contract* revenues previously mentioned. Further, *University programs support* expense increased \$9 million or 47.4% in 2022-23 as compared to 2021-22. The increase is primarily from a \$7 million disbursement to the University for contributions towards the construction of the William and Linda Frost Center for Research and Innovation building. *Corporation administration* increased \$899,000 or 15.6% in 2022-23 as compared to prior year. The increase from 2021-22 is primarily the result of implementing the results of a comprehensive compensation study combined with a board-approved 2% general salary increase.

Net nonoperating revenues (expenses) consists primarily of noncapital gifts, investment income, and interest expense on CSU SRBs.

Gifts, noncapital decreased \$5.7 million or 43.6% in 2023-24 as compared to 2022-23, primarily as a result of decreases in pledges received on behalf of athletics. In 2022-23, noncapital gifts increased \$3.3 million or 33.9% as compared to 2021-22, primarily as a result of increases in pledges received on behalf of athletics. In 2022-23, approximately \$6 million in gifts were to received construct the Tennis Pavilion.

Investment income, net in 2023-24 was \$10.5 million as compared to net investment income of \$5.7 million in 2022-23. Investment income, net is primarily the result of \$4.9 million in interest and dividends combined with \$5.5 million in market value gains offset by \$144,000 in investment management fees. In 2022-23 net investment income, net was primarily the result of \$3.5 million in interest and dividends combined with \$2.7 million in market value gains offset by \$153,000 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 \$65 million at June 30, 2024 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. During 2021-22, the note payable was amended again in connection with the issuance of SRB Series 2021A to partially fund the renovation of the Corporation's central dining facility. Finally, during 2023-24, the note payable was amended again to facilitate the purchase of CPMBP, a 48,000 square foot commercial property located in the city of San Luis Obispo, California with CSU Institute Commercial Paper

Cal Poly Corporation dba Cal Poly Partners
Management's Discussion and Analysis
June 30, 2024 and 2023

Notes. It is anticipated that the CSU Institute Commercial Paper Notes will be replaced with proceeds from the issuance of the SRB Series 2024A during fiscal year 2024-25.

Other nonoperating revenues, net in 2023-24 include insurance proceeds received to cover losses incurred at Swanton Pacific Ranch resulting from CZU Lightning Complex fire in August 2020, and insurance proceeds received to cover losses from a rain event that damage the first floor of the Corporation's central dining facility. In addition, Other nonoperating revenues, net in 2023-24 include a claim settlement received related to the construction of Vista Grande. Other nonoperating revenues, net increased \$11.1 million in 2022-23 as compared to 2021-2022. During 2022-23, the Corporation received \$10.2 million in insurance proceeds from a rain event that damaged the first floor of the Corporation's central dining facility. All insurance proceeds related to the rain event have gone towards the renovation of that facility.

Other changes in net position consists of *capital grants and gifts*, which increased \$4.9 million or 92.7% in 2023-24 as compared to the prior year. The increase includes capital grants and gifts received towards the renovation of the Corporation's central dining facility and the construction of the Tech Park Phase II building. Capital grants and gifts decreased by \$3.6 million or 40.8% in 2022-23 as compared to the prior year. In 2021-22 a property located in Mount Vernon, Washington was gifted to the Corporation with a value of \$3 million. 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 construction of additional workforce housing. The project, commonly known as Vista Meadows, consists of 33 single family units and will be located toward the entrance of campus on Grand Avenue. Construction of the units is expected to be completed in fiscal year 2025-26. A portion of this project is financed with proceeds a revolving credit agreement with an unrelated third-party bank. The agreement carries an initial term of three years and allows the Corporation to borrow up to \$20,000,000. The outstanding balance owed at June 30, 2024 was \$0. Completion of the project will also be accompanied by significant capital outlay expenditures. The project is expected to have a material impact on the Corporation's Statements of Net Position.

Financial Statements

Cal Poly Corporation dba Cal Poly Partners
Statements of Net Position
June 30, 2024 and 2023

	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 21,696,546	\$ 21,449,017
Short-term investments	71,162,946	65,567,307
Accounts receivable, net	11,416,566	3,088,813
Contracts and grants receivable, net	14,246,726	10,385,809
Note receivable	640,785	2,563,307
Lease receivable	1,129,349	294,168
Pledges receivable, net	2,657,874	2,572,371
Inventories	1,586,600	1,613,071
Prepaid expenses and other current assets	1,415,981	1,312,156
Total current assets	<u>125,953,373</u>	<u>108,846,019</u>
Noncurrent assets:		
Restricted cash and cash equivalents	79,155	60,794
Accounts receivable, net	24,433	24,433
Lease receivable, net	27,858,776	2,245,766
Pledges receivable, net	6,054,903	8,412,641
Endowment investments	5,560,528	2,408,112
Other long-term investments	24,393,895	33,911,942
Capital assets, net	162,456,585	119,174,156
Other assets	323,000	323,000
Total noncurrent assets	<u>226,751,275</u>	<u>166,560,844</u>
Total assets	<u>352,704,648</u>	<u>275,406,863</u>
Deferred Outflows of Resources		
Unamortized loss on refunding	166,959	182,032
Related to net other postemployment benefit liability	2,492,945	2,803,638
Related to net pension liability	6,665,378	8,701,734
Total deferred outflows of resources	<u>9,325,282</u>	<u>11,687,404</u>

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

Cal Poly Corporation dba Cal Poly Partners**Statements of Net Position****June 30, 2024 and 2023****Page 2****Liabilities****Current liabilities:**

Accounts payable	\$ 10,005,244	\$ 14,135,763
Accrued salaries and benefits payable	1,657,529	2,771,131
Accrued compensated absences	1,038,646	929,562
Unearned revenue	18,330,913	16,623,321
Sponsored programs receipts over expenditures	6,406,613	5,686,478
Lease liability	244,614	230,998
Subscription liability	337,133	174,541
Long-term debt obligation	23,995,000	750,000
Short-term notes payable	6,696,732	
Self-insurance claims liability	9,997	19,997
Total current liabilities	<u>68,722,421</u>	<u>41,321,791</u>

Noncurrent liabilities:

Accrued compensated absences, net of current	195,239	
Lease liability, net	2,255,961	2,500,613
Subscription liability, net	28,394	217,915
Long-term debt obligation	41,283,259	42,306,854
Deposits held in custody for others	6,124,871	5,862,887
Net other postemployment benefit liability	2,181,527	1,113,608
Net pension liability	27,304,639	26,683,204
Charitable gift annuities held for others liability	955,058	934,469
Total noncurrent liabilities	<u>80,328,948</u>	<u>79,619,550</u>

Total liabilities	<u>149,051,369</u>	<u>120,941,341</u>
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Deferred Inflows of Resources

Related to life-interest in real estate	10,898,600	10,905,490
Related to leases	28,464,032	2,435,274
Related to net other postemployment benefit liability	7,051,682	8,340,497
Related to net pension liability	79,456	679,408
Total deferred inflows of resources	<u>46,493,770</u>	<u>22,360,669</u>

Net Position

Net investment in capital assets	75,496,044	54,389,979
Restricted for:		
Expendable:		
Research	58,076	115,863
Capital projects	52,449	259,534
Instruction	3,020,348	3,783,275
Academic support	810,067	552,994
Student services	3,106,099	8,687,048
Other	6,476,596	7,251,607
Unrestricted	<u>77,465,112</u>	<u>68,751,957</u>
Total net position	<u>\$ 166,484,791</u>	<u>\$ 143,792,257</u>

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

Cal Poly Corporation dba Cal Poly Partners
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2024 and 2023

	2024	2023
Operating revenues:		
Grants and contracts, noncapital:		
Federal	\$ 23,237,091	\$ 18,304,754
State	9,820,366	8,354,004
Local	607,672	471,679
Nongovernmental	3,821,851	3,965,020
Sales and services of auxiliary enterprises	52,632,791	44,155,879
Fees for services	10,521,262	9,164,422
University programs support	5,302,735	5,481,495
Conference and workshop revenues	3,131,936	2,981,112
Other operating revenues	3,792,576	2,601,120
Total operating revenues	<u>112,868,280</u>	<u>95,479,485</u>
Operating expenses:		
Corporation administration	7,515,489	6,647,990
Contract and grant expenses	36,663,162	34,234,944
Auxiliary activities cost of sales	17,020,318	14,599,505
Auxiliary activities expenses	34,553,974	24,726,643
University programs support:		
Conference and workshops expense	3,200,999	2,775,678
Public service support	6,859,855	8,898,987
Institutional support	5,359,547	11,349,420
Academic support	1,048,756	911,137
Student services	2,380,545	1,011,744
Other University programs	2,615,623	2,920,980
Sponsored programs administration	1,550,377	1,389,225
Depreciation and amortization	5,260,153	4,168,730
Other operating expenses	3,520,159	1,231,582
Total operating expenses	<u>127,548,957</u>	<u>114,866,565</u>
Operating loss	<u>(14,680,677)</u>	<u>(19,387,080)</u>
Nonoperating revenues (expenses):		
Gifts, noncapital	\$ 7,386,371	\$ 13,104,686
Investment income (loss), net	10,451,939	5,719,863
Interest expense	(2,143,052)	(1,528,460)
Other nonoperating revenues (expenses), net	11,559,980	10,839,085
Total nonoperating revenues (expenses)	<u>27,255,238</u>	<u>28,135,174</u>
Other changes in net position:		
Capital grants and gifts	10,117,973	5,250,975
Total other changes in net position	<u>10,117,973</u>	<u>5,250,975</u>
Increase (decrease) in net position	<u>22,692,534</u>	<u>13,999,069</u>
Net position - beginning of year	<u>143,792,257</u>	<u>129,793,188</u>
Net position - end of year	<u><u>\$ 166,484,791</u></u>	<u><u>\$ 143,792,257</u></u>

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

Cal Poly Corporation dba Cal Poly Partners
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Receipts from grants and contracts	\$ 33,229,691	\$ 29,424,210
Receipts from sales and services of auxiliary enterprises	50,938,322	58,570,278
Receipts from fees for services	10,521,262	9,164,422
Receipts from University programs	5,302,735	5,481,495
Payments to vendors	(51,596,331)	(38,172,836)
Payments for employees	(34,077,523)	(41,013,720)
Payments to University, net	(30,300,229)	(42,775,268)
Payments to Foundation, net	(1,760,084)	341,157
Payments to VEBA Trust, net	664,871	641,443
Other receipts	3,792,576	2,758,442
Other payments	(103,825)	(236,179)
	<u>(13,388,535)</u>	<u>(15,816,556)</u>
Net cash used in operating activities		
Cash flows from noncapital financing activities:		
Cash contributions received	9,510,530	10,643,542
Cash received for charitable gift annuities held for others	77,338	10,000
Distributions to annuity beneficiaries	(96,071)	(107,319)
Fees and expenses of charitable gift annuities held for others	(9,516)	(5,936)
Foundation support	442,311	442,311
Change in depository accounts	261,984	344,364
Other payments	6,755,604	10,954,401
	<u>16,942,180</u>	<u>22,281,363</u>
Net cash provided by noncapital financing activities		
Cash flows from capital and related financing activities:		
Capital grants and gifts	10,421,826	5,333,635
Acquisition of capital assets	(36,223,229)	(8,641,879)
Insurance proceeds	5,796,551	
Proceeds from short-term notes	6,950,000	
Repayments of short-term notes	(253,268)	
Interest paid on long-term debt obligation	(1,742,847)	(1,756,107)
Defeasance of long-term obligation	(750,000)	(495,000)
Net cash used in capital and related financing activities	<u>(15,800,967)</u>	<u>(5,559,351)</u>
Cash flows from investing activities:		
Proceeds from sale and maturities of investments	16,698,464	7,951,856
Purchase of investments	(10,769,320)	(17,897,712)
Investment income proceeds	4,661,546	3,018,798
Note receivable issuance	1,922,522	1,100,000
Net cash provided by (used in) investing activities	<u>12,513,212</u>	<u>(5,827,058)</u>
Net increase (decrease) in cash	265,890	(4,921,602)
Cash and cash equivalents - beginning of year	<u>21,509,811</u>	<u>26,431,413</u>
Cash and cash equivalents - end of year	<u><u>\$ 21,775,701</u></u>	<u><u>\$ 21,509,811</u></u>

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

Cal Poly Corporation dba Cal Poly Partners

Statements of Cash Flows

Years Ended June 30, 2024 and 2023

Page 2

Reconciliation of cash and cash equivalents to Statements of Net Position:

Cash and cash equivalents	\$ 21,696,546	\$ 21,449,017
Restricted cash and cash equivalents	79,155	60,794
	<u>21,775,701</u>	<u>21,509,811</u>
Cash and cash equivalents - end of year	\$ 21,775,701	\$ 21,509,811

Reconciliation of operating loss to net cash used in operating activities:

Operating loss	\$ (14,680,677)	\$ (19,387,080)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	5,260,153	4,168,730
Bad debt	2,087	10,481
Loss on disposal of assets	230,196	-
Other noncash expenses	373,917	344,126
Changes in operating assets and liabilities:		
Accounts receivable, net	(30,133,274)	(21,264,237)
Inventories	26,471	235,173
Prepaid expenses and other current assets	(103,825)	(236,179)
Accounts payable	(4,373,703)	10,775,391
Accounts payable - University	227,983	(911,531)
Accounts payable - Foundation	(2,705)	2,030
Accrued salaries and benefits payable	(1,113,602)	(125,108)
Accrued compensated absences	304,323	(118,166)
Self-insurance claims liability	(10,000)	-
Unearned revenue	27,736,350	8,803,226
Grants refundable	720,135	1,448,150
Net OPEB liability	1,067,919	1,100,845
Net pension liability	621,435	13,114,617
Deferred outflow and inflows	458,282	(13,777,024)
	<u>\$ (13,388,535)</u>	<u>\$ (15,816,556)</u>
Net cash used in operating activities	\$ (13,388,535)	\$ (15,816,556)

Supplemental disclosures of cash flow information:

Contributions of investments	\$ 571,213	\$ 501,329
Other noncash contributions	1,503,051	1,521,034
Increase (decrease) in fair value of investments	5,730,367	2,782,050
Acquisition of capital assets from proceeds of debt	16,800,000	3,132,317
Amortization of net bond premium	238,595	238,594
Amortization of loss on debt refunding	15,073	15,073

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

Cal Poly Corporation VEBA Trust – Fiduciary Activity
Statements of Fiduciary Net Position
June 30, 2024 and 2023

	2024	2023
Assets		
Restricted cash and cash equivalents	\$ 191,383	\$ 162,455
Investments		
Equity	15,491,224	15,080,926
Fixed income	11,629,258	11,004,310
	<u>27,120,482</u>	<u>26,085,236</u>
 Accounts Receivable	 23	 22
 Total assets	 <u>27,311,888</u>	 <u>26,247,713</u>
Liabilities		
Accounts payable	<u>28,459</u>	<u>13,988</u>
 Net position restricted for other postemployment benefits	 <u>\$ 27,283,429</u>	 <u>\$ 26,233,725</u>

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

Cal Poly Corporation VEBA Trust – Fiduciary Activity
Statements of Changes in Fiduciary Net Position
Years Ended June 30, 2024 and 2023

	2024	2023
Additions		
Contributions:		
Employer contributions	\$ 311,580	\$ 335,744
Total contributions	<u>311,580</u>	<u>335,744</u>
Investment income:		
Investment earnings and dividends, net of fees	764,609	714,888
Net appreciation (depreciation) in fair value of mutual fund investments	<u>1,614,739</u>	<u>697,843</u>
Total additions	<u>2,690,928</u>	<u>1,748,475</u>
Deductions		
Benefit payments	1,620,243	1,415,823
Administration expenses	20,981	20,526
Total deductions	<u>1,641,224</u>	<u>1,436,349</u>
Net increase (decrease) in net position	1,049,704	312,126
Net position - beginning of period	<u>26,233,725</u>	<u>25,921,599</u>
Net position - end of period	<u><u>\$ 27,283,429</u></u>	<u><u>\$ 26,233,725</u></u>

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

Cal Poly Corporation dba Cal Poly Partners
Notes to Financial Statements
June 30, 2024 and 2023

Note 1: Organization

The Cal Poly Corporation dba Cal Poly Partners (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 2024, the Corporation registered its name doing business as Cal Poly Partners.

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.

Cal Poly Corporation dba Cal Poly Partners

Notes to Financial Statements

June 30, 2024 and 2023

Note 2: Summary of Significant Accounting Policies (Continued)

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 Statement of Net Position to be current. All other assets and liabilities are considered to be noncurrent.

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 Statement 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

Cal Poly Corporation dba Cal Poly Partners

Notes to Financial Statements

June 30, 2024 and 2023

Note 2: Summary of Significant Accounting Policies (Continued)

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 receivables based upon management's estimate of their collectability. The allowance for doubtful accounts for accounts receivable was \$10,750 and \$9,129 at June 30, 2024 and 2023, 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 \$1,305,248 and \$1,243,460 at June 30, 2024 and 2023, 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.

Note Receivable

The Corporation has a note receivable from the University, which represents a line-of-credit extended from the Corporation to the College of Agriculture, Food, & Environmental Sciences for construction of the JUSTIN and J. LOHR Center for Wine and Viticulture. The line-of-credit agreement requires quarterly interest payments, with all outstanding principal and interest originally due and payable on the expiration date, June 30, 2024. On September 11, 2024, the Corporation executed an amendment to the line-of-credit agreement, extending the due date to June 30, 2025.

Lease Receivables and Lease Liabilities

The Corporation accounts for leases in accordance with GASB Statement No. 87, *Leases*, which enhances the relevance and consistency of information relating to leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. See Note 10 for information on the Corporation's leasing activities and balances.

Cal Poly Corporation dba Cal Poly Partners

Notes to Financial Statements

June 30, 2024 and 2023

Note 2: Summary of Significant Accounting Policies (Continued)

Subscription-Based Assets and Liabilities

The Corporation accounts for Subscription-Based Information Technology Arrangements (“SBITAs”) in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which was implemented by the Corporation for the year ended June 30, 2023. This Statement provides guidance on accounting and financial reporting for SBITAs for government end users. A government is required to recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. See Note 11 for information on the Corporation’s SBITA activities and balances for the year ended June 30, 2024. The Corporation has not recorded a restatement of beginning net position for the year ended June 30, 2022 for the implementation of this Standard, since such restatement would be immaterial in relation to the financial statements taken as a whole.

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 10 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 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.

Cal Poly Corporation dba Cal Poly Partners
Notes to Financial Statements
June 30, 2024 and 2023

Note 2: Summary of Significant Accounting Policies (Continued)

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.

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.

Cal Poly Corporation dba Cal Poly Partners

Notes to Financial Statements

June 30, 2024 and 2023

Note 2: Summary of Significant Accounting Policies (Continued)

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.

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.

Cal Poly Corporation dba Cal Poly Partners
Notes to Financial Statements
June 30, 2024 and 2023

Note 2: Summary of Significant Accounting Policies (Continued)

Classification of Revenues and Expenses

The Corporation considers operating revenues and expenses in the Statement 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, 2024 and 2023, grants and contracts revenue included \$1,116,507 and \$874,949, 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, 2024 and 2023.

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

Cal Poly Corporation dba Cal Poly Partners

Notes to Financial Statements

June 30, 2024 and 2023

Note 2: Summary of Significant Accounting Policies (Continued)

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 years ended June 30, 2024 and 2023, 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)(3).

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, 2024, 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, 2025. 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.

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.

Cal Poly Corporation dba Cal Poly Partners

Notes to Financial Statements

June 30, 2024 and 2023

Note 2: Summary of Significant Accounting Policies (Continued)

Recent Pronouncements

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. Implementation of this Statement did not have a material impact on the Corporation's financial statements.

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 began applying the provisions of Statement No. 96 for the Corporation's June 30, 2023 financial statements. A corresponding subscription-based asset and liability have been included on the Statement of Net Position as of June 30, 2023. See Note 12 for further details.

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

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

Cal Poly Corporation dba Cal Poly Partners

Notes to Financial Statements

June 30, 2024 and 2022

Note 2: Summary of Significant Accounting Policies (Continued)

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

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

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. Statement No. 103 improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, with earlier adoption encouraged. Management has not yet determined the impact of this Statement on the 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, 2024, the Corporation had uninsured cash deposits totaling \$2,262,362 held principally at Wells Fargo Bank.

At June 30, 2024 and 2023, a portion of cash and cash equivalents was restricted according to donor stipulations as follows:

	2024	2023
Endowments	\$ 19,947	\$ 8,598
Split interest trusts	59,208	52,196
Total restricted cash and cash equivalents	<u>\$ 79,155</u>	<u>\$ 60,794</u>

Cal Poly Corporation dba Cal Poly Partners**Notes to Financial Statements****June 30, 2024 and 2023****Note 4: Investments**

At June 30, 2024 and 2023, investments were classified in the accompanying financial statements as follows:

	2024	2023
Short-term investments	\$ 71,162,946	\$ 65,567,307
Endowment investments	5,560,528	2,408,112
Other long-term investments	24,393,895	33,911,942
Total investments	<u>\$ 101,117,369</u>	<u>\$ 101,887,361</u>

At June 30, 2024 and 2023, other long-term investments included \$2,291,575 and \$2,111,075, respectively, representing assets held for charitable gift annuities held for others.

At June 30, 2024, investments comprised the following:

	Current	Noncurrent	Total
Equity securities	\$ 769,786	\$	\$ 769,786
Fixed income securities	11,835,319	390,757	12,226,076
Real estate		80,000	80,000
Mutual funds:			
Equity funds	41,554,152	14,962,739	56,516,891
Bond funds	16,661,582	14,268,012	30,929,594
Exchange traded funds	18,255		18,255
Other investments:			
Cash and interest receivable pending			
long-term investment	323,852	248,692	572,544
Agriculture related retains		4,223	4,223
Total investments	<u>\$ 71,162,946</u>	<u>\$ 29,954,423</u>	<u>\$ 101,117,369</u>

Cal Poly Corporation dba Cal Poly Partners**Notes to Financial Statements****June 30, 2024 and 2023****Note 4: Investments (Continued)**

At June 30, 2023, investments comprised the following:

	Current	Noncurrent	Total
Equity securities	\$ 421,590	\$	\$ 421,590
Fixed income securities	11,837,858	403,534	12,241,392
Real estate		80,000	80,000
Mutual funds:			
Equity funds	38,111,192	11,398,507	49,509,699
Bond funds	14,821,391	24,383,131	39,204,522
Exchange traded funds	39,351		39,351
Other investments:			
Cash and interest receivable pending			
long-term investment	335,925	50,659	386,584
Agriculture related retains		4,223	4,223
Total investments	<u>\$ 65,567,307</u>	<u>\$ 36,320,054</u>	<u>\$ 101,887,361</u>

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.

Cal Poly Corporation dba Cal Poly Partners

Notes to Financial Statements

June 30, 2024 and 2023

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 \$57,304,932, or 57%, of the total investments of the Corporation at June 30, 2024. Equities are subject to both unsystematic and systematic risk. Unsystematic risk is the risk of a price change due to the unique circumstances of a specific security or group of related securities. The 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.

Cal Poly Corporation dba Cal Poly Partners**Notes to Financial Statements****June 30, 2024 and 2023****Note 4: Investments (Continued)**

The credit ratings of the Corporation's fixed income securities held in investments and money market funds at June 30, 2024 were as follows:

	Fair Value	Rating
Bond mutual funds:		
DFA Intermediate Government Bond	\$ 7,880,846	AA
Loomis Sayles Bond Fund - Institutional	3,964,243	BBB
PIMCO Total Return Fund - Institutional	6,934,630	AA
PIMCO Foreign Bond Fund - Institutional	4,824,643	AA
PIMCO High Yield Fund - Institutional	1,731,012	BB
PIMCO Short Term - Institutional	5,594,220	AA
PIMCO Low Duration Fund	-	
U.S. government:		
U.S. Treasury bills	12,226,076	AA
Money market funds:		
Wells Fargo Cash Investment Money Market - Institutional	16,742,628	Unrated
Schwab One Fund	561,058	Unrated
Schwab Government Money Fund	5,007	Unrated
Total fixed income and debt securities subject to credit risk	<u>\$ 60,464,363</u>	

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, 2024, the Corporation had no investments that exceeded this threshold.

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, 2024 was as follows:

Cal Poly Corporation dba Cal Poly Partners

Notes to Financial Statements

June 30, 2024 and 2023

Note 4: Investments (Continued)

	Fair Value	Weighted Average Duration (in years)
Bond mutual funds:		
DFA Intermediate Government Bond	\$ 7,880,846	5.8
Loomis Sayles Bond Fund - Institutional	3,964,243	6.1
PIMCO Total Return Fund - Institutional	6,934,630	5.9
PIMCO Foreign Bond Fund - Institutional	4,824,643	5.7
PIMCO High Yield Fund - Institutional	1,731,012	3.2
PIMCO Short Term - Institutional	5,594,220	0.0
PIMCO Low Duration Fund	-	
U.S. government:		
U.S. Treasury bills	12,226,076	0.5
Money market funds	17,308,693	0.0
Total fixed income and debt securities subject to interest rate risk	<u>\$ 60,464,363</u>	2.5

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.

Cal Poly Corporation dba Cal Poly Partners**Notes to Financial Statements****June 30, 2024 and 2023****Note 4: Investments (Continued)**

The Corporation's exposure to foreign currency risk at June 30, 2024 was as follows:

	Fair Value
Euro	\$ 4,692,697
Japanese Yen	3,521,006
British Pounds	3,351,482
Australian Dollar	1,129,780
Indian Rupee	1,035,216
New Taiwan Dollar	955,165
Chinese Yen	860,133
Canadian Dollar	733,324
Swedish Krona	588,475
South Korean Won	581,530
Swiss Francs	556,229
Hong Kong Dollars	532,363
Danish Krone	513,143
Singapore Dollar	476,930
Brazilian Reals	237,764
South African Rand	195,506
Norwegian Krona	182,443
Mexican Peso	160,303
Saudi Riyal	157,021
Indonesian Rupiah	119,180
Turkish Lira	104,587
Polish Zloty	75,240
Malaysian Ringgit	70,067
Thai Baht	69,407
New Zealand Dollar	68,561
UAE Dirham	64,578
Other	145,166
	<hr/>
Total investments subject to foreign currency risk	\$ 21,177,296
	<hr/> <hr/>

Other currencies are individually less than 1% of the Corporation's investments. The foreign currency risk by investment type at June 30, 2024 was as follows:

Equity mutual funds	\$ 21,249,018
Bond mutual funds	(71,722)
	<hr/>
Total investments subject to foreign currency risk	\$ 21,177,296
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Cal Poly Corporation dba Cal Poly Partners**Notes to Financial Statements****June 30, 2024 and 2023****Note 4: Investments (Continued)***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 – Preferred stock equity positions in privately-held companies

Level 3 – Agriculture related retains and real estate

Securities classified in Level 2 of the fair value hierarchy are valued at their historical cost and are consistent with stock certificates provided by the underlying companies and were valued at \$49,997 at June 30, 2024 and 2023. Agriculture related retains classified in Level 3 are partnership interests based on values provided by the partnership and were valued at \$4,223 at June 30, 2024 and 2023. 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, 2024 and 2023.

Note 5: Pledges Receivable

At June 30, 2024 and 2023, pledges receivable comprised the following:

	2024	2023
Athletic programs	\$ 5,570,704	\$ 7,538,975
College-specific facilities	5,514,009	5,702,973
Stadium suites	2,720	2,720
Subtotal	11,087,433	13,244,668
Less allowance for uncollectible accounts	(1,305,248)	(1,243,460)
Less unamortized discount	(1,069,408)	(1,016,196)
Pledges receivable, net	<u>\$ 8,712,777</u>	<u>\$ 10,985,012</u>
Amounts due in:		
One year or less	\$ 3,040,472	\$ 2,882,830
One to five years	7,689,461	4,396,838
More than five years	357,500	5,965,000
Total amounts due	<u>\$ 11,087,433</u>	<u>\$ 13,244,668</u>

Cal Poly Corporation dba Cal Poly Partners

Notes to Financial Statements

June 30, 2024 and 2023

Note 6: Capital Assets

At June 30, 2024, capital assets comprised the following:

	Balance June 30, 2023	Additions	Reductions	Transfers of Completed CIP	Balance June 30, 2024
Nondepreciable capital assets:					
Land and improvements	\$ 19,864,793	\$	\$	\$	\$ 19,864,793
Works of art and historical treasures	198,000				198,000
Construction in progress	43,006,022	49,443,722	(172,749)	(68,933,952)	23,343,043
Total nondepreciable capital assets	63,068,815	49,443,722	(172,749)	(68,933,952)	43,405,836
Depreciable and amortizable capital assets:					
Buildings and building improvements	55,292,681	14,840	-	66,117,691	121,425,212
Leasehold improvements	11,936,506	64,448	(6,830,979)	494,425	5,664,400
Equipment	13,262,863	471,914	(1,569,468)	2,321,836	14,487,145
Leased buildings	3,531,930	230,138	(681,473)	-	3,080,595
Leased equipment	86,400			-	86,400
Intangible assets:					
Software and websites	789,763		(70,724)		719,039
Licenses and permits	442,493	25,000	(90,000)	-	377,493
SBITA S/W	699,592				699,592
Total depreciable and amortizable capital assets	86,042,228	806,340	(9,242,644)	68,933,952	146,539,876
Less accumulated depreciation and amortization:					
Buildings and building improvements	(10,362,864)	(2,879,530)	-		(13,242,394)
Leasehold improvements	(8,814,543)	(427,527)	5,549,692		(3,692,378)
Equipment	(8,505,096)	(1,276,809)	1,379,069		(8,402,836)
Leased assets	(973,147)	(493,206)	681,476		(784,877)
Intangible assets:					
Software and websites	(689,596)	(45,039)	70,724		(663,911)
Licenses and permits	(416,743)	(5,917)	69,750		(352,910)
SBITA S/W Amort	(174,898)	(174,923)			(349,821)
Total accumulated depreciation and amortization	(29,936,887)	(5,302,951)	7,750,711		(27,489,127)
Total capital assets, net	\$ 119,174,156	\$ 44,947,111	\$ (1,664,682)	\$ -	\$ 162,456,585

Cal Poly Corporation dba Cal Poly Partners

Notes to Financial Statements

June 30, 2024 and 2023

Note 6: Capital Assets (Continued)

At June 30, 2023, capital assets comprised the following:

	Balance June 30, 2022	Additions	Reductions	Transfers of Completed CIP	Balance June 30, 2023
Nondepreciable capital assets:					
Land and improvements	\$ 19,864,793	\$	\$	\$	\$ 19,864,793
Works of art and historical treasures	198,000				198,000
Construction in progress	16,415,412	28,811,860	(493,169)	(1,728,081)	43,006,022
Total nondepreciable capital assets	36,478,205	28,811,860	(493,169)	(1,728,081)	63,068,815
Depreciable and amortizable capital assets:					
Buildings and building improvements	54,330,514	301,256	(26,389)	687,300	55,292,681
Leasehold improvements	11,915,539	8,720	(350,314)	362,561	11,936,506
Equipment	12,467,556	714,951	(597,864)	678,220	13,262,863
Leased buildings	3,681,530		(149,600)		3,531,930
Leased equipment	88,110		(1,710)		86,400
Intangible assets:					
Software and websites	798,537		(8,774)		789,763
Licenses and permits	492,005		(49,512)		442,493
SBITA S/W		699,592			699,592
Total depreciable and amortizable capital assets	83,773,791	1,724,519	(1,184,163)	1,728,081	86,042,228
Less accumulated depreciation and amortization:					
Buildings and building improvements	(8,565,834)	(1,823,419)	26,389		(10,362,864)
Leasehold improvements	(8,652,671)	(495,994)	334,122		(8,814,543)
Equipment	(7,910,066)	(1,171,657)	576,627		(8,505,096)
Leased assets	(566,997)	(530,431)	124,281		(973,147)
Intangible assets:					
Software and websites	(653,331)	(45,039)	8,774		(689,596)
Licenses and permits	(460,255)	(6,000)	49,512		(416,743)
SBITA S/W Amort		(174,898)			(174,898)
Total accumulated depreciation and amortization	(26,809,154)	(4,247,438)	1,119,705		(29,936,887)
Total capital assets, net	\$ 93,442,842	\$ 26,288,941	\$ (557,627)	\$ -	\$ 119,174,156

Cal Poly Corporation dba Cal Poly Partners**Notes to Financial Statements****June 30, 2024 and 2023****Note 7: Short-Term Debt**

Effective July 1, 2023, the Corporation entered into an agreement with an unrelated third party to provide certain services for the Corporation's campus dining service program. The agreement carries an initial term of nine years and includes an ability to extend for an additional five years. As part of the agreement, the unrelated third party will provide capital to the Corporation's campus dining service program to fund capital improvements in a total sum not to exceed \$19,180,848. Capital provided to the Corporation comes at no interest cost and must be repaid, on a straight-line basis, over the remaining term of the agreement. During fiscal year 2023-24, \$6,950,000 in capital was provided to the Corporation and repayments of \$253,268 were made. The outstanding balance owed at June 30, 2024 was \$6,696,732.

Effective March 14, 2024, the Corporation entered into a revolving credit agreement with an unrelated third-party bank. The agreement carries an initial term of three years and allows the Corporation to borrow up to \$20,000,000. Interest is payable monthly on any amounts borrowed at an annual interest rate of SOFR plus a margin of 1.55%. Interest is payable quarterly on any amounts not borrowed at an annual interest rate of .40%. The Corporation will use amounts borrowed to finance the construction of the Vista Meadows, an on-campus 33 single family unit workforce housing project. During fiscal year 2023-24, no borrowings or repayments occurred. The outstanding balance owed at June 30, 2024 was \$0.

Note 8: Long-Term Debt Obligation

For the year ended June 30, 2024, the long-term debt obligation activity was as follows:

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Due Within One Year
Note payable, State-Wide:					
Revenue Bond Series 2016A	\$ 1,755,000	\$	\$ (100,000)	\$ 1,655,000	\$ 105,000
Revenue Bond Series 2018A	21,915,000		(420,000)	21,495,000	440,000
Revenue Bond Series 2021A	13,420,000		(230,000)	13,190,000	240,000
Commercial Notes Payable	-	23,210,000		23,210,000	23,210,000
	<u>37,090,000</u>	<u>23,210,000</u>	<u>(750,000)</u>	<u>59,550,000</u>	<u>23,995,000</u>
Unamortized bond premium					
Revenue Bond Series 2016A	275,715		(22,662)	253,053	
Revenue Bond Series 2018A	3,605,330		(142,316)	3,463,014	
Revenue Bond Series 2021A	2,085,809		(73,617)	2,012,192	
	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
Total	<u>\$ 43,056,854</u>	<u>\$ 23,210,000</u>	<u>\$ (988,595)</u>	<u>\$ 65,278,259</u>	<u>\$ 23,995,000</u>

Cal Poly Corporation dba Cal Poly Partners**Notes to Financial Statements****June 30, 2024 and 2023****Note 8: Long-Term Debt Obligation (Continued)**

At June 30, 2024, future maturities of the long-term debt obligation balance were as follows:

<u>For the Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 23,995,000	\$ 1,641,650	\$ 27,239,925
2026	825,000	1,603,275	3,991,300
2027	870,000	1,563,025	3,953,675
2028	920,000	1,520,650	3,916,550
2029	960,000	1,475,900	3,864,800
2030-2034	5,595,000	6,031,800	18,118,800
2035-2039	6,500,000	5,329,800	16,864,850
2040-2044	7,680,000	3,850,150	15,061,100
2045-2049	9,565,000	2,097,100	13,357,650
2050-2053	2,640,000	372,150	3,213,150
Total future maturities	<u>\$ 59,550,000</u>	<u>\$ 25,485,500</u>	<u>\$ 109,581,800</u>

At June 30, 2024 and 2023, 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).

On March 1, 2016, the note payable was amended in connection with a partial defeasance with proceeds from the issuance of the SRB Series 2016A. The SRB Series 2016A refunding resulted in a loss of \$293,195, which is included in deferred outflows of resources in the Statement of Net Position. The loss on debt refunding is being amortized over the life of the refunding debt. The unamortized loss on debt refunding, included in deferred outflows of resources in the Statement of Net Position, was \$166,959 and \$182,032 as of June 30, 2024 and 2023, 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, 2024 and 2023 was \$22,662, respectively.

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 be amortized over the life of the loan, which are included in long-term debt obligation on the Statement of Net Position. Amortization of the bond premium for the years ended June 30, 2024 and 2023 was \$142,316, respectively.

Cal Poly Corporation dba Cal Poly Partners

Notes to Financial Statements

June 30, 2024 and 2023

Note 8: Long-Term Debt Obligation (Continued)

On July 1, 2021, the Corporation entered into a fourth amendment to the note payable related to proceeds borrowed from the issuance of CSU System-Wide Revenue Bonds to partially fund the renovation of its central dining facility. The amendment increases the Corporation's principal borrowings by \$13,420,000 through the issuance of SRB Series 2021A. Bonds proceeds borrowed were issued at a premium of \$2,226,908 that will be amortized over the life of the loan and is included in long-term debt obligation on the Statement of Net Position. Amortization of the bond for the years ended June 30, 2024 and 2023 was \$73,617, respectively.

On September 1, 2023, the Corporation entered into a fifth amendment to the note payable related to proceeds borrowed from the issuance of CSU Institute Commercial Paper Notes to fund the purchase of a commercial property located in the city of San Luis Obispo, California. The amendment increases the Corporation's principal borrowings by \$22,310,000. It is anticipated that the commercial paper notes will be replaced with proceeds from the issuance of the CSU SRBs during fiscal year 2024-25.

Principal payments on the note payable began in 2012 and continue until the final payment in November 2052. 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 all-in true interest rate is 5.28% for the SRB Series 2009A, 2.78% for the SRB Series 2016A, 3.63% for the SRB Series 2018A, and 2.23% for the SRB Series 2021A. The interest rate for the commercial paper notes has ranged from 3.75% to 4.25%. Payments on the note are made each May and November.

Note 9: 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.

Cal Poly Corporation dba Cal Poly Partners
Notes to Financial Statements
June 30, 2024 and 2023

Note 9: 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, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	142
Active employees	210
	<hr/>
Total	352
	<hr/> <hr/>

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, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022.

Actuarial Assumptions

The total OPEB liability in the June 30, 2022 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	2.80 percent
Investment rate of return	6.50 percent
Healthcare cost trend rates (pre-65)	7.60 percent for 2023, decreasing 0.20 percent per year to an ultimate rate of 4.80 percent for 2037 and later years
Healthcare cost trend rates (post-65)	6.20 percent for 2023, decreasing to an ultimate rate of 4.80 percent for 2030 and later years

Cal Poly Corporation dba Cal Poly Partners

Notes to Financial Statements

June 30, 2024 and 2023

Note 9: Other Postemployment Benefit Plan (Continued)

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 2021 Mortality pre-retirement and post-retirement with Scale MP-2021).

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, 2024, 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	9.8%
Domestic Small Cap	10.8%
Intl Large Cap	9.8%
Intl Small Cap	10.8%
Emerging Markets	11.3%
Domestic REITs	9.8%
Intl REITs	9.8%
Domestic Fixed Income - High Quality	1.8%
Domestic Fixed Income - Investment Grade	2.4%
Intl Fixed Income	1.0%
High Yield Bonds	4.8%
Cash	0.0%

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.

Cal Poly Corporation dba Cal Poly Partners
Notes to Financial Statements
June 30, 2024 and 2023

Note 9: Other Postemployment Benefit Plan (Continued)

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, 2023	<u>\$ 27,035,208</u>	<u>\$ 25,921,600</u>	<u>\$ 1,113,608</u>
Changes in the year:			
Service cost	939,038		939,038
Interest on total OPEB liability	1,773,035		1,773,035
Differences between actual and expected experience	83,795		83,795
Changes in assumptions			-
Changes in benefit terms			
Contribution - employer		335,744	(335,744)
Net investment income		1,412,731	(1,412,731)
Benefit payments	(1,415,823)	(1,415,823)	
Administrative expense		(20,526)	20,526
Net changes	<u>1,380,045</u>	<u>312,126</u>	<u>1,067,919</u>
Balance at June 30, 2024	<u><u>\$ 28,415,253</u></u>	<u><u>\$ 26,233,726</u></u>	<u><u>\$ 2,181,527</u></u>

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	\$ 6,492,919	\$ 2,181,527	\$ (1,290,722)

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	\$ (485,256)	\$ 2,181,527	\$ 5,233,470

Cal Poly Corporation dba Cal Poly Partners
Notes to Financial Statements
June 30, 2024 and 2023

Note 9: Other Postemployment Benefit Plan (Continued)

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 dba Cal Poly Partners 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, 2024, the Corporation recognized an OPEB expense of \$401,374. At June 30, 2024, 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	\$ 311,587	\$
Differences between expected and actual experiences in the measurement of the total OPEB liability	85,475	(1,770,719)
Changes in assumptions		(5,280,963)
Net difference between projected and actual earnings on plan investments	2,095,883	
Total	<u>\$ 2,492,945</u>	<u>\$ (7,051,682)</u>

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, 2025. 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:

<u>For the Year Ending June 30,</u>	
2025	\$ 720,002
2026	959,354
2027	99,255
2028	1,203,406
2029	970,055
Thereafter	918,252
Total	<u>\$ 4,870,324</u>

Payable to the OPEB Plan

At June 30, 2024 and 2023, the Corporation reported a payable of \$0 and \$0, respectively, for the outstanding amount of contributions to the OPEB plan required for the year then ended.

Cal Poly Corporation dba Cal Poly Partners
Notes to Financial Statements
June 30, 2024 and 2023

Note 10: 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, 2024 and 2023:

	2024	2023
Accounts receivable	\$ 2,647,926	\$ 1,371,074
Accounts payable	1,382,956	1,154,973
Reimbursements to University for salaries and benefits of University personnel	4,329,278	4,672,661
Reimbursements to University for other than salaries of University personnel	27,317,950	9,884,690
Payments received from University for services, space and programs	15,631,723	8,207,929
Cash gifts to the University	5,765,806	4,962,316
Noncash gifts to the University	926,948	443,722
Notes receivable	640,785	2,563,307

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, 2024 and 2023:

	2024	2023
Current accounts receivable	\$ 688,551	\$ 64,127
Deposit with Corporation	323,000	323,000
Accounts payable	825	3,530
Payments from Foundation under BSSA/ASA	10,000	10,000
Cash contributions to Foundation	1,132,955	187,771
Cash contributions from Foundation	2,288,150	2,761,395

Note 11: Leases

Under GASB Statement No. 87, *Leases*, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

Cal Poly Corporation dba Cal Poly Partners

Notes to Financial Statements

June 30, 2024 and 2023

Note 11: Leases (Continued)

For the years ended June 30, 2024 and 2023, lease activity was as follows:

	2024	2023
Lease receivable	\$ 28,988,125	\$ 2,539,934
Deferred inflows	28,464,033	2,435,274
Related income	419,433	44,153
Net book value for the right to use leased assets	2,382,118	2,645,183
Lease liability	2,500,575	2,731,611
Related expenses	32,030	35,013

The Corporation's right to use leased buildings and equipment is included in capital assets on the Statement of Net Position. See Note 6.

Lessor

The Corporation is allowed the use of campus land at nominal amounts based on ground leases with the University. Subsequently, the Corporation subleases a portion of this campus land to an unrelated research organization. This sublease had an initial term ending March 30, 2023 and is anticipated to be renewed for one-year terms automatically through March 30, 2026. The total rental income received from this lease for the years ended June 30, 2024 and 2023 were \$10,250 and \$10,250, respectively.

The Corporation leases office space to various tenants in the Tech Park with original lease terms of one to ten 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, 2024 and 2023 were \$359,605 and \$362,774, respectively. These amounts include rental payments collected under short-term leases of twelve months or less, which were \$86,204 and \$73,380, respectively. During fiscal year 2023-24, the Corporation entered into a ten-year lease agreement with one tenant. As a result, deferred inflows and lease receivable increased in fiscal year 2023-24 by \$496,731 and \$500,395, respectively.

The Corporation also leases residential space located adjacent to campus to an unrelated educational organization. The lease expires in 2025. Rental income for the years ended June 30, 2024 and 2023 were \$37,529 and \$36,614, respectively.

During fiscal year 2021-22, land was gifted to the Corporation located in Mount Vernon, Washington. An existing lease was assigned to the Corporation as lessor. The lease is with an unrelated third party for commercial use with an initial term through 2032. Rental income for the years ended June 30, 2024 and 2023 were \$133,705 and \$128,412.

During fiscal year 2022-23, the Corporation assumed a lease unrelated third party for property management services at the Bartleson Ranch, located in Arroyo Grande, California. The initial term of the lease expired on May 31, 2024,

Cal Poly Corporation dba Cal Poly Partners
Notes to Financial Statements
June 30, 2024 and 2023

Note 11: Leases (Continued)

but the lessee exercised the first of its two 5-year options during fiscal year 2023-24. Rental income for the years ended June 30, 2024 and 2023 were \$17,500 and \$35,000. Annual rental income is \$17,500.

On September 19, 2023, the Corporation executed the purchase of a 48,000 square feet commercial property located in the city of San Luis Obispo. In connection with the acquisition of the building, the Corporation entered into a long-term lease with the University for use of the entire building, effective October 1, 2023. Quarterly rental payments for the lease began on October 1, 2023 at a quarterly base amount of \$244,750. The lease term is 32 years, with one option to extend under the same terms. In addition to base rent, the University submits additional rent payments quarterly to reimburse the Corporation for operating expenses. Rental income and reimbursements for the year ended June 30, 2024 were \$734,250 and \$333,236, respectively. As a result, deferred inflows and lease receivable increased in fiscal year 2023-24 by \$25,880,133 and \$26,241,961, respectively.

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, 2029. In addition, the Corporation has operating lease agreements with the University and its auxiliaries for certain facilities. Rental payments are due through July 31, 2029 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, 2024 and 2023 were \$332,296 and \$322,648, respectively.

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 the lease for the years ended June 30, 2024 and 2023 were \$171,987 and \$171,987.

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, 2024 and 2023 were \$52,577 and \$50,938, respectively. Administrative costs and operating expenses exceeded ground rents received; therefore, no amounts were paid to the University.

Cal Poly Corporation dba Cal Poly Partners**Notes to Financial Statements****June 30, 2024 and 2023****Note 11: Leases (Continued)**

In April 2024, the Corporation entered into a lease for its Center for Innovation and Entrepreneurship (CIE) with an unrelated third party for commercial space in the city of San Luis Obispo, CA. Monthly rental payments for the lease will not begin until October 1, 2025. The original lease term is 34 years, with three options each to extend for an additional five years.

At June 30, 2024, future maturities of the lease liability balance were as follows:

<u>For the Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	244,651	49,449	294,100
2026	255,822	44,739	300,561
2027	251,062	39,918	290,980
2028	255,343	35,084	290,427
2029	264,368	30,102	294,470
2030-2034	819,329	92,408	911,737
2035-2037	410,000	11,132	421,132
Total future maturities	<u>\$ 2,500,575</u>	<u>\$ 302,832</u>	<u>\$ 2,803,407</u>

Note 12: Subscription-Based Information Technology Arrangements*Change in Accounting Principle*

The Corporation implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023. This Statement provides guidance on accounting and financial reporting for Subscription-Based Information Technology Arrangements ("SBITAs") for government end users. A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. Due to the implementation of this Statement, the Corporation recognized and recorded \$524,694 as a right-to-use subscription asset, along with \$392,456 as a related subscription liability, and \$132,238 of related expenses as of June 30, 2023. The Corporation recognized \$147,994 of related expenses as of June 30, 2024. The subscription liability is measured at the present value of the subscription payments expected to be made during the subscription term. Future payments are discounted using an incremental borrowing rate of 3.66%, as provided by the CSU Chancellor's Office. The Corporation's right-to-use SBITAs is included in capital assets on the Statement of Net Position. See Note 6.

SBITAs

As of June 26, 2019, the Corporation entered into a subscription-based information technology arrangement with an unrelated thirty-party software vendor for its campus dining cloud-based point-of-sale system. The system went live

Cal Poly Corporation dba Cal Poly Partners

Notes to Financial Statements

June 30, 2024 and 2023

Note 12: Subscription-Based Information Technology Arrangements (Continued)

prior to the implementation of GASB 96. The contract, also known as a Software as a Service (“SaaS”) agreement, automatically renews on an annual basis. It is anticipated to be renewed through June 30, 2026, with an annual increase of 5%.

The Corporation paid vendor fees during the years ended June 30, 2024 and 2023 in the amount of \$0 and \$165,899, respectively. The capitalizable portions of the fees were \$0 and \$151,575, respectively.

The initial right-of-use subscription asset and subscription liability recognized for the fiscal year ended June 30, 2023, were \$585,917 each. For the years ended June 30, 2024 and 2023, the principal decreased by \$0 and \$277,141, respectively. As a result, the subscription liability balance was \$308,776 as of June 30, 2024 and 2023. As of June 30, 2024 and 2023, the net SBITA right-to-use intangible asset was reported in the amounts of \$292,959 and \$439,438, respectively.

As of May 4, 2011, the Corporation entered into a subscription-based information technology arrangement with an unrelated third-party software vendor for its campus dining meal plan portal and credit card processing system. The system was implemented at the time of the original agreement. The contract, also known as a Software as a Service (“SaaS”) agreement, automatically renews on an annual basis. It is anticipated to be renewed through April 30, 2026.

The Corporation paid subscription renewal fees during the years ended June 30, 2024 and 2023 in the amounts of \$32,170 and \$29,995, respectively. The capitalization portion of each fee was \$29,995.

The initial right-of-use subscription asset and subscription liability recognized for the fiscal year ended June 30, 2023, were \$113,675 each. For the years ended June 30, 2024 and 2023, the principal decreased by \$29,995 each year, resulting in a subscription liability balance in the amounts of \$56,751 and \$83,680 as of June 30, 2024 and 2023, respectively. As of June 30, 2024 and 2023, the net SBITA right-to-use intangible asset was reported in the amounts of \$56,813 and \$85,256, respectively.

At June 30, 2024, future maturities of the subscription liability balance were as follows:

<u>For the Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	337,133	19,127	356,260
2026	28,394	1,601	29,995
Total future maturities	<u>\$ 365,527</u>	<u>\$ 20,728</u>	<u>\$ 386,255</u>

Cal Poly Corporation dba Cal Poly Partners

Notes to Financial Statements

June 30, 2024 and 2023

Note 12: Subscription-Based Information Technology Arrangements (Continued)

As of June 22, 2023, the Corporation entered into a subscription-based information technology arrangement with an unrelated thirty-party software vendor for its sponsored programs grants management software. During fiscal year 2023-24, the Corporation paid vendor fees in the amount of \$175,020 as part of the implementation process. A right-to-use subscription asset will be recognized when the software is placed in service, which is expected to occur in Fall 2024.

As of January 31, 2024, the Corporation entered into a subscription-based information technology arrangement with an unrelated thirty-party software vendor for a new enterprise resource planning system. During fiscal year 2023-24, the Corporation paid vendor fees in the amount of \$583,666 as part of the implementation process. A right-to-use subscription asset will be recognized when the software is placed in service, which is expected to occur in Spring 2025.

Note 13: 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.

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, 2024, the following employees were covered by the benefit terms for the Plan:

Inactive employees or beneficiaries currently receiving benefits	409
Inactive employees entitled to but not yet receiving benefits	819
Active employees	245
	<hr/>
Total	1,473
	<hr/> <hr/>

Cal Poly Corporation dba Cal Poly Partners

Notes to Financial Statements

June 30, 2024 and 2023

Note 13: Defined Benefit Pension Plan (Continued)

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, 2023, using an annual actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions

The total pension liabilities in the June 30, 2022 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method

Actuarial Assumptions:

Discount Rate	6.90%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increase	(1)
Investment Rate of Return	7.00% (2)
Mortality	(3)

(1) Depending on entry 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 2017 CalPERS
Experience Study for the period from 1997 to 2015

All other actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period 1997 to 2015, 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 6.9%. 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 6.9% discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 6.9% is applied to all plans in the Public Employees Retirement Fund.

Cal Poly Corporation dba Cal Poly Partners**Notes to Financial Statements****June 30, 2024 and 2023****Note 13: Defined Benefit Pension Plan (Continued)**

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.

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	Assumed Asset	
	Allocation	Real Return (a),(b)
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-Weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	100.00%	

(a) An expected inflation of 2.30% used for this period.

(b) Figures based on the 2021 Asset Liability Management study.

Cal Poly Corporation dba Cal Poly Partners
Notes to Financial Statements
June 30, 2024 and 2023

Note 13: 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, 2023	<u>\$ 99,583,180</u>	<u>\$ 72,899,976</u>	<u>\$ 26,683,204</u>
Changes in the year:			
Service cost	2,195,913		2,195,913
Interest on total pension liability	6,780,678		6,780,678
Differences between actual and expected experience	(40,328)		(40,328)
Changes in assumptions			-
Changes in benefit terms	294,142		294,142
Contribution - employer		3,194,575	(3,194,575)
Contribution - employee		974,752	(974,752)
Net investment income		4,493,250	(4,493,250)
Benefit payments, including refunds of employee contributions	(5,328,499)	(5,328,499)	
Administrative expense		(53,607)	53,607
Net changes	<u>3,901,906</u>	<u>3,280,471</u>	<u>621,435</u>
Balance at June 30, 2024	<u><u>\$ 103,485,086</u></u>	<u><u>\$ 76,180,447</u></u>	<u><u>\$ 27,304,639</u></u>

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 6.9%, 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% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
Plan's Net Pension Liability	<u>\$ 41,243,055</u>	<u>\$ 27,304,639</u>	<u>\$ 15,896,558</u>

Pension Plan Fiduciary Net Position

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

Cal Poly Corporation dba Cal Poly Partners**Notes to Financial Statements****June 30, 2024 and 2023****Note 13: Defined Benefit Pension Plan (Continued)****Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

For the year ended June 30, 2024, the Corporation recognized pension expense of \$5,021,664. At June 30, 2024, 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	\$ 3,011,986	\$ -
Changes of assumptions	159,860	
Differences between expected and actual experiences		(79,456)
Net difference between projected and actual earnings on plan investments	3,493,532	
Total	<u>\$ 6,665,378</u>	<u>\$ (79,456)</u>

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, 2025. All other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in future pension expense as follows:

<u>For the Year Ending June 30,</u>	
2024	\$ 710,322
2025	352,186
2026	2,413,124
2027	98,304
Total	<u>\$ 3,573,936</u>

Payable to the Pension Plan

At June 30, 2024 and 2023, the Corporation reported a payable of \$49,476 and \$53,719, respectively, for the outstanding amount of contributions to the pension plan required for the year then ended.

Note 14: 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.

Cal Poly Corporation dba Cal Poly Partners

Notes to Financial Statements

June 30, 2024 and 2023

Note 15: Subsequent Events

Events subsequent to June 30, 2024 have been evaluated through September 16, 2024, which is the date the financial statements were available to be issued.

On September 5, 2024, the Corporation entered into a purchase and sale agreement to acquire privately developed and newly constructed real property, located in the city of San Luis Obispo, California. The property consists of six three-story apartment buildings containing 120 total units of studio and one-bedroom apartments. The acquisition price of \$44 million will be financed with proceeds from the issuance of CSU Institute Commercial Paper Notes. It is anticipated that the commercial paper notes will be replaced with proceeds from the issuance of the CSU SRBs during fiscal year 2024-25. In connection with the acquisition of the property, it is anticipated that the Corporation will enter into multiple leases with employees of the University for use of individual units. The real property acquisition is expected to close on or before October 4, 2024.

On September 11, 2024, the Corporation executed an amendment to the line-of-credit agreement with University, extending the due date to June 30, 2025. The line-of-credit was extended from the Corporation to the College of Agriculture, Food, & Environmental Sciences for construction of the JUSTIN and J. LOHR Center for Wine and Viticulture.

Required Supplementary Information

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

	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability							
Service cost	\$ 939,038	\$ 1,009,391	\$ 961,325	\$ 1,005,266	\$ 957,397	\$ 1,141,018	\$ 1,086,684
Interest	1,773,035	2,013,419	1,918,691	1,966,797	1,876,206	2,032,225	1,923,754
Differences between expected and actual experience	83,795	(1,453,342)	(60,281)	(226,327)	24,239	(1,012,510)	(269,900)
Changes in assumptions	-	(3,795,339)	-	(1,974,894)	-	(2,904,595)	-
Benefit payments	(1,415,823)	(1,388,572)	(1,431,612)	(1,501,317)	(1,522,318)	(1,424,857)	(1,119,651)
Net change in total OPEB liability	1,380,045	(3,614,443)	1,388,123	(730,475)	1,335,524	(2,168,719)	1,620,887
Total OPEB liability - beginning	\$ 27,035,208	\$ 30,649,651	\$ 29,261,528	\$ 29,992,003	\$ 28,656,479	\$ 30,825,198	\$ 29,204,311
Total OPEB liability - ending (a)	\$ 28,415,253	\$ 27,035,208	\$ 30,649,651	\$ 29,261,528	\$ 29,992,003	\$ 28,656,479	\$ 30,825,198
Plan fiduciary net position							
Contributions - employer	\$ 335,744	\$ 392,013	\$ 478,753	\$ 451,320	\$ 594,645	\$ 492,280	\$ 296,314
Net investment income	1,412,731	(3,686,763)	5,937,894	514,291	1,486,549	1,469,561	2,405,355
Benefit payments	(1,415,823)	(1,388,572)	(1,431,612)	(1,501,317)	(1,522,318)	(1,424,857)	(1,119,651)
Administrative expense	(20,526)	(31,966)	(15,638)	(8,903)	(12,540)	(12,965)	(12,743)
Net change in plan fiduciary net position	312,126	(4,715,288)	4,969,397	(544,609)	546,336	524,019	1,569,275
Plan fiduciary net position - beginning	25,921,600	30,636,888	25,667,491	26,212,100	25,665,764	25,141,745	23,572,470
Plan fiduciary net position - ending (b)	\$ 26,233,726	\$ 25,921,600	\$ 30,636,888	\$ 25,667,491	\$ 26,212,100	\$ 25,665,764	\$ 25,141,745
Net OPEB liability - ending (a)-(b)	\$ 2,181,527	\$ 1,113,608	\$ 12,763	\$ 3,594,037	\$ 3,779,903	\$ 2,990,715	\$ 5,683,453
Plan fiduciary net position as a percentage of the total OPEB liability	92.3%	95.9%	100.0%	87.7%	87.4%	89.6%	81.6%
Covered employee payroll	\$ 14,665,567	\$ 12,757,999	\$ 12,302,135	\$ 13,055,768	\$ 12,615,771	\$ 11,941,343	\$ 12,085,567
Net OPEB liability as a percentage of covered employee payro	14.9%	8.7%	0.1%	27.5%	30.0%	25.0%	47.0%

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

See accompanying independent auditor's report.

Cal Poly Corporation dba Cal Poly Partners
Schedule of Changes in the Net OPEB Liability and Related Ratios
Last 10 Fiscal Years*
Page 2

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 average per capita claims cost was updated to reflect actual 2020 and 2021 premiums and caps and the health care cost trend rate was updated to reflect 2018 industry survey data. The population for curving and morbidity factors have also been updated to the 2019 CalPERS study.

There have been no other changes in the assumptions since the last measurement date.

See accompanying independent auditor's report.

Cal Poly Corporation dba Cal Poly Partners

Schedule of Contributions – OPEB

Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the actuarially determined contributions	<u>\$ 335,744</u>	<u>\$ 392,013</u>	<u>\$ 478,753</u>	<u>\$ 451,320</u>	<u>\$ 594,645</u>	<u>\$ 492,280</u>	<u>\$ 296,314</u>
Contribution deficiency (excess)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Employer contributions to the VEBA Trust	\$ 159,753	\$ 153,065	\$ 222,778	\$ 235,568	\$ 345,550	\$ 234,262	\$ 296,314
Active implicit rate subsidy transferred to VEBA Trust	<u>175,991</u>	<u>238,948</u>	<u>255,975</u>	<u>215,752</u>	<u>249,095</u>	<u>258,018</u>	
Total employer contributions	<u>\$ 335,744</u>	<u>\$ 392,013</u>	<u>\$ 478,753</u>	<u>\$ 451,320</u>	<u>\$ 594,645</u>	<u>\$ 492,280</u>	<u>\$ 296,314</u>
Covered employee payroll	\$ 14,665,567	\$ 12,757,999	\$ 12,302,135	\$ 13,055,768	\$ 12,615,771	\$ 11,941,343	\$ 12,085,567
Contributions as a percentage of covered employee payro	2.3%	3.1%	3.9%	3.5%	4.7%	4.1%	2.5%

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

See accompanying independent auditor's report.

Cal Poly Corporation dba Cal Poly Partners

Schedule of Contributions – OPEB

Last 10 Fiscal Years*

Page 2

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 percent
Healthcare cost trend rates (pre-65)	7.60 percent for 2023, decreasing 0.20 percent per year to an ultimate rate of 4.80 percent for 2037 and later years
Healthcare cost trend rates (post-65)	6.20 percent for 2023, decreasing to an ultimate rate of 4.80 percent for 2030 and later years
Salary Increases	2.80 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 2021 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 2021 Mortality pre-retirement and post-retirement with Scale MP-2021).

See accompanying independent auditor's report.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	\$ 2,195,913	\$ 2,085,614	\$ 2,023,659	\$ 1,931,420	\$ 1,829,285	\$ 1,921,554	\$ 1,914,269	\$ 1,565,548	\$ 1,403,277	\$ 1,402,348
Interest on total pension liability	6,780,678	6,527,030	6,365,651	6,143,985	5,901,425	5,614,238	5,348,446	5,128,834	4,920,633	4,760,420
Differences between expected and actual experience	(40,328)	(1,245,175)	(298,927)	188,089	802,201	800,963	159,480	(207,770)	(888,401)	
Changes in assumptions	-	3,357,054				(437,649)	4,427,253		(1,192,843)	
Changes in benefits	294,142									
Benefit payments, including refunds of employee contributions	(5,328,499)	(5,162,576)	(4,772,650)	(4,672,135)	(4,482,684)	(4,067,814)	(3,756,787)	(3,634,440)	(3,316,952)	(3,147,576)
Net change in total pension liability	3,901,906	5,561,947	3,317,733	3,591,359	4,050,227	3,831,292	8,092,661	2,852,172	925,714	3,015,192
Total pension liability - beginning	99,583,180	94,021,233	90,703,500	87,112,141	83,061,914	79,230,622	71,137,961	68,285,789	67,360,075	64,344,883
Total pension liability - ending (a)	\$ 103,485,086	\$ 99,583,180	\$ 94,021,233	\$ 90,703,500	\$ 87,112,141	\$ 83,061,914	\$ 79,230,622	\$ 71,137,961	\$ 68,285,789	\$ 67,360,075
Plan fiduciary net position										
Contributions - employer	\$ 3,194,575	\$ 2,876,749	\$ 2,601,762	\$ 2,487,230	\$ 2,144,821	\$ 1,789,867	\$ 1,760,624	\$ 1,570,071	\$ 1,438,515	\$ 1,281,507
Contributions - employee	974,752	860,962	823,786	814,326	756,141	673,081	683,416	636,058	561,411	461,197
Net investment income	4,493,250	(6,077,688)	15,028,620	3,208,171	4,072,390	4,966,867	6,042,407	280,275	1,227,805	8,470,353
Benefit payments	(5,328,499)	(5,162,576)	(4,772,650)	(4,672,135)	(4,482,684)	(4,067,814)	(3,756,787)	(3,634,440)	(3,316,952)	(3,147,576)
Administrative expense	(53,607)	(50,117)	(66,767)	(91,764)	(44,559)	(269,175)	(81,063)	(34,182)	(63,120)	
Net change in plan fiduciary net position	3,280,471	(7,552,670)	13,614,751	1,745,828	2,446,109	3,092,826	4,648,597	(1,182,218)	(152,341)	7,065,481
Plan fiduciary net position - beginning	72,899,976	80,452,646	66,837,895	65,092,067	62,645,958	59,553,132	54,904,535	56,086,753	56,239,094	49,173,613
Plan fiduciary net position - ending (b)	\$ 76,180,447	\$ 72,899,976	\$ 80,452,646	\$ 66,837,895	\$ 65,092,067	\$ 62,645,958	\$ 59,553,132	\$ 54,904,535	\$ 56,086,753	\$ 56,239,094
Net pension liability - ending (a)-(b)	\$ 27,304,639	\$ 26,683,204	\$ 13,568,587	\$ 23,865,605	\$ 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	73.6%	73.2%	85.6%	73.7%	74.7%	75.4%	75.2%	77.2%	82.1%	83.5%
Covered employee payroll	\$13,196,594	\$12,451,424	\$13,654,919	\$12,997,443	\$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	206.9%	214.3%	99.4%	183.6%	178.3%	158.9%	154.9%	136.6%	113.7%	106.7%

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

See accompanying independent auditor's report.

Cal Poly Corporation dba Cal Poly Partners

Schedule of Changes in the Net Pension Liability and Related Ratios

Last 10 Fiscal Years*

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Notes to Schedule:

Benefit Changes: The figures above include any liability impact that may have resulted from voluntary benefit changes that occurred after the June 30, 2021 valuation. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the Valuation Date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary. In 2022, SB 1168 increased the standard retiree lump sum death benefit from \$500 to \$2,000 for any death occurring on or after July 1, 2023. The impact, if any, is included in the changes of benefit terms.

Changes of Assumptions: There were no assumption changes in 2023. Effective with the June 30, 2021 valuation date (June 30, 2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017 through June 30, 2021, 7.65% for measurement dates June 30, 2015 through June 30, 2016, and 7.50% for measurement date June 30, 2014.

See accompanying independent auditor's report.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 3,194,575	\$ 2,876,749	\$ 2,601,762	\$ 2,487,230	\$ 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	3,194,575	2,876,749	2,601,762	2,487,230	2,144,821	1,789,867	1,760,624	1,570,071	1,438,515	1,281,507
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 13,196,594	\$ 12,451,424	\$ 13,654,919	\$ 12,997,443	\$ 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	24.2%	23.1%	19.1%	19.1%	17.4%	13.9%	13.9%	13.2%	13.4%	12.3%

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

Notes to Schedule:

Actuarial Cost Method	Entry-Age Normal Cost Method
Amortization Method/Period	Straight-line method
Asset Valuation Method	Market value of assets as of the measurement date
Inflation	2.50%
Salary Increases	Varies by entry age and service
Payroll Growth	2.75%
Investment Rate of Return	7.00% net of pension plan investment and administrative expenses; includes inflation.
Retirement Age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 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**

Schedule of Net Position
June 30, 2024
(for inclusion in the California State University Financial Statements)

Assets:

Current assets:

Cash and cash equivalents	\$ 21,696,546
Short-term investments	71,162,946
Accounts receivable, net	25,663,292
Lease receivable, current portion	1,129,349
P3 receivable, current portion	-
Notes receivable, current portion	640,785
Pledges receivable, net	2,657,874
Prepaid expenses and other current assets	3,002,581
Total current assets	125,953,373

Noncurrent assets:

Restricted cash and cash equivalents	79,155
Accounts receivable, net	24,433
Lease receivable, net of current portion	27,858,776
P3 receivable, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	6,054,903
Endowment investments	5,560,528
Other long-term investments	24,393,895
Capital assets, net	162,456,585
Other assets	323,000
Total noncurrent assets	226,751,275
Total assets	\$ 352,704,648

Deferred outflows of resources:

Unamortized loss on debt refunding	\$ 166,959
Net pension liability	2,492,945
Net OPEB liability	6,665,378
Leases	-
P3	-
Others	-
Total deferred outflows of resources	\$ 9,325,282

Liabilities:

Current liabilities:

Accounts payable	\$ 10,005,244
Accrued salaries and benefits	1,657,529
Accrued compensated absences, current portion	1,038,646
Unearned revenues	24,737,526
Lease liabilities, current portion	244,614
SBITA liabilities - current portion	337,133
P3 liabilities - current portion	-
Long-term debt obligations, current portion	23,995,000
portion	9,997
Depository accounts	-
Other liabilities	6,696,732
Total current liabilities	68,722,421

Noncurrent liabilities:

Accrued compensated absences, net of current portion	195,239
Unearned revenues	-
Grants refundable	-
Lease liabilities, net of current portion	2,255,961
SBITA liabilities, net of current portion	28,394
P3 liabilities, net of current portion	-
Long-term debt obligations, net of current portion	41,283,259
current portion	-
Depository accounts	6,124,871
Net other postemployment benefits liability	2,181,527
Net pension liability	27,304,639
Other liabilities	955,058
Total noncurrent liabilities	80,328,948
Total liabilities	149,051,369

Deferred inflows of resources:

P3 service concession arrangements	-
Net pension liability	79,456

Schedule of Net Position
June 30, 2024
(for inclusion in the California State University Financial Statements)

Net OPEB liability	7,051,682
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Lease	28,464,032
P3	-
Others	10,898,600
Total deferred inflows of resources	<u>46,493,770</u>
Net position:	
Net investment in capital assets	75,496,044
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	58,076
Loans	-
Capital projects	52,449
Debt service	-
Others	13,413,110
Unrestricted	<u>77,465,112</u>
Total net position	<u><u>\$ 166,484,791</u></u>

Schedule of Revenues, Expenses, and Changes in Net Position
Year ended June 30, 2024
(for inclusion in the California State University Financial Statements)

Revenues:

Operating revenues:

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

Grants and contracts, noncapital:

Federal	23,237,091
State	9,820,366
Local	607,672
Nongovernmental	3,821,851
Sales and services of educational activities	-
Sales and services of auxiliary enterprises, gross	52,632,791
Scholarship allowances (enter as negative)	-
Other operating revenues	22,748,509

Total operating revenues

112,868,280

Expenses:

Operating expenses:

Instruction	511,053
Research	24,117,249
Public service	23,744,119
Academic support	1,082,241
Student services	2,380,545
Institutional support	14,495,812
Operation and maintenance of plant	1,360,199
Student grants and scholarships	374,662
Auxiliary enterprise expenses	54,222,924
Depreciation and amortization	5,260,153

Total operating expenses

127,548,957

Operating income (loss)

(14,680,677)

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	7,386,371
Investment income (loss), net	10,451,939
Endowment income (loss), net	-
Interest expense	(2,143,052)
Other nonoperating revenues (expenses)	11,559,980

Net nonoperating revenues (expenses)

27,255,238

Income (loss) before other revenues (expenses)

12,574,561

State appropriations, capital	-
Grants and gifts, capital	10,117,973
Additions (reductions) to permanent endowments	-

Increase (decrease) in net position

22,692,534

Net position:

Net position at beginning of year, as previously reported	143,792,257
Restatements	-

Net position at beginning of year, as restated

143,792,257

Net position at end of year

\$ 166,484,791

Cal Poly Corporation
Other Information
June 30, 2024
(for inclusion in the California State University)

1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments	\$ 19,947
All other restricted cash and cash equivalents	<u>59,208</u>
Noncurrent restricted cash and cash equivalents	<u>79,155</u>
Current cash and cash equivalents	<u>21,696,546</u>
Total	<u>\$ 21,775,701</u>

2.1 Composition of investments:

Investment Type	Current	Noncurrent	Total
Money market funds			\$ -
Repurchase agreements			-
Certificates of deposit			-
U.S. agency securities			-
U.S. treasury securities	11,835,319	390,757	12,226,076
Municipal bonds			-
Corporate bonds			-
Asset backed securities			-
Mortgage backed securities			-
Commercial paper			-
Supranational			-
Mutual funds	58,215,734	29,230,751	87,446,485
Exchange traded funds	18,255	-	18,255
Equity securities	769,786		769,786
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 types			-
Other external investment pools			-
CSU Consolidated Investment Pool (formerly SWIFT)			-
State of California Local Agency Investment Fund (LAIF)			-
State of California Surplus Money Investment Fund (SMIF)			-
Other investments:			
Cash and interest receivable pending long-term investment	239,324	248,692	488,016
Interest receivable	84,528		84,528
Agriculture related retains		4,223	4,223
			-
			-
Total Other investments	<u>323,852</u>	<u>252,915</u>	<u>576,767</u>
Total investments	<u>71,162,946</u>	<u>29,954,423</u>	<u>101,117,369</u>
Less endowment investments (enter as negative number)	-	(5,560,528)	(5,560,528)
Total investments, net of endowments	<u>\$ 71,162,946</u>	<u>\$ 24,393,895</u>	<u>\$ 95,556,841</u>

2.2 Fair value hierarchy in investments:

Investment Type	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
Money market funds	\$ -				
Repurchase agreements	-				
Certificates of deposit	-				
U.S. agency securities	-				
U.S. treasury securities	12,226,076		12,226,076		
Municipal bonds	-				
Corporate bonds	-				
Asset backed securities	-				
Mortgage backed securities	-				
Commercial paper	-				
Supranational	-				
Mutual funds	87,446,485		87,446,485		
Exchange traded funds	18,255		18,255		

Cal Poly Corporation
Other Information
June 30, 2024
(for inclusion in the California State University)

Equity securities	769,786	769,786			
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 types	-				
Other external investment pools	-				
CSU Consolidated Investment Pool (formerly SWIFT)	-	-	-	-	
State of California Local Agency Investment Fund (LAIF)	-	-	-	-	
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	
Other investments:					
Cash and interest receivable pending long-term investment	488,016	488,016			
Interest receivable	84,528	84,528			
Agriculture related retains	4,223			4,223	
	-				
	-				
Total other investments:	576,767	572,544	-	4,223	-
Total investments	\$ 101,117,369	\$ 101,033,146	\$ -	\$ 4,223	\$ 80,000

2.3 Investments held by the University under contractual agreements:

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

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

3.1 Capital Assets, excluding ROU assets:

Composition of capital assets, excluding ROU assets:

	Balance June 30, 2023	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2023 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2024
Non-depreciable/Non-amortizable capital assets:									
Land and land improvements	\$ 19,864,793				\$ 19,864,793				\$ 19,864,793
Works of art and historical treasures	198,000				198,000				198,000
Construction work in progress (CWIP)	43,006,022				43,006,022	49,443,722	(172,749)	(68,933,952)	23,343,043
Intangible assets:									
Rights and easements	-				-				-
Patents, copyrights and trademarks	-				-				-
Intangible assets in progress (PWIP)	-				-				-
Licenses and permits	-				-				-
Other intangible assets:									
	-				-				-
	-				-				-
	-				-				-
	-				-				-
	-				-				-
Total Other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable capital assets	\$ 63,068,815	\$ -	\$ -	\$ -	\$ 63,068,815	\$ 49,443,722	\$ (172,749)	\$ (68,933,952)	\$ 43,405,836
Depreciable/Amortizable capital assets:									
Buildings and building improvements	\$ 55,292,681				\$ 55,292,681	\$ 14,840		\$ 66,117,691	\$ 121,425,212
Improvements, other than buildings	240,543	(240,543)			-				-
Infrastructure	-				-				-
Leasehold improvements	11,695,963	240,543			11,936,506	64,448	(6,830,979)	494,425	5,664,400
Personal property:									
Equipment	13,262,863				13,262,863	471,914	(1,569,468)	2,321,836	14,487,145
Library books and materials	-				-				-
Intangible assets:									
Software and websites	789,763				789,763		(70,724)		719,039
Rights and easements	-				-				-
Patents, copyrights and trademarks	-				-				-

Cal Poly Corporation
Other Information
June 30, 2024
(for inclusion in the California State University)

Licenses and permits	442,493				442,493	25,000	(90,000)		377,493
Other intangible assets:									
	-				-				-
	-				-				-
	-				-				-
	-				-				-
Total Other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	1,232,256	-	-	-	1,232,256	25,000	(160,724)	-	1,096,532
Total depreciable/amortizable capital assets	81,724,306	-	-	-	81,724,306	576,202	(8,561,171)	68,933,952	142,673,289
Total capital assets	\$ 144,793,121	\$ -	\$ -	\$ -	\$ 144,793,121	\$ 50,019,924	\$ (8,733,920)	\$ -	\$ 186,079,125
Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)									
Buildings and building improvements	\$ (10,362,864)				\$ (10,362,864)	\$ (2,879,530)			\$ (13,242,394)
Improvements, other than buildings	-				-				-
Infrastructure	-				-				-
Leasehold improvements	(8,814,543)				(8,814,543)	(427,527)	5,549,692		(3,692,378)
Personal property:									
Equipment	(8,505,096)				(8,505,096)	(1,276,809)	1,379,069		(8,402,836)
Library books and materials	-				-				-
Intangible assets:									
Software and websites	(689,596)				(689,596)	(45,039)	70,724		(663,911)
Rights and easements	-				-				-
Patents, copyrights and trademarks	-				-				-
Licenses and permits	(416,743)				(416,743)	(5,917)	69,750		(352,910)
Other intangible assets:									
	-				-				-
	-				-				-
	-				-				-
	-				-				-
Total Other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	(1,106,339)	-	-	-	(1,106,339)	(50,956)	140,474	-	(1,016,821)
Total accumulated depreciation/amortization	(28,788,842)	-	-	-	(28,788,842)	(4,634,822)	7,069,235	-	(26,354,429)
Total capital assets, net excluding ROU assets	\$ 116,004,279	\$ -	\$ -	\$ -	\$ 116,004,279	\$ 45,385,102	\$ (1,664,685)	\$ -	\$ 159,724,696

Capital Assets, Right of Use

	Balance June 30, 2023	Prior Period Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2023 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2024
Composition of capital assets - Lease ROU, net:									
Non-depreciable/Non-amortizable lease assets:									
Land and land improvements	\$ -				—				—
Total non-depreciable/non-amortizable lease assets	—	—	—	—	—	—	—	—	—
Depreciable/Amortizable lease assets:									
Land and land improvements	-				—				—
Buildings and building improvements	3,531,930				3,531,930	230,138		(681,473)	3,080,595
Improvements, other than buildings	-				—				—
Infrastructure	-				—				—
Personal property:									
Equipment	86,400				86,400				86,400
Total depreciable/amortizable lease assets	3,618,330	—	—	—	3,618,330	230,138	—	(681,473)	3,166,995
Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)									
Land and land improvements	-				—				—
Buildings and building improvements	(553,050)				(553,050)	(475,926)	681,476		(347,500)
Improvements, other than buildings	-				—				—
Infrastructure	-				—				—
Personal property:									

Cal Poly Corporation
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(for inclusion in the California State University)

Equipment	(420,097)				(420,097)	(17,280)		(437,377)
Total accumulated depreciation/amortization	(973,147)	—	—	—	(973,147)	(493,206)	681,476	(784,877)
Total capital assets - lease ROU, net	\$ 2,645,183	\$ -	\$ -	\$ -	\$ 2,645,183	\$ (263,068)	\$ 681,476	\$ (681,473)
								\$ 2,382,118

	Balance June 30, 2023	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2023 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2024
Composition of capital assets - SBITA ROU, net									
Depreciable/Amortizable SBITA assets:									
Software	\$ 699,592				\$ 699,592				\$ 699,592
Total depreciable/amortizable SBITA assets	699,592	-	-	-	699,592	-	-	-	699,592
Less accumulated depreciation/amortization:									
Software	(174,898)				(174,898)	(174,923)			(349,821)
Total accumulated depreciation/amortization	(174,898)	-	-	-	(174,898)	(174,923)	-	-	(349,821)
Total capital assets - SBITA ROU, net	\$ 524,694	\$ -	\$ -	\$ -	\$ 524,694	\$ (174,923)	\$ -	\$ -	\$ 349,771

	Balance June 30, 2023	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2023 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2024
Composition of capital assets - P3 ROU, net:									
Non-depreciable/Non-amortizable P3 assets:									
Land and land improvements	\$ -				—				—
Total non-depreciable/non-amortizable P3 assets	-	-	-	-	-	-	-	-	-
Depreciable/Amortizable P3 assets:									
Land and land improvements	-				—				—
Buildings and building improvements	-				—				—
Improvements, other than buildings	-				—				—
Infrastructure	-				—				—
Personal property:									
Equipment	-				—				—
Total depreciable/amortizable P3 assets	-	-	-	-	-	-	-	-	-
Less accumulated depreciation/amortization:									
Land and land improvements	-				—				—
Buildings and building improvements	-				—				—
Improvements, other than buildings	-				—				—
Infrastructure	-				—				—
Personal property:									
Equipment	-				—				—
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-	-
Total capital assets - P3 ROU, net	—	—	—	—	—	—	—	—	—

Total capital assets, net including ROU assets \$ 162,456,585

3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense related to capital assets	\$ 4,634,822
Amortization expense - Leases ROU	493,206
Amortization expense - SBITA ROU	174,923
Amortization expense - P3 ROU	-

Cal Poly Corporation
Other Information
June 30, 2024
(for inclusion in the California State University)

Depreciation and Amortization expense - Others	(42,798)	Depreciation on life interest asset (GASB 81)
Total depreciation and amortization	\$ 5,260,153	

4 Long-term liabilities:

	Balance June 30, 2023	Prior Period Adjustments/Recla ssifications	Balance June 30, 2023 (Restated)	Additions	Reductions	Balance June 30, 2024	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ 929,562		\$ 929,562	\$ 981,713	\$ (677,390)	\$ 1,233,885	\$ 1,038,646	\$ 195,239
2. Claims liability for losses and loss adjustment expenses	19,997		19,997		-10000	9,997	9997	-
3. Capital lease obligations (pre-ASC 842):								
Gross balance	-		-			-		-
Unamortized net premium/(discount)	-		-			-	-	-
Total capital lease obligations (pre ASC 842)	-	-	-	-	-	-	-	-
4. Long-term debt obligations:								
4.1 Auxiliary revenue bonds (non-SRB related)	-		-			-	-	-
4.2 Commercial paper	-		-			-		-
4.3 Notes payable (SRB related)	37,090,000		37,090,000	23,210,000	(750,000)	59,550,000	23,995,000	35,555,000
4.4 Finance purchase of capital assets	-		-			-		-
4.5 Others:	-		-			-		-
	-		-			-		-
	-		-			-		-
	-		-			-		-
Total others	-	-	-	-	-	-	-	-
Sub-total long-term debt	37,090,000	-	37,090,000	23,210,000	(750,000)	59,550,000	23,995,000	35,555,000
4.6 Unamortized net bond premium/(discount)	5,966,854		5,966,854		-238595	5,728,259	-	5,728,259
Total long-term debt obligations	\$ 43,056,854	\$ -	\$ 43,056,854	\$ 23,210,000	\$ (988,595)	\$ 65,278,259	\$ 23,995,000	\$ 41,283,259

	Balance June 30, 2023	Prior Period Adjustments/Recla ssifications	Additions	Remeasurements	Reductions	Balance June 30, 2024	Current Portion	Noncurrent Portion
5. Lease, SBITA, P3 liabilities:								
Lease liabilities	\$ 2,731,611				\$ (231,036)	\$ 2,500,575	\$ 244,614	\$ 2,255,961
SBITA liabilities	392,456				(26,929)	365,527	337,133	28,394
P3 liabilities - SCA	-					-		-
P3 liabilities - non-SCA	-					-		-
Sub-total P3 liabilities	-	-	-	-	-	-	-	-
Total Lease, SBITA, P3 liabilities	\$ 3,124,067	-	-	-	(257,965)	2,866,102	581,747	2,284,355
Total long-term liabilities						\$ 69,388,243	\$ 25,625,390	\$ 43,762,853

5 Future minimum payments schedule - leases, SBITA, P3:

Year ending June 30:	Lease Liabilities			SBITA liabilities			Public-Private or Public-Public Partnerships (P3)			Total Leases, SBITA, P3 liabilities		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
2025	244,651	49,449	294,100	337,096	18,617	355,713	-	-	-	581,747	68,066	649,813
2026	255,822	44,739	300,561	28,431	1,601	30,032	-	-	-	284,253	46,340	330,593
2027	251,062	39,918	290,980			-	-	-	-	251,062	39,918	290,980
2028	255,343	35,084	290,427			-	-	-	-	255,343	35,084	290,427
2029	264,368	30,102	294,470			-	-	-	-	264,368	30,102	294,470
2030 - 2034	819,329	92,408	911,737			-	-	-	-	819,329	92,408	911,737
2035 - 2039	410,000	11,132	421,132			-	-	-	-	410,000	11,132	421,132
2040 - 2044			-			-	-	-	-	-	-	-

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2045 - 2049	-	-	-	-	-	-	-	-	-	-	-	-	
2050 - 2054	-	-	-	-	-	-	-	-	-	-	-	-	
Thereafter	-	-	-	-	-	-	-	-	-	-	-	-	
Total minimum lease payments	\$	2,500,575	302,832	2,803,407	365,527	20,218	385,745	-	-	-	2,866,102	323,050	3,189,152
Less: amounts representing interest													(323,050)
Present value of future minimum lease payments													<u>2,866,102</u>
Total Leases, SBITA, P3 liabilities													<u>2,866,102</u>
Less: current portion													(581,747)
Leases, SBITA, P3 liabilities, net of current portion													<u><u>\$ 2,284,355</u></u>

6 Future minimum payments schedule - Long-term debt obligations:

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2025			-	23,995,000	1,641,650	25,636,650	23,995,000	1,641,650	25,636,650
2026			-	825,000	1,603,275	2,428,275	825,000	1,603,275	2,428,275
2027			-	870,000	1,563,025	2,433,025	870,000	1,563,025	2,433,025
2028			-	920,000	1,520,650	2,440,650	920,000	1,520,650	2,440,650
2029			-	960,000	1,475,900	2,435,900	960,000	1,475,900	2,435,900
2030 - 2034			-	5,595,000	6,031,800	11,626,800	5,595,000	6,031,800	11,626,800
2035 - 2039			-	6,500,000	5,329,800	11,829,800	6,500,000	5,329,800	11,829,800
2040 - 2044			-	7,680,000	3,850,150	11,530,150	7,680,000	3,850,150	11,530,150
2045 - 2049			-	9,565,000	2,097,100	11,662,100	9,565,000	2,097,100	11,662,100
2050 - 2054			-	2,640,000	372,150	3,012,150	2,640,000	372,150	3,012,150
Thereafter			-			-	-	-	-
Total minimum payments	\$	-	-	59,550,000	25,485,500	85,035,500	59,550,000	25,485,500	85,035,500
Less: amounts representing interest									(25,485,500)
Present value of future minimum payments									<u>59,550,000</u>
Unamortized net premium/(discount)									<u>5,728,259</u>
Total long-term debt obligations									<u>65,278,259</u>
Less: current portion									(23,995,000)
Long-term debt obligations, net of current portion									<u><u>\$ 41,283,259</u></u>

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$	4,329,278
Payments to University for other than salaries of University personnel		27,317,950
Payments received from University for services, space, and programs		15,631,723
Gifts-in-kind to the University from discretely presented component units		926,948
Gifts (cash or assets) to the University from discretely presented component units		5,765,806
Accounts (payable to) University (enter as negative number)		(1,382,956)
Other amounts (payable to) University (enter as negative number)		
Accounts receivable from University (enter as positive number)		2,647,926
Other amounts receivable from University (enter as positive number)		640,785

8 Restatements

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

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

Restatement #1	Enter transaction description
Select the reason for restatement:	
Select net position category:	
Restatement #2	Enter transaction description
Select the reason for restatement:	
Select net position category:	

Debit/(Credit)

9 Natural classifications of operating expenses:

Cal Poly Corporation
Other Information
June 30, 2024
(for inclusion in the California State University)

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	45,071	9,109	9,191	735		446,947		511,053
Research	9,168,150	710,594	1,869,736	149,445		12,219,324		24,117,249
Public service	7,074,075	1,354,555	1,442,673	115,310		13,757,506		23,744,119
Academic support	67,223	24,274	13,709	1,096		975,939		1,082,241
Student services	60,367	19,534	12,311	984		2,287,349		2,380,545
Institutional support	5,122,998	1,586,371	1,044,774	83,507		6,658,162		14,495,812
Operation and maintenance of plant	158,415	43,196	32,307	2,583		1,123,698		1,360,199
Student grants and scholarships					374,662			374,662
Auxiliary enterprise expenses	2,927,164	1,730,498	596,961	47,714		48,920,587		54,222,924
Depreciation and amortization							5,260,153	5,260,153
Total operating expenses	\$ 24,623,463	5,478,131	5,021,662	401,374	374,662	86,389,512	5,260,153	127,548,957

Select type of pension plan >>

Defined Benefit Plan

10 Deferred outflows/inflows of resources:

1. Deferred Outflows of Resources

Deferred outflows - unamortized loss on refunding(s)	\$ 166,959
Deferred outflows - net pension liability	6,665,378
Deferred outflows - net OPEB liability	2,492,945
Deferred outflows - leases	
Deferred outflows - P3	
Deferred outflows - others:	
Sales/intra-entity transfers of future revenues	
Gain/loss on sale leaseback	
Loan origination fees and costs	
Change in fair value of hedging derivative instrument	
Irrevocable split-interest agreements	

Total deferred outflows - others	-
Total deferred outflows of resources	\$ 9,325,282

2. Deferred Inflows of Resources

Deferred inflows - service concession arrangements	
Deferred inflows - net pension liability	\$ 79,456
Deferred inflows - net OPEB liability	7,051,682
Deferred inflows - unamortized gain on debt refunding(s)	
Deferred inflows - nonexchange transactions	
Deferred inflows - leases	28,464,032
Deferred inflows - P3	
Deferred inflows - others:	
Sales/intra-entity transfers of future revenues	
Gain/loss on sale leaseback	
Loan origination fees and costs	
Change in fair value of hedging derivative instrument	
Irrevocable split-interest agreements	10,898,600

Total deferred inflows - others	10,898,600
Total deferred inflows of resources	\$ 46,493,770

11 Other nonoperating revenues (expenses)

Other nonoperating revenues	\$ 11,559,980
Other nonoperating (expenses)	
Total other nonoperating revenues (expenses)	\$ 11,559,980

Other Supplementary Information

Cal Poly Corporation dba Cal Poly Partners
Statements of Financial Position of the California State
University – San Luis Obispo Alumni Association
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 76,876	\$ 95,054
Certificates of deposit	34,555	34,552
Accounts receivable	259,261	249,108
Inventories	-	-
Prepaid expenses and other assets	5,206	-
Total current assets	<u>375,898</u>	<u>378,714</u>
Other assets:		
Investments	652,148	617,011
Fixed assets, net	<u>2,228</u>	<u>3,443</u>
Total assets	<u><u>\$ 1,030,274</u></u>	<u><u>\$ 999,168</u></u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 19	\$ 135
Total current liabilities	<u>19</u>	<u>135</u>
Net assets:		
Unrestricted:		
Undesignated	<u>1,030,255</u>	<u>999,033</u>
Total unrestricted net assets	<u>1,030,255</u>	<u>999,033</u>
Total liabilities and net assets	<u><u>\$ 1,030,274</u></u>	<u><u>\$ 999,168</u></u>

See accompanying independent auditor's report.

Cal Poly Corporation dba Cal Poly Partners
Statements of Activities of the California State
University – San Luis Obispo Alumni Association
Years Ended June 30, 2024 and 2023

	2024	2023
Unrestricted revenue and support:		
Donations and grants	\$ 15,421	\$ 19,494
Travel and promotion	20,185	25,771
Homecoming		
Investment gain	64,693	40,836
External activities	35,351	31,807
Total unrestricted revenue and support	<u>135,650</u>	<u>117,908</u>
Expenses:		
Program services:		
Salaries and wages		
Cost of goods sold		
Postage	10	165
Tax preparation	2,400	2,400
Travel	899	1,536
Office expense	21,715	17,598
Accounting services	5,473	8,726
Hosting special events	10,614	59,883
External activities	45,476	41,894
Scholarships	16,541	6,387
Depreciation	1,215	1,215
Other	85	13,152
Total expenses	<u>104,428</u>	<u>152,956</u>
Change in unrestricted net assets	31,222	(35,048)
Unrestricted net assets - beginning of year	<u>999,033</u>	<u>1,034,081</u>
Unrestricted net assets - end of year	<u><u>\$ 1,030,255</u></u>	<u><u>\$ 999,033</u></u>

See accompanying independent auditor's report.