Cal Poly Corporation

Audited Financial Statements and

Supplementary Information

Year Ended June 30, 2013

Cal Poly Corporation
Audited Financial Statements and
Supplementary Information
Year Ended June 30, 2013

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Independent Auditors' Report

Board of Directors
Cal Poly Corporation
San Luis Obispo, California

Report on the Financial Statements

We have audited the accompanying statements of net position of Cal Poly Corporation (the Corporation) as of June 30, 2013 and 2012, 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of June 30, 2013 and 2012, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 6 through 14, the Schedule of Funding Progress for OPEB Obligation on page 48 and the Schedule of Funding Progress for Defined Benefit Pension Plan on page 49 be presented to supplement the basic financial statements. Such information, although not a basic part of the financial statements, is required by the *Government Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Corporation's basic financial statements. The accompanying supplementary information for inclusion in the financial statements of the California State University on pages 51 through 58 (Schedules 1 through 3) as required by the California State University and other supplementary information on pages 60 through 61 (Schedules 4 and 5) are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2013, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

Glenn Burdette Attest Corporation

Glenn Burdette Attest Corporation
San Luis Obispo, California

September 16, 2013

Cal Poly Corporation
Management's Discussion and Analysis
June 30, 2013 and 2012

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

This section of the Corporation's annual financial report presents a discussion and analysis of the financial performance of the Corporation during the fiscal years ended June 30, 2013 ("2012-13") and June 30, 2012 ("2011-12"). 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 the Governmental Accounting Standards Board ("GASB"). For reporting purposes, the Corporation is considered a special-purpose government engaged in business-type activities which best represents 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 result of this year's activities on that position. These statements are prepared using the accrual basis of accounting, which recognizes expenses when incurred and revenue when earned rather than when payment is made or received. They are supported by the notes to the financial statements and this section. All sections must be considered together to obtain a complete understanding of the financial picture of the 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 book 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 is summarized by operating, noncapital financing, capital and related financing, and investing activities. The statement is prepared using the direct method of cash flows, and therefore, presents gross rather than net amounts for the year's activities.

Cal Poly Corporation
Management's Discussion and Analysis
June 30, 2013 and 2012

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 2012-13 and 2011-12. The following schedules and accompanying audited financial statements as of and for the years ended June 30, 2013 and 2012 are reported in accordance with standards and requirements of the GASB.

Condensed Statements of Net Position

	June 30, 2013	June 30, 2012
Assets:		
Current assets	$ 100,546,652	$ 88,124,862
Noncurrent assets:		
Capital assets, net	23,473,478	24,831,086
Other noncurrent assets	12,785,148	13,070,392
Total assets	136,805,278	126,026,340
Deferred Outflows of Resources	—	—
Liabilities:		
Current liabilities	10,012,499	9,290,713
Noncurrent liabilities	25,949,387	21,945,676
Total liabilities	35,961,886	31,236,389
Deferred Inflows of Resources	—	—
Net Position:		
Net investment in capital assets	20,783,478	22,081,086
Restricted, expendable	9,092,763	8,913,113
Unrestricted	70,967,151	63,795,752
Total net position	$ 100,843,392	$ 94,789,951

Net Position

The Corporation's net position increased $6.1 million or 6.4% during 2012-13. This increase is driven by favorable investment returns of $4.4 million in the Corporation investment pools. In addition, noncapital gifts provided $3.0 million to the bottom line while capital grants and gifts provided an additional $1.5 million. These gains were partially offset by overall operating losses of $3.2 million.

Net investment in capital assets equals the sum of capital assets, net of accumulated depreciation and amortization, less related outstanding debt. *Net investment in capital assets* decreased $1.3 million or 5.9% from the prior year. This decrease is the result of depreciation and amortization expense on existing capital assets which exceeded capital asset purchases during the year. In addition, $855,000 in capital assets related to four Bella Montaña faculty/staff housing units were transferred to inventories during the year. These units had previously been rented to faculty/staff, but were permanently removed from the rental pool during the year and either sold or made available for sale.

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,	
	2013	**2012**
Restricted, expendable:		
Research	$ 285,800	$ 268,680
Capital projects	891,728	884,825
Instruction	971,318	1,084,578
Academic support	1,665,213	1,212,684
Student services	4,156,054	4,577,662
Other	1,122,650	884,684
Total restricted, expendable	$ 9,092,763	$ 8,913,113

This balance can fluctuate from year to year based on the level of activity and expenditures. Overall restricted, expendable net position increased $180,000 or 2.0% over the prior year. The portion of net position restricted for academic support increased $453,000 or 37.3% while net position restricted for student services decreased $422,000 or 9.2%. These fluctuations are based on the timing of project expenditures in relation to the receipt of gift 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. Unrestricted net position increased to $71.0 million at June 30, 2013 from $63.8 million at June 30, 2012. This represents a $7.2 million or 11.2% increase from the prior year. As mentioned previously, the increase is driven by favorable market value gains and also reflects favorable results from Campus Dining. A portion of unrestricted net position has been designated by the Corporation for various purposes.

Assets

Current assets represent assets that can normally be converted to cash in less than one year, including cash and cash equivalents, certificates of deposit, accounts receivable, contracts and grants receivable, inventories, prepaid expenses and the current portion of notes and pledges receivable.

Cash and cash equivalents are generally held in checking and money market accounts. All certificates of deposit and highly liquid investments with an original maturity date of three months or less are also classified as cash and cash equivalents. Investments available for current operations are classified as short-term investments.

Total *cash and cash equivalents* increased $5.9 million or 63.4% while short-term investments increased $8.7 million or 13.4% from the prior year. During the year, $6.8 million of PIMCO fixed income mutual funds were purchased, which resulted in an increase in short-term investments and a decrease in cash and cash equivalents. This decrease in cash is offset by $6.4 million of net cash provided by operating activities, $2.8 million of cash contributions received and $1.3 million in capital grants and gifts. Please refer to the Statement of Cash Flows for more information regarding cash and cash equivalents. The Corporation is in the early stages of planning for a complete renovation of its main Campus Dining facility and, therefore, is working to accumulate net earnings from operations to fund this project. A portion of current assets is expected to be used for this project in the future.

Accounts receivable, net increased $465,000 or 19.9% due primarily to the timing of payments received from the Cal Poly Foundation (Foundation). In 2012-13, the accounts receivable balance from the Foundation was $667,000 compared to $323,000 in 2011-12. In addition, the Corporation had an outstanding receivable in the amount of $280,000 at the end of 2012-13 related to computers purchased from the University Store in June, whereas no significant purchases were made by the University in June of the prior year.

Contracts and grants receivable, net decreased $1.2 million or 22.7% from prior year, the majority of which was collected from two federal sponsored research contracts that ended the fiscal year with an outstanding balance of $141,000 compared to $806,000 in 2011-12. The remaining variance corresponds with a 4% decrease in project expenditures overall compared with prior year.

The slight decrease in *inventories* in the amount of $230,000 or 5.3% is driven by efforts by the University Store and other commercial operations to reduce inventories and improve efficiencies. University Store inventory decreased $903,000 in 2012-13 from 2011-12. This decrease was offset by an increase in inventories related to four Bella Montaña faculty/staff housing which were reclassified from capital assets to inventories, as discussed above under *net investment in capital assets*.

Prepaid expenses and other current assets decreased $1.3 million or 74.1% from prior year. The majority of this decrease is related to prepayments made in 2011-12 on two federally sponsored research projects in the amount of $733,000, for which the work was performed and prepayment cleared in 2012-13. In addition, the Corporation made prepayments to the University in the amount of $294,000 in 2011-12 for work related to fire suppression systems. The work was also completed in 2012-13.

Noncurrent assets consist primarily of restricted cash and cash equivalents related to endowments and split interest trusts, 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 split-interest trusts, are classified as other long-term investments.

Overall, noncurrent assets decreased slightly from $37.9 million to $36.3 million during 2012-13. *Note receivable* decreased as the Corporation received $59,000 in principal payments related to a loan to the Foundation for the construction of the Engineering Plaza. *Pledges receivable, net* increased approximately $99,000 compared to prior year as Athletics received $350,000 in new pledges during 2012-13, offset by $198,000 in payments on existing pledges.

Other long-term investments decreased $340,000 or 10.7% from prior year due to the maturity of one certificate of deposit (CD) in the amount of $515,000. Proceeds from this maturity were reinvested into short-term investments in 2012-13. The decrease was offset by a new life income contract that was funded with an addition of $100,000.

At June 30, 2013, the Corporation held $34.2 million in depreciable capital assets, compared to $33.4 million the prior year. The Corporation's depreciable capital assets, net of accumulated depreciation, totaled $15.3 million at June 30, 2013. Depreciable capital assets consist of buildings, leasehold improvements, equipment and intangible assets. Additions to depreciable capital assets during the year include $362,000 of leasehold improvements and equipment related to the Campus Market Starbucks, $318,000 in fire suppression facility upgrades and $278,000 related to the University Store remodel. These increases were offset by a reduction in capital assets related to four Bella Montaña faculty/staff housing units that were reclassified from capital assets to inventory.

The Corporation held $8.2 million of non-depreciable assets as of June 30, 2013, compared to $8.7 million the prior year. Non-depreciable capital assets consist of land and improvements and construction in progress, including $6.8 million of land donated to the Corporation on behalf of Swanton Pacific Ranch. The decrease is related to the completion of construction projects in progress at the end of 2011-12, including the new Campus Market Starbucks location and the University Store renovation, mentioned above. These projects have been capitalized and are recorded as depreciable capital assets in 2012-13.

Liabilities

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

Accounts payable decreased $588,000 or 15.6% primarily due to several large projects in progress at the end of 2011-12 which resulted in significant payables to the University. These projects included $195,000 related to a fire suppression facility upgrades and $247,000 in accounts payable related to the University Store remodel; both of which were paid in 2012-13.

Unearned revenue increased $1.3 million or 32.1% primarily due to a $1.0 million increase in meal plan deposits. There are approximately 1,000 more freshmen enrolled and on meal plans for fall 2013-14 than the prior year. In addition, unearned revenue related to conferences and workshops increased $267,000 or 33.0% from $811,000 to $1.1 million. In 2012-13, there were some delays in charging out expenses related to these conferences as a result of staff turnover at year-end. We expect this balance to decrease in the next fiscal year.

Noncurrent liabilities consist primarily of grants refundable, long-term debt, deposits held in custody for others (including endowments), other postemployment benefit obligation and split-interest trust liabilities.

The Corporation's long-term debt of $2.6 million represents a note payable as part of the California State University ("CSU") System-wide Revenue Bonds Series 2009A bond issuance. This note was issued to fund the construction of the Cal Poly Technology Park ("Tech Park"). The net capital asset value of this building, including tenant improvements, and related equipment at June 30, 2013 is $5.8 million. The Corporation made payments in the amount of $65,000 on this debt during the 2012-13.

Other postemployment benefit obligation ("OPEB") represents liabilities related to a defined benefit postretirement plan providing medical benefits to retirees of the Corporation. This liability increased by $2.2 million or 23.6%, which represents the annual cost as determined by an actuary, less medical premiums paid on behalf of current retirees.

The long-term payable reported on the 2011-12 financials represented a pledge commitment to support an Associated Students, Inc. ("ASI") endowment established on behalf of President Warren Baker. The Corporation made payments of $25,000 during the year towards this commitment. The entire remaining balance of $25,000 for 2012-13 is included in accounts payable under current liabilities, as it is expected to be paid out during the next fiscal year.

Results of Operations

Total net position increased $6.1 million or 6.4% as a result of favorable market value gains and strong results from Campus Dining operations.

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

	Year Ended June 30, 2013	Year Ended June 30, 2012
Operating revenues:		
Grants and contracts	$ 20,247,278	$ 20,310,805
Sales and services of auxiliary enterprises	42,390,599	45,337,083
Fees for services	5,677,931	7,373,265
University programs support	3,733,731	3,851,772
Conference and workshop revenues	1,929,655	1,284,626
Other operating revenue	1,109,386	708,385
Total operating revenues	75,088,580	78,865,936
Operating expenses:		
Corporation administration	3,406,170	3,909,703
Contract and grant expense	21,172,142	22,056,853
Auxiliary activities cost of sales	17,885,458	19,050,850
Auxiliary activities expense	18,513,528	18,306,323
University programs support	11,289,211	11,008,988
Sponsored program administration	1,079,540	1,327,497
Depreciation and amortization	1,898,004	1,764,770
Other operating expenses	3,017,843	2,256,147
Total operating expense	78,261,896	79,681,131
Operating loss	(3,173,316)	(815,195)
Nonoperating revenues (expenses):		
Gifts, noncapital	2,960,684	2,476,687
Investment and interest income, net	4,305,169	305,090
Other nonoperating revenues (expenses)	455,114	408,536
Total nonoperating revenues (expenses)	7,720,967	3,190,313
Other changes in net position:		
Capital grants and gifts	1,505,790	3,421,135
Increase in net position	6,053,441	5,796,253
Beginning net position	94,789,951	69,026,929
Prior year restatement	—	19,966,769
Beginning net position, as restated	94,789,951	88,993,698
Ending net position	$ 100,843,392	$ 94,789,951

Operating revenues of $75.1 million decreased $3.8 million or 4.8% in 2012-13 compared to 2011-12. Overall revenue from grants and contracts, noncapital remained relatively flat compared to prior year. *Sales and services of auxiliary enterprises* decreased $2.9 million or 6.5% in 2012-13, driven by a $2.7 million decrease in Campus Dining sales. This decrease is the result of a significant reduction in the number of freshman enrolled and on meal plans compared to the prior year. Although Campus Dining revenues decreased from prior year, overall Campus Dining provided a positive net income from operations.

Fees for services revenue decreased $1.7 million or 23.0%, primarily due to a $1.0 million decrease in payments received from the Foundation under the Administrative Services Agreement. Effective June 30, 2012, the Foundation ended the previous Administrative Services Agreement with the Corporation and transferred most of its accounting and administrative functions previously provided by the Corporation to University staff. In addition, income related to indirect costs recovered from sponsored research projects decreased $400,000 due to a 4% reduction in project expenditures from prior year.

Conference and workshop revenues increased $645,000 or 50.2% as the operations are under new management and are expanding and promoting their services, resulting in an increase in the number of conferences held compared to prior year.

Other operating revenues increased $401,000 or 56.6% due to increased rental income collected from Bella Montaña faculty-staff housing operations. In February 2012, the Cal Poly Housing Corporation was dissolved and all assets and liabilities transferred to the Corporation. Rental income for 2011-12 reflected four months of income, compared to twelve months in 2012-13. Other operating revenues also includes income related to the sale of one Bella Montaña unit in 2012-13. No units were sold in 2011-12.

Operating expenses decreased $1.4 million or 1.8% from prior year. *Corporation administration* expenses decreased $504,000 or 12.9% as six Corporation employees were transferred to the University's payroll as of July 1, 2102 to work primarily on Foundation matters. *Contract and grant expense* decreased $885,000 or 4.0% as two large projects wrapped up their operations during the year.

Auxiliary activities cost of sales decreased $1.2 million or 6.1% in line with the decrease in sales mentioned previously, due to fewer entering freshman in 2012-13 than the prior year.

Overall, *University programs support* expense increased $280,000 or 2.5% from prior year. The increase is driven by a $326,000 or 27.7% increase in conference and workshop expense over prior year, in line with the increase in conference revenue and number of conferences held.

Other operating expenses increased $762,000 or 33.8% due to an increase in self-funded insurance expense and OPEB expense in 2012-13 compared to 2011-12.

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

Gifts, noncapital increased $484,000 or 19.5% from prior year. The difference is due to the varying nature of contribution revenue from year to year, which depends on a number of both internal and external factors.

Investment income, net of fees, increased $4.0 million from the prior year. Market value gains of $2.7 million in 2012-13 resulted in a significant improvement over the market value losses of $1.2 million in 2011-12.

Other changes in net position includes *capital grants and gifts*, which decreased $1.9 million or 56.0% from prior year. This includes capital grant income which decreased $921,000 or 53.5% primarily due to a reduction in capital expenditures on two federally sponsored projects, which reduced from $881,000 in 2011-12 to $20,000 in 2012-13. In 2011-12, the Corporation received a special endowment payout from the Foundation in the amount of $400,000 to support Swanton Pacific Ranch facility renovations, whereas no such payout was received in 2012-13. In addition, the Corporation received $73,000 in pledge income related to Spanos Stadium suite licenses in 2012-13, compared to $509,000 in 2011-12.

Currently Known Facts Impacting Future Periods

Investments account for 59.1% of the Corporation's total assets. Of this $80.9 million, $73.6 million or 91.0% is held in short-term investments and the remaining $7.3 million or 9.0% is held in long-term investments. The Corporation continues to manage its investments with the guidance of its investment advisory committee, which works in conjunction with the investment consultant, Kaspick & Co. Future investment earnings will fluctuate and be affected by interest rate fluctuations and uncertain market conditions.

In August 2013, the Corporation received payment in full from the Foundation in the amount of $416,000 on a note receivable related to the Engineering Plaza. The College of Engineering refinanced this loan with the Cal Poly Foundation which holds the assets that are the source of repayment for the project.

The Corporation sold three of its Bella Montaña faculty/staff condo units during July and August 2013.

Cal Poly Corporation

Statements of Net Position

June 30, 2013 and 2012

	2013	2012
Assets		
Current assets:		
Cash and cash equivalents	$ 15,193,488	$ 9,295,753
Short-term investments	73,632,189	64,954,530
Accounts receivable, net	2,806,346	2,341,118
Contracts and grants receivable, net	4,026,285	5,211,419
Note receivable	65,987	58,777
Pledges receivable, net	246,569	204,494
Inventories	4,138,605	4,368,695
Prepaid expenses and other current assets	437,183	1,690,076
Total current assets	100,546,652	88,124,862
Noncurrent assets:		
Restricted cash and cash equivalents	40,980	48,211
Accounts receivable, net	19,638	17,528
Note receivable, net	349,545	416,234
Pledges receivable, net	4,459,861	4,360,433
Endowment investments	4,443,797	4,416,600
Other long-term investments	2,833,327	3,173,386
Capital assets, net	23,473,478	24,831,086
Other assets	638,000	638,000
Total noncurrent assets	36,258,626	37,901,478
Total assets	136,805,278	126,026,340
Deferred Outflows of Resources	-	-

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

Cal Poly Corporation

Statements of Net Position

June 30, 2013 and 2012

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	2013	2012
Liabilities		
Current liabilities:		
Accounts payable	$ 3,176,219	$ 3,764,017
Accrued salaries and benefits payable	605,611	573,425
Accrued compensated absences	677,300	693,640
Unearned revenue	5,322,762	4,030,817
Long-term debt obligations	65,000	60,000
Self-insurance claims liability	15,000	15,000
Other postemployment benefit obligation	150,607	153,814
Total current liabilities	10,012,499	9,290,713
Noncurrent liabilities:		
Accrued compensated absences, net	141,380	171,312
Grants refundable	4,511,689	2,790,571
Long-term debt obligation	2,625,000	2,690,000
Deposits held in custody for others	6,094,203	5,914,679
Other postemployment benefit obligation, net	11,497,996	9,299,249
Other liabilities:		
Split-interest trust liabilities	1,079,119	1,054,865
Long-term payable		25,000
Total noncurrent liabilities	25,949,387	21,945,676
Total liabilities	35,961,886	31,236,389
Deferred Inflows of Resources	-	-
Net Position		
Net investment in capital assets	20,783,478	22,081,086
Restricted for:		
Expendable:		
Research	285,800	268,680
Capital projects	891,728	884,825
Instruction	971,318	1,084,578
Academic support	1,665,213	1,212,684
Student services	4,156,054	4,577,662
Other	1,122,650	884,684
Unrestricted	70,967,151	63,795,752
Total net position	$ 100,843,392	$ 94,789,951

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

Cal Poly Corporation

Statements of Revenues, Expenses and Changes in Net Position

Years Ended June 30, 2013 and 2012

	2013	2012
Operating revenues:		
Grants and contracts, noncapital:		
Federal	$ 13,309,274	$ 13,576,229
State	2,952,945	2,574,301
Local	309,352	472,610
Nongovernmental	3,675,707	3,687,665
Sales and services of auxiliary enterprises	42,390,599	45,337,083
Fees for services	5,677,931	7,373,265
University programs support	3,733,731	3,851,772
Conference and workshop revenues	1,929,655	1,284,626
Other operating revenues	1,109,386	708,385
Total operating revenues	75,088,580	78,865,936
Operating expenses:		
Corporation administration	3,406,170	3,909,703
Contract and grant expenses	21,172,142	22,056,853
Auxiliary activities cost of sales	17,885,458	19,050,850
Auxiliary activities expenses	18,513,528	18,306,323
University programs support:		
Conference and workshops expenses	1,501,124	1,175,272
Public service support	3,798,422	3,729,739
Institutional support	1,809,362	1,983,782
Academic support	1,489,822	1,772,561
Student services	1,084,300	1,065,567
Other University programs	1,606,181	1,282,067
Sponsored programs administration	1,079,540	1,327,497
Depreciation and amortization	1,898,004	1,764,770
Other operating expenses	3,017,843	2,256,147
Total operating expenses	78,261,896	79,681,131
Operating loss	(3,173,316)	(815,195)

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

Cal Poly Corporation

Statements of Revenues, Expenses and Changes in Net Position

Years Ended June 30, 2013 and 2012

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	2013	2012
Nonoperating revenues (expenses):		
Gifts, noncapital	$ 2,960,684	$ 2,476,687
Investment income, net	4,444,782	447,717
Interest expense	(139,613)	(142,627)
Other nonoperating revenues (expenses)	455,114	408,536
Total nonoperating revenues (expenses)	7,720,967	3,190,313
Other changes in net position:		
Capital grants and gifts	1,505,790	3,421,135
Total other changes in net position	1,505,790	3,421,135
Increase in net position	6,053,441	5,796,253
Net position - beginning of year	94,789,951	69,026,929
Prior year restatement		19,966,769
Net position - beginning of year, as restated	94,789,951	88,993,698
Net position - end of year	$ 100,843,392	$ 94,789,951

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

Cal Poly Corporation

Statements of Cash Flows

Years Ended June 30, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Receipts from grants and contracts	$ 23,153,530	$ 21,595,462
Receipts from sales and services of auxiliary enterprises	44,986,826	47,311,538
Receipts from fees for services	5,677,931	7,373,265
Receipts from University programs	3,733,731	3,851,772
Payments to vendors	(31,322,204)	(8,587,042)
Payments to employees	(31,620,551)	(59,943,647)
Payments to University, net	(8,061,530)	(8,964,188)
Payments to Foundation, net	(1,239,953)	(859,354)
Other receipts	1,115,748	708,385
Other payments	(25,000)	(536)
Net cash provided by operating activities	6,398,528	2,485,655
Cash flows from noncapital financing activities:		
Cash contributions received	2,802,304	1,976,196
Cash contributions received for split-interest trusts	124,254	213,388
Distributions to trust beneficiaries	(118,339)	(349,362)
Fees and expenses of split-interest trusts	(1,462)	(38,981)
Foundation support	453,814	442,311
Change in depository accounts	179,524	(517,879)
Net cash provided by noncapital financing activities	3,440,095	1,725,673
Cash flows from capital and related financing activities:		
Capital grants and gifts	1,348,580	3,439,922
Acquisition of capital assets	(1,405,574)	(2,285,203)
Proceeds from sale of capital assets	23,209	301,174
Interest paid on long-term debt obligation	(139,613)	(142,627)
Defeasance of long-term obligation	(60,000)	(79,750)
Net cash provided (used) by capital and related financing activities	(233,398)	1,233,516
Cash flows from investing activities:		
Proceed from sale and maturities of investments	9,132,016	8,694,042
Purchase of investments	(17,304,462)	(12,840,567)
Investment income proceeds	4,398,246	702,418
Proceeds from note receivable	59,479	126,064
Net cash used by investing activities	(3,714,721)	(3,318,043)
Net increase in cash	5,890,504	2,126,801
Cash and cash equivalents - beginning of year	9,343,964	7,217,163
Cash and cash equivalents - end of year	$ 15,234,468	$ 9,343,964

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

Cal Poly Corporation

Statements of Cash Flows

Years Ended June 30, 2013 and 2012

Page 2

	2013	2012
Reconciliation of cash and cash equivalents to Statements of Net Position:		
Cash and cash equivalents	$ 15,193,488	$ 9,295,753
Restricted cash and cash equivalents	40,980	48,211
Cash and cash equivalents - end of year	$ 15,234,468	$ 9,343,964
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	$ (3,173,316)	$ (815,195)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	1,898,004	1,764,770
Bad debt	28,098	63,638
Changes in operating assets and liabilities:		
Accounts receivable, net	726,268	843,292
Inventories	1,084,862	(561,839)
Prepaid expenses and other current assets	1,252,893	(1,096,633)
Accounts payable	(216,683)	208,292
Accounts payable - University	(390,696)	514,501
Accounts payable - Foundation	19,581	47,876
Accrued salaries and benefits payable	32,186	(644,646)
Accrued compensated absences	(46,272)	76,536
Unearned revenue	1,291,945	(413,487)
Grants refundable	1,721,118	446,176
Other postemployment benefit obligation	2,198,747	2,052,910
Other liabilities	(28,207)	(536)
Net cash provided by operating activities	$ 6,398,528	$ 2,485,655
Supplemental disclosures of cash flow information:		
Contributions of investments	$ 34,581	$ 41,249
Other noncash contributions	$ 89,230	$ 132,147
Increase (decrease) in fair value of investments	$ 3,066,911	$ (1,335,791)
Capital assets received in lieu of note receivable from CPHC	$ -	$ 2,718,870
Reclassification of condo units from capital assets to inventories	$ 854,772	$ -

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

Cal Poly Corporation
Notes to Financial Statements
June 30, 2013 and 2012

Note 1: Organization

The Cal Poly Corporation (Corporation) is a nonprofit auxiliary organization to the California Polytechnic State University, San Luis Obispo (University). The Corporation provides the University with certain services and facilities, which are an integral part of the educational program of the University, but which by law, cannot be financially supported by the state government. 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 2006, the Corporation also transferred approximately $207,100,000 in net position to the California Polytechnic State University Foundation (Foundation), an entity responsible for philanthropic activities related to the University.

In February 2012, the Corporation accepted all of the assets, liabilities and activities of Cal Poly Housing Corporation (CPHC), 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.

As a result of changes to the Corporation's bylaws, the Corporation reports under Governmental Accounting Standards Board (GASB) effective July 1, 2011. The Corporation previously reported under Financial Accounting Standards Board (FASB). See Note 14.

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 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.

Note 2: Summary of Significant Accounting Policies (Continued)

Classification of Current and Noncurrent Assets 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 Statements of Net Position date to be current. All other assets and liabilities are considered to be noncurrent.

Cash and Cash Equivalents

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

Investments

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

Short-term investments consist of equity securities, open-ended mutual funds, certificates of deposit with an original maturity date of one year or less, and U.S. government and municipal obligations with a maturity date of one year or less. 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.

Note 2: Summary of Significant Accounting Policies (Continued)

Accounts and Note Receivable

The Corporation has accounts and note receivable from the University, University organizations and students and external organizations in conjunction with the services it provides as an auxiliary organization. Accounts receivable are also recorded from contract and grant sponsors, generally federal, state and local governments, nonprofit organizations and corporate sponsors. The Corporation provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off against the valuation. 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 $107,656 and $87,371 at June 30, 2013 and 2012, respectively. There was no allowance established for the note receivable at June 30, 2013 and 2012.

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 $996,870 and $1,018,127 at June 30, 2013 and 2012, respectively. The discount on pledges receivable is computed using the five-year Treasury note rate applicable in the year pledged. In subsequent years, this discount is accreted and recorded as additional gift revenue.

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

Inventories

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

Bookstore - retail inventory method except electronic hardware, specific identification cost
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

Note 2: Summary of Significant Accounting Policies (Continued)

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 buildings, leasehold improvements, construction-in-progress, equipment and intangible assets are recorded at cost at date of acquisition. Capital assets with a value of less than $5,000 are not capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset, or materially extend its useful life, are expensed to operations. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets.

Estimated useful lives are generally as follows:

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

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

Actuarial Trust Liabilities and Change in Value of Split-Interest Agreements

Actuarial trust liabilities include charitable gift annuities 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 split-interest agreements is recorded for the amortization of discount and any changes in actuarial assumptions.

Note 2: Summary of Significant Accounting Policies (Continued)

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.

Classification of Revenues and Expenses

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

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

Note 2: Summary of Significant Accounting Policies (Continued)

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, 2013 and 2012, grants and contracts revenue included $409,797 and $539,439, 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; is protected, kept unencumbered, cared for, and preserved. The value of the collection was estimated at $1,400,000 at June 30, 2013 and 2012.

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) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

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.

Note 2: Summary of Significant Accounting Policies (Continued)

Recent Pronouncements

In June 2011, GASB issued Statement No. 64, Derivative Instruments: Application of Hedge Accounting Termination Provisions - an amendment of GASB Statement No. 53. Statement No. 64 sets forth criteria that establish when the effective hedging relationship continues after the replacement of a swap counterparty of a swap counterparty's credit support provider and when hedge accounting should continue to be applied. Management implemented Statement No. 64 for the Corporation's June 30, 2012 financial statements. Implementation of this statement did not have a material impact on the Corporation's financial statements.

In November 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements* and Statement No. 61, *The Financial Reporting Entity: Omnibus* - an amendment of GASB Statements No. 14 and No. 34. Statement No. 60 applies to arrangements in which a government uses a third party to provide public services through the use and operation of a capital asset. Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity, amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances, and clarifies the reporting of equity interests in legally separate organizations.

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The intent of Statement No. 62 is to include all pre-November 30, 1989 private sector guidance into a GASB statement; it supersedes Statement No. 20. Under Statement No. 62, governmental entities will no longer have the option to follow private-sector guidance issued after December 1, 1989 for business-type activities.

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. This Statement also amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and other pronouncements.

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Note 2: Summary of Significant Accounting Policies (Continued)

In March 2012, GASB issued Statement No. 66, *Technical Corrections* – an amendment of Statements No. 10 and No. 62. Statement No. 66 improves accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. In addition, the Statement amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*.

Management implemented GASB Statements No. 60, 61, 62, 63, 65, and 66 for the Corporation's June 30, 2013 financial statements. Implementation of these statements did not have a material impact on the Corporation's financial statements.

In March 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans,* which revises existing standards of financial reporting for most pension plans. The provisions of Statement No. 67 are effective for fiscal years beginning after June 15, 2013. Management has not yet determined the impact of this Statement on its financial statements.

In June 2012, GASB issued Statement No. 68, *Financial Reporting for Pensions*—an amendment of Statement No. 27, that addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers. The provisions of Statement No. 68 are effective for fiscal years beginning after June 15, 2014. Management has not yet determined the impact of this Statement on its financial statements.

In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations.* This Statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. The provisions of Statement No. 69 are effective for government combinations and disposals of government operations occurring after December 15, 2013. Management has not yet determined the impact of this Statement on its financial statements.

In April 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees*. This Statement specifies the information required to be disclosed by governments that extend non-exchange financial guarantees. In addition, this Statement requires new information to be disclosed by governments that receive non-exchange financial guarantees. The provisions of Statement No.70 are effective for fiscal years beginning after June 15, 2013. Management has not yet determined the impact of this Statement on its financial statements.

Note 2: Summary of Significant Accounting Policies (Continued)

Reclassifications

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

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. The Corporation also participates in the Certificate of Deposit Account Registry (CDARS) program which is a deposit-placement service designed to allow FDIC-insured financial institutions to accept deposits of more than $250,000 and obtain full coverage for the depositor by spreading the funds among as many separate FDIC insured institutions as necessary so that no institution holds more than $250,000 (principal plus interest) for each depositor. At June 30, 2013, the Corporation had uninsured cash deposits totaling $13,454,340, held principally at Wells Fargo Bank.

At June 30, 2013 and 2012, a portion of cash and cash equivalents was restricted according to donor stipulations as follows:

	2013	2012
Endowments	$ 19,368	$ 12,571
Split interest trusts	21,612	35,640
Total restricted cash and cash equivalents	$ 40,980	$ 48,211

Note 4: Investments

At June 30, 2013 and 2012, investments were classified in the accompanying financial statements as follows:

	2013	2012
Short-term investments	$ 73,632,189	$ 64,954,530
Endowment investments	4,443,797	4,416,600
Other long-term investments	2,833,327	3,173,386
Total investments	$ 80,909,313	$ 72,544,516

At June 30, 2013 and 2012, other long-term investments included $1,849,103 and $1,701,838, respectively, held in split-interest trusts.

Note 4: Investments (Continued)

At June 30, 2013, investments comprised the following:

	2013		
	Current	**Noncurrent**	**Total**
Equity securities	$ 500,262	$	$ 500,262
Fixed income securities		494,116	494,116
Real estate		980,000	980,000
Certificates of deposit	4,983,276		4,983,276
Mutual funds:			
Equity funds	24,187,137	3,865,914	28,053,051
Bond funds	37,013,033	1,267,541	38,280,574
All Asset All Authority funds	5,552,602	539,359	6,091,961
Other investments:			
Cash and interest receivable pending long-term investment	144,256	1,487	145,743
Alternative investments	1,251,623	124,484	1,376,107
Agriculture related retains		4,223	4,223
Total investments	$ 73,632,189	$ 7,277,124	$ 80,909,313

At June 30, 2012, investments comprised the following:

	2012		
	Current	**Noncurrent**	**Total**
Equity securities	$ 315,018	$	$ 315,018
Fixed income securities		505,446	505,446
Real estate		980,000	980,000
Certificates of deposit	7,211,129	514,493	7,725,622
Mutual funds:			
Equity funds	23,576,340	3,879,161	27,455,501
Bond funds	29,000,265	1,237,322	30,237,587
Exchange traded funds	84,456		84,456
All Asset All Authority funds	3,325,316	329,075	3,654,391
Other investments:			
Cash and interest receivable pending long-term investment	215,482	3,277	218,759
Alternative investments	1,226,524	128,517	1,355,041
Agriculture related retains		12,695	12,695
Total investments	$ 64,954,530	$ 7,589,986	$ 72,544,516

Note 4: Investments (Continued)

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 and certificates of deposit (CDs) is to limit risk while outperforming what would otherwise be available in cash or money market products.

The All Asset All Authority fund uses an asset allocation approach, targeting solid real (after-inflation) returns from a global opportunity set of traditional and alternative asset classes. The fund has the flexibility to draw on a wide selection of investments, including inflation-hedging assets, such as Treasury Inflation-Protected Securities (TIPS) and commodities, as well as U.S. and international stocks and bonds.

Alternative investments are mutual fund commodities. Alternative investments are measured against the Dow Jones UBS Commodity Index.

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.

The fixed income portion of the investments may include both domestic and international securities, along with common bond substitutes. Investment guidelines establish set ranges for the percentage of the total bond portfolio that can be invested in U.S. government, investment grade, non-investment grade and foreign bonds. The fixed income portfolio is measured against the Barclays Capital Intermediate U.S. Government/Credit, Merrill Lynch 1 – 3 Year U.S. Treasuries, Citi 3-Month Treasury Bill and Citi 1-Month CD.

Note 4: Investments (Continued)

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 $28,553,313, or 35%, of the total investments of the Corporation at June 30, 2013. 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, exchanges rates, political instability, war, economic conditions and interest rates. This type of risk is not specific to a particular company or industry and cannot be substantially mitigated by diversification.

Credit Risk:
Fixed income securities are subject to credit risk, which is the chance that a bond issue will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer’s ability to make these payments will cause security prices to decline. The following schedule of credit risk summarizes the fair value of the fixed income securities subject to credit risk. The Corporation maintains policies to manage credit risk which include requiring minimum credit ratings issued by nationally recognized statistical rating organizations, including Standard and Poor’s or Moody’s Investor Services, for certain investments. For investments in securities rated below investment grade, the Corporation and its investment advisor monitor the investments and fund managers to determine if the portfolio is managed according to the stated guidelines.

Note 4: Investments (Continued)

The credit ratings of the Corporation's fixed income securities held in investments and money market funds at June 30, 2013 were as follows:

	Fair Value	Rating
Bond mutual funds:		
DFA Intermediate Government Bond	$ 6,774,711	AAA
Loomis Sayles Bond Fund - Institutional	2,207,536	BBB
PIMCO Total Return Fund - Institutional	5,024,238	A
PIMCO Foreign Bond Fund - Institutional	3,200,703	AA
PIMCO High Yield Fund - Institutional	1,189,671	BB
PIMCO Short Term - Institutional	3,584,063	A
PIMCO Low Duration Fund	16,299,652	AA
U.S. government:		
U.S. Treasury bills	246,267	AAA
U.S. government backed - asset backed securities	247,849	AAA
Money market funds:		
Wells Fargo Cash Investment Money Market - Institutional	4,032,831	Unrated
Schwab One Fund	169,159	Unrated
Schwab Government Money Fund	4,590	Unrated
Total fixed income and debt securities subject to credit risk	$ 42,981,270	

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, 2013 and 2012, the Corporation had no investments that exceeded this threshold.

Note 4: Investments (Continued)

Interest Rate Risk:

Interest rate risk is the risk that fixed income securities will decline because of rising interest rates. The Corporation measures interest rate risk using the weighted average duration method. The weighted average duration of the Corporation's fixed income securities and money market funds at June 30, 2013 was as follows:

	Fair Value	Average Duration (in years)
Bond mutual funds:		
DFA Intermediate Government Bond	$ 6,774,711	5.1
Loomis Sayles Bond Fund - Institutional	2,207,536	5.3
PIMCO Total Return Fund - Institutional	5,024,238	5.8
PIMCO Foreign Bond Fund - Institutional	3,200,703	8.1
PIMCO High Yield Fund - Institutional	1,189,671	3.6
PIMCO Short Term - Institutional	3,584,063	1.0
PIMCO Low Duration Fund	16,299,652	3.5
U.S. government:		
U.S. Treasury bills	246,267	5.9
U.S. government backed - asset backed securities	247,849	5.9
Money market funds	4,206,580	0.0
Total fixed income and debt securities subject to interest rate risk	$ 42,981,270	3.9

Note 4: Investments (Continued)

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. The Corporation's exposure to foreign currency risk at June 30, 2013 was as follows:

	Total Fair Value
Euro	$ 3,333,441
British Pounds	2,623,655
Japanese Yen	1,905,065
Brazilian Reais	1,106,087
Canadian Dollars	958,752
Swiss Francs	859,619
Mexican Peso	720,353
Australian Dollars	704,232
Hong Kong Dollars	468,326
Chinese Yuan	313,711
Korean Won	281,749
Taiwanese Dollars	247,146
Singapore Dollars	230,286
South African Rand	206,324
Swedish Krona	195,548
Malaysian Ringgit	180,555
Russian Ruble	132,975
Indian Rupee	127,776
Norwegian Krone	123,571
Indonesian Rupiah	118,690
Other	611,351
Total investments subject to foreign currency risk	$ 15,449,212

Note 4: Investments (Continued)

Other currencies are individually less than 0.2% of the Corporation's investments. The foreign currency risk by investment type at June 30, 2013 was as follows:

Equity mutual funds	$ 10,937,001
Bond mutual funds	4,512,211
Total investments subject to foreign currency risk	$ 15,449,212

Alternative Investment Risks:
The Corporation held alternative investments at estimated fair value at June 30, 2013. The Corporation does not have any direct investments in derivative financial instruments which would require accounting and disclosure under GASB Statement No. 53, *Accounting for Derivative Instruments*. Alternative investments at fair market value at June 30, 2013 were as follows:

All Asset All Authority funds	$ 6,091,961
Commodity funds	1,376,107
Total alternative investments	$ 7,468,068

Note 5: Pledges Receivable

At June 30, 2013 and 2012, pledges receivable comprised the following:

	2013	2012
College-specific facilities	$ 6,034,000	$ 5,853,000
Stadium suites	360,423	422,989
Subtotal	6,394,423	6,275,989
Less allowance for uncollectible accounts	(996,870)	(1,018,127)
Less unamortized discount	(691,123)	(692,935)
Pledges receivable, net	$ 4,706,430	$ 4,564,927
Amounts due in:		
One year or less	$ 414,074	$ 395,439
One to five years	480,349	380,550
More than five years	5,500,000	5,500,000
Total amounts due	$ 6,394,423	$ 6,275,989

Note 6: Note Receivable

At June 30, 2013, note receivable comprised the following:

Note receivable from the Foundation, due annually as endowment payout is made or as other funding is available, interest variable, prime + 1% (4.25% at June 30, 2013), adjusted and charged quarterly.	$ 415,532
Less current portion	(65,987)
Note receivable, net	$ 349,545

Note 7: Capital Assets

At June 30, 2013, capital assets comprised the following:

	2013				
	Balance June 30, 2012	Additions	Reductions	Transfers of Completed WIP	Balance June 30, 2013
Nondepreciable capital assets:					
Land and improvements	$ 7,459,164	$	$	$	$ 7,459,164
Works of art and historical treasures	508,060				508,060
Construction in progress	770,890	1,091,606	(65,419)	(1,608,596)	188,481
Total nondepreciable capital assets	8,738,114	1,091,606	(65,419)	(1,608,596)	8,155,705
Depreciable and amortizable capital assets:					
Buildings	21,121,463	19,169	(907,472)	978,036	21,211,196
Leasehold improvements	583,534			80,743	664,277
Equipment	9,955,640	230,939	(269,550)	529,815	10,446,844
Intangible assets:					
Software and websites	1,292,268	74,366	(2,625)	19,574	1,383,583
Licenses and permits	399,173	54,913		428	454,514
Total depreciable and amortizable capital assets	33,352,078	379,387	(1,179,647)	1,608,596	34,160,414
Less accumulated depreciation and amortization:					
Buildings	(8,080,228)	(959,638)	81,593		(8,958,273)
Leasehold improvements	(306,181)	(48,540)			(354,721)
Equipment	(7,809,907)	(711,613)	230,653		(8,290,867)
Intangible assets:					
Software and websites	(964,020)	(114,910)	2,223		(1,076,707)
Licenses and permits	(98,770)	(63,303)			(162,073)
Total accumulated depreciation and amortization	(17,259,106)	(1,898,004)	314,469		(18,842,641)
Total capital assets, net	$ 24,831,086	$ (427,011)	$ (930,597)	$ -	$ 23,473,478

Note 7: Capital Assets (Continued)

At June 30, 2012, capital assets comprised the following:

	2012				
	Balance June 30, 2011	**Additions**	**Reductions**	**Transfers of Completed WIP**	**Balance June 30, 2012**
Nondepreciable capital assets:					
Land and improvements	$ 7,459,164	$	$	$	$ 7,459,164
Works of art and historical treasures	508,060				508,060
Construction in progress	559,830	1,371,792	(367,443)	(793,289)	770,890
Total nondepreciable capital assets	8,527,054	1,371,792	(367,443)	(793,289)	8,738,114
Depreciable and amortizable capital assets:					
Buildings	17,997,835	2,945,904	(399,979)	577,703	21,121,463
Leasehold improvements	583,534				583,534
Equipment	9,790,817	993,181	(857,282)	28,924	9,955,640
Intangible assets					
Software and websites	1,280,342	17,800	(5,874)		1,292,268
Licenses and permits	170,337	42,839	(665)	186,662	399,173
Total depreciable and amortizable capital assets	29,822,865	3,999,724	(1,263,800)	793,289	33,352,078
Less accumulated depreciation and amortization:					
Buildings	(7,351,815)	(839,557)	111,144		(8,080,228)
Leasehold improvements	(246,741)	(59,440)			(306,181)
Equipment	(7,903,155)	(717,920)	811,168		(7,809,907)
Intangible assets					
Software and websites	(843,828)	(126,066)	5,874		(964,020)
Licenses and permits	(77,648)	(21,787)	665		(98,770)
Total accumulated depreciation and amortization	(16,423,187)	(1,764,770)	928,851		(17,259,106)
Total capital assets, net	$ 21,926,732	$ 3,606,746	$ (702,392)	$ -	$ 24,831,086

Note 8: Long-Term Debt Obligation

At June 30, 2013 and 2012, the long-term debt obligation represented a note payable related to the CSU System-Wide Revenue Bonds Series 2009A bond issuance. Payments on this note are made each March and September with final payment due September 2035. Payments began in 2012 with $60,000 due for each of the first two years, with payments progressively increasing until the final payment in 2035. The interest rate on this note ranges from 2.5% to 5.75%. 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 long-term debt obligation activity for the year ended June 30, 2013 was as follows:

	Balance June 30, 2012	Additions	Reductions	Balance June 30, 2013	Due Within One Year
Note payable, State-Wide Revenue Bond Series 2009A	$ 2,750,000	$	$ (60,000)	$ 2,690,000	$ 65,000

At June 30, 2013, future maturities of the long-term debt obligation balance were as follows:

For the Year Ending June 30,	Principal	Interest	Total
2014	$ 65,000	$ 137,819	$ 202,819
2015	65,000	134,981	199,981
2016	70,000	131,944	201,944
2017	75,000	128,544	203,544
2018	75,000	125,094	200,094
2019-2023	450,000	563,409	1,013,409
2024-2028	580,000	430,400	1,010,400
2029-2033	755,000	249,681	1,004,681
2034-2036	555,000	44,806	599,806
Total future maturities	$ 2,690,000	$ 1,946,678	$ 4,636,678

Note 9: Other Postemployment Benefit Obligation (OPEB)

Plan Description

The Corporation sponsors a defined benefit postretirement plan (Plan) that covers both salaried and non-salaried employees. The Plan provides an extension of medical benefits provided while under employment to the plan participants. The Plan is 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 so retiree contributions are not recorded in the accompanying financial statements. 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.

Funding Policy

The annual required contribution (ARC) is an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The Corporation's ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize the unfunded actuarial liability over a period of 30 years. The Board reserves the authority to review and amend this funding policy from time to time, in order to ensure that the funding policy continues to best suit the circumstances of the Corporation.

Annual OPEB Cost and Net OPEB Obligation

The Corporation's annual OPEB cost, annual OPEB cost contributed to the Plan (as described in the funding policy above) and the net OPEB obligation for the years ended June 30, 2013 and 2012 were as follows:

	2013	2012
Annual required contribution (ARC)	$ 3,121,563	$ 2,905,735
Interest on net OPEB obligation	378,207	295,028
Adjustment to annual required contributions	(428,441)	(322,488)
Annual OPEB cost	3,071,329	2,878,275
Contributions made	(875,789)	(800,901)
Increase in net OPEB obligation	2,195,540	2,077,374
Net OPEB obligation - beginning of year	9,453,063	7,375,689
Net OPEB obligation - end of year	$ 11,648,603	$ 9,453,063

Note 9: Other Postemployment Benefit Obligation (OPEB) (Continued)

The Corporation's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the years ended June 30, 2013 and 2012 were as follows:

Fiscal Year	Annual OPEB Cost	Actual Contributions	% of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2013	$ 3,071,329	$ 875,788	28.51%	$ 11,648,603
6/30/2012	$ 2,878,275	$ 800,901	27.83%	$ 9,453,063

Funded Status and Funding Progress

The funded status of the Plan as of July 1, 2013, the Plan's most recent actuarial valuation date, was as follows:

Actuarial accrued liability	$ 30,849,037
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	$ 30,849,037
Funded ratio	0.00%
Covered payroll	$ 9,689,831
UAAL as a percentage of covered payroll	318.37%

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. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress is presented as required supplementary information following the notes to the financial statements. The schedule presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits, and will include additional years in the future as information becomes available.

As of June 30, 2013, the Corporation's Board has designated $25,562,721 of Designated Fund cash and investments for payments of future post employment benefit obligation liabilities.

Note 9: Other Postemployment Benefit Obligation (OPEB) (Continued)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The Plan's most recent actuarial valuation was performed as of July 1, 2013. In that valuation, the entry age of normal actuarial cost method was used and assumed a closed 30-year amortization of the unfunded actuarial accrued liability using the level percentage of payroll amortization method. The remaining amortization as of June 30, 2013 was 24 years. The actuarial assumptions assumed a 4.0% discount rate and assumed that in all future years the maximum annual contribution will increase by 5.0% per year. Similarly the actuarial assumptions assumed that beginning in 2015 the State Annuitant Contribution (applicable to employees hired November 1, 2011 and later) will increase by 5.0% per year.

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, 2013 and 2012:

	2013	2012
Accounts receivable	$ 463,055	$ 1,101,678
Accounts payable	966,832	1,357,528
Reimbursements to University for salaries and benefits of University personnel	2,666,159	3,221,127
Reimbursements to University for other than salaries of University personnel	4,195,055	4,178,041
Payments received from University for services, space and programs	4,870,632	3,450,719
Cash gifts to the University	1,448,243	1,872,013
Noncash gifts to the University	534,290	3,738,547

Note 10: Transactions with Related Parties (Continued)

Through June 30, 2012, the Foundation contracted with the Corporation for accounting, administrative, processing, cash management, reporting, and service functions under an Administrative Services Agreement (ASA). Effective June 30, 2012, the ASA was terminated and a new Business Support Services Agreement (BSSA) was implemented. Under the new BSSA, the Corporation provides information technology and other services to the Foundation through June 30, 2015.

The following were transactions with the Foundation as of and for the years ended June 30, 2013 and 2012:

	2013	2012
Current accounts receivable	$ 666,630	$ 322,699
Current portion long-term receivable	65,987	58,777
Long-term receivable	349,545	416,233
Receivable of endowment payout	157,689	134,547
Deposit with Corporation	638,000	-
Accounts payable	151,498	131,917
Payments from Foundation under BSSA/ASA	154,143	1,121,965
Reimbursements from Foundation for salaries and benefits	1,594,765	1,313,411
Cash contributions to Foundation	781,056	837,429
Cash contributions from Foundation	1,671,405	1,907,235

Note 11: Operating Leases

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. In addition, the Corporation has operating lease agreements with the University for certain facilities. The total rent expense paid on these leases for the years ended June 30, 2013 and 2012 was $168,637 and $169,574, respectively. Rental payments are due through June 30, 2019 and are subject to annual rent adjustments of up to 4%. At June 30, 2013, future minimum rental payments for these leases were as follows:

For the Year Ending June 30,	
2014	$ 163,809
2015	163,809
2016	163,809
2017	163,809
2018	163,809
2019	85,522
Total	$ 904,567

Note 11: Operating Leases (Continued)

The Corporation also has a lease with an unrelated third party for Cal Poly Downtown. The total rent expense paid on this lease for the years ended June 30, 2013 and 2012 was $143,776 and $143,944, respectively. Rental payments are due through June 30, 2017 and are subject to annual rent adjustments of up to 5%. At June 30, 2013, future minimum rental payments for this lease were as follows:

For the Year Ending June 30,		
2014	$	144,463
2015		144,463
2016		144,463
2017		108,348
Total	$	541,737

The Corporation leases office space to various tenants in the Technology Park (Tech Park) with original lease terms of one to six years. The leases require tenants to pay their pro-rata share of common area maintenance (CAM) expenses. Rental income and CAM charges for the years ended June 30, 2013 and 2012 were $395,523 and $299,268, respectively. The cost of the Tech Park included in land, building and improvements was $6,594,607 and $6,593,821 and related accumulated depreciation was $749,472 and $445,330 at June 30, 2013 and 2012, respectively. At June 30, 2013, future minimum rental income and CAM charges under these leases were as follows:

For the Year Ending June 30,		
2014	$	282,289
2015		289,615
2016		243,819
2017		94,554
Total	$	910,277

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 less costs of administration, operating expenses and reserves for the years ended June 30, 2013 and 2012 were $0 and no amounts were paid to the University.

Note 12: Defined Benefit Pension Plan

Plan Description

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 after May 14, 2005 who are eligible for retirement at the age of 60 are entitled to a monthly benefit of 2% of final compensation for each year of service credit. Employees hired for the first time prior to May 14, 2005 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 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 acts as a common investment and administrative agent for participating public entities within the State of California. Copies of CalPERS' annual financial report may be obtained from their Executive Office, 400 P Street, Sacramento, CA 95814.

Annual Pension Cost and Net Pension Obligation

The Corporation's annual pension cost, actual contributions, the percentage of annual pension cost contributed to the Plan, and the net pension obligation for the years ended June 30, 2013, 2012 and 2011 were as follows:

Fiscal Year	Annual Pension Cost (APC)	Actual Contributions	% of APC Contributed	Net Pension Obligation
6/30/2013	$ 1,150,455	$ 1,150,455	100.0%	$ -
6/30/2012	$ 1,237,135	$ 1,237,135	100.0%	$ -
6/30/2011	$ 1,244,506	$ 1,244,506	100.0%	$ -

Funded Status and Funding Progress

The funded status of the Plan as of June 30, 2011, the Plan's most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	$ 56,974,038
Actuarial value of Plan assets	51,079,672
Unfunded actuarial accrued liability (UAAL)	$ 5,894,366
Funded ratio	89.70%
Covered payroll	$ 10,213,023
UAAL as a percentage of covered payroll	57.71%

Note 12: Defined Benefit Pension Plan (Continued)

The schedule of funding progress is presented as required supplementary information following the notes to the financial statements. The schedule presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

For the year ended June 30, 2013, the Corporation's annual pension cost was based on a contribution rate of 12.306%. The contribution rate was established by CalPERS as part of an annual actuarial valuation and includes the employer normal cost contribution rate reduced by a rate to amortize surplus assets in excess of pension benefit obligation. The significant actuarial assumptions used to compute the actuarially determined contribution requirement are the same as those used to compute the pension benefit obligation, as previously described. The Corporation's policy is to fund pension costs as accrued. The Corporation's contribution rate will be 12.764% for the year ending June 30, 2014.

Actuarial Methods and Assumptions

The Plan's most recent actuarial valuation was performed as of June 30, 2011. In that valuation, the entry age normal actuarial cost method was used and assumed a closed 30-year amortization of the unfunded actuarial accrued liability using the level percentage of payroll amortization method. The actuarial assumptions used to compute the CalPERS pension benefit obligation included an actuarial investment return rate of 7.5% per annum and projected increases of 3.0% for overall salary growth and 2.75% for inflation.

Note 13: 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 $50,000 are self-insured. The Corporation also maintains excess property insurance coverage to limits of $100 million in excess of $5,000 self-insured limits.

Note 14: Change in Accounting Principle and Prior Year Restatement

As a result of changes to the Corporation's bylaws, the Corporation reports under Governmental Accounting Standards Board (GASB) effective July 1, 2011. The Corporation previously reported under Financial Accounting Standards Board (FASB). Due to differences in accounting principles between FASB and GASB, this change in accounting principle resulted in a prior year restatement in the 2011-12 financial statements. A prior year restatement was posted in the 2011-12 financial statements to decrease other postemployment benefit obligation and increase beginning net position by $19,966,769.

Note 15: Subsequent Events

Events subsequent to June 30, 2013 have been evaluated through September 16, 2013, which is the date the financial statements were available to be issued.

In August 2013, the Corporation received payment in full from the Foundation in the amount of $416,000 on a note receivable related to the Engineering Plaza. The College of Engineering refinanced this loan with the Foundation which holds the assets that are the source of repayment for the project.

During July and August 2013, the Corporation sold three of its Bella Montaña faculty/staff condo units resulting in total revenue of approximately $853,000. These three condo units were included in inventories in the Statement of Net Position at June 30, 2013 at a total value of $640,000.

Cal Poly Corporation
Schedule of Funding Progress for OPEB Obligation
June 30, 2013

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
7/1/2013	$ -	$ 30,849,037	$ 30,849,037	0.00%	$ 9,689,831	318.37%
7/1/2011	$ -	$ 31,644,906	$ 31,644,906	0.00%	$ 9,453,908	334.73%

Cal Poly Corporation

Schedule of Funding Progress for Defined Benefit Pension Plan

June 30, 2013

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
6/30/11	$ 51,079,672	$ 56,974,038	$ 5,894,366	89.70%	$ 10,213,023	57.71%
6/30/10	$ 48,477,672	$ 53,298,850	$ 4,821,178	90.95%	$ 10,141,033	47.54%
6/30/09	$ 46,150,119	$ 51,384,759	$ 5,234,640	89.81%	$ 10,297,892	50.83%

Supplementary Information

Cal Poly Corporation

Schedule of Net Position

June 30, 2013

(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	$ 15,193,488
Short-term investments	73,632,189
Accounts receivable, net	6,832,631
Leases receivable, current portion	—
Notes receivable, current portion	65,987
Pledges receivable, net	246,569
Prepaid expenses and other assets	4,575,788
Total current assets	100,546,652
Noncurrent assets:	
Restricted cash and cash equivalents	40,980
Accounts receivable, net	19,638
Leases receivable, net of current portion	—
Notes receivable, net of current portion	349,545
Student loans receivable, net	—
Pledges receivable, net	4,459,861
Endowment investments	4,443,797
Other long-term investments	2,833,327
Capital assets, net	23,473,478
Other assets	638,000
Total noncurrent assets	36,258,626
Total assets	136,805,278
Deferred outflows of resources:	
Unamortized loss on refunding(s)	—
Total deferred outflows of resources	—
Liabilities:	
Current liabilities:	
Accounts payable	3,176,219
Accrued salaries and benefits payable	605,611
Accrued compensated absences– current portion	677,300
Unearned revenue	5,322,762
Capitalized lease obligations – current portion	—
Long-term debt obligations – current portion	65,000
Self-insurance claims liability - current portion	15,000
Depository accounts	—
Other liabilities	150,607
Total current liabilities	10,012,499
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	141,380
Unearned revenue	—
Grants refundable	4,511,689
Capitalized lease obligations, net of current portion	—
Long-term debt obligations, net of current portion	2,625,000
Self-insurance claims liabilities, net of current portion	—
Depository accounts	6,094,203
Other postemployment benefits obligation	11,497,996
Other liabilities	1,079,119
Total noncurrent liabilities	25,949,387
Total liabilities	35,961,886
Deferred inflows of resources:	
Deferred inflows from SCAs, grants, and others	—
Total deferred inflows of resources	—
Net Position:	
Net investment in capital assets	20,783,478
Restricted for:	
Nonexpendable – endowments	—
Expendable:	
Scholarships and fellowships	—
Research	285,800
Loans	—
Capital projects	891,728
Debt service	—
Other	7,915,235
Unrestricted	70,967,151
Total net position	$ 100,843,392

Cal Poly Corporation

Schedule of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2013

(for inclusion in the California State University)

Revenues:	
Operating revenues:	
Student tuition and fees (net of scholarship allowances of $________)	$ —
Grants and contracts, noncapital:	
Federal	13,309,274
State	2,952,945
Local	309,352
Nongovernmental	3,675,707
Sales and services of educational activities	—
Sales and services of auxiliary enterprises (net of scholarship allowances of $0)	42,390,599
Other operating revenues	12,450,703
Total operating revenues	75,088,580
Expenses:	
Operating expenses:	
Instruction	909,544
Research	15,915,860
Public service	9,647,418
Academic support	1,701,727
Student services	1,565,812
Institutional support	6,265,726
Operation and maintenance of plant	838,661
Student grants and scholarships	626,352
Auxiliary enterprise expenses	38,892,792
Depreciation and amortization	1,898,004
Total operating expenses	78,261,896
Operating income (loss)	(3,173,316)
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	2,960,684
Investment income (loss), net	4,444,782
Endowment income (loss), net	—
Interest Expenses	(139,613)
Other nonoperating revenues (expenses)	455,114
Net nonoperating revenues (expenses)	7,720,967
Income (loss) before other additions	4,547,651
State appropriations, capital	—
Grants and gifts, capital	1,505,790
Additions (reductions) to permanent endowments	—
Increase (decrease) in net position	6,053,441
Net position:	
Net position at beginning of year, as previously reported	94,789,951
Restatements	—
Net position at beginning of year, as restated	94,789,951
Net position at end of year	$ 100,843,392

Cal Poly Corporation
Other Information
June 30, 2013
(for inclusion in the California State University)

1 Restricted cash and cash equivalents at June 30, 2013:

Portion of restricted cash and cash equivalents related to endowments	$ 19,368
All other restricted cash and cash equivalents	21,612
Total restricted cash and cash equivalents	$ 40,980

2.1 Composition of investments at June 30, 2013:

	Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
State of California Surplus Money Investment Fund (SMIF)	$ -	-	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-	-	-	-	-
Wachovia Short Term Fund	-	-	-	-	-	-	-
Wachovia Medium Term Fund	-	-	-	-	-	-	-
Wachovia Equity Fund	-	-	-	-	-	-	-
CSU Consolidated Investment Pool (includes SWIFT and 0948 SMIF)	-	-	-	-	-	-	-
Common Fund - Short Term Fund	-	-	-	-	-	-	-
Common Fund - Others	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-
Equity securities	500,262	-	500,262	-	-	-	500,262
Fixed income securities (Treasury notes, GNMA's)	-	-	-	-	494,116	494,116	494,116
Land and other real estate	-	-	-	-	980,000	980,000	980,000
Certificates of deposit	4,983,276	-	4,983,276	-	-	-	4,983,276
Notes receivable	-	-	-	-	-	-	-
Mutual funds	66,752,771	-	66,752,771	-	5,672,814	5,672,814	72,425,585
Money Market funds	-	-	-	-	-	-	-
Collateralized mortgage obligations:	-						
Inverse floaters	-	-	-	-	-	-	-
Interest-only strips	-	-	-	-	-	-	-
Agency pass-through	-	-	-	-	-	-	-
Partnership interests (includes private pass-through)	-	-	-	-	-	-	-
Alternative investments	-	-	-	-	-	-	-
Hedge funds	-	-	-	-	-	-	-
Other major investments:						-	-
Cash and interest receivable pending long-term investment	144,256	-	144,256	-	1,487	1,487	145,743
Alternative investments	1,251,624	-	1,251,624	-	124,484	124,484	1,376,108
Agriculture related retains	-	-	-	4,223	-	4,223	4,223
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Total investments	73,632,189	-	73,632,189	4,223	7,272,901	7,277,124	80,909,313
Less endowment investments (enter as negative number)					(4,443,797)	(4,443,797)	(4,443,797)
Total investments	73,632,189	-	73,632,189	4,223	2,829,104	2,833,327	76,465,516

2.2 Investments held by the University under contractual agreements at June 30, 2013:

Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2013 :	-	-	-	-	-	-	-

2.3 Restricted current investments at June 30, 2013 related to:

	Amount
Add description	$ —
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Total restricted current investments at June 30, 2013	$ —

2.4 Restricted noncurrent investments at June 30, 2013 related to:

	Amount
Endowment investment	$ 4,443,797
Grant and Annuity Society	1,849,104
Al Smith/Valencia Creek Property	900,000
Ragged Point Property	80,000
Add description	—
Add description	—
Add description	—
Add description	—
Total restricted noncurrent investments at June 30, 2013	$ 7,272,901

3.1 Composition of capital assets at June 30, 2013:

	Balance June 30, 2012	Prior period Adjustments	Reclassifications	Balance June 30, 2012 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2013
Nondepreciable/nonamortizable capital assets:								
Land and land improvements	$ 7,459,164	-	-	7,459,164	-	-	-	7,459,164
Works of art and historical treasures	-	-	508,060	508,060	-	-	-	508,060
Construction work in progress (CWIP)	770,890	-	-	770,890	1,091,606	(65,419)	(1,608,596)	188,481
Intangible assets:								
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-
Internally generated intangible assets in progress	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total nondepreciable/nonamortizable capital assets	8,230,054	-	508,060	8,738,114	1,091,606	(65,419)	(1,608,596)	8,155,705
Depreciable/amortizable capital assets:								
Buildings and building improvements	21,381,724	-	(260,261)	21,121,463	19,169	(907,472)	978,036	21,211,196
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	583,534	-	-	583,534	-	-	80,743	664,277
Personal property:								
Equipment	10,203,439	-	(247,799)	9,955,640	230,939	(269,550)	529,815	10,446,844
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	1,292,268	-	-	1,292,268	74,366	(2,625)	19,574	1,383,583
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyright and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	399,173	-	-	399,173	54,913	-	428	454,514
Other intangible assets:								
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total intangible assets	1,691,441	-	-	1,691,441	129,279	(2,625)	20,002	1,838,097
Total depreciable/amortizable capital assets	33,860,138	-	(508,060)	33,352,078	379,387	(1,179,647)	1,608,596	34,160,414
Total capital assets	42,090,192	-	-	42,090,192	1,470,993	(1,245,066)	-	42,316,119
Less accumulated depreciation/amortization:								
Buildings and building improvements	(8,080,228)	-	-	(8,080,228)	(959,638)	81,593		(8,958,273)
Improvements, other than buildings	-	-	-	-	-	-		-
Infrastructure	-	-	-	-	-	-		-
Leasehold improvements	(306,181)	-	-	(306,181)	(48,540)	-		(354,721)
Personal property:								
Equipment	(7,809,907)	-	-	(7,809,907)	(711,613)	230,653		(8,290,867)
Library books and materials	-	-	-	-	-	-		-
Intangible assets:								
Software and websites	(964,020)	-	-	(964,020)	(114,910)	2,223		(1,076,707)
Rights and easements	-	-	-	-	-	-		-
Patents, copyright and trademarks	-	-	-	-	-	-		-
Licenses and permits	(98,770)	-	-	(98,770)	(63,303)	-		(162,073)
Other intangible assets:								
	-	-	-	-	-	-		-
	-	-	-	-	-	-		-
	-	-	-	-	-	-		-
	-	-	-	-	-	-		-
	-	-	-	-	-	-		-
Total intangible assets	(1,062,790)	-	-	(1,062,790)	(178,213)	2,223		(1,238,780)
Total accumulated depreciation/amortization	(17,259,106)	-	-	(17,259,106)	(1,898,004)	314,469		(18,842,641)
Total capital assets, net	$ 24,831,086	-	-	24,831,086	(427,011)	(930,597)	-	23,473,478

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2013:

Depreciation and amortization expense related to capital assets	$ 1,898,004
Amortization expense related to other assets	—
Total depreciation and amortization	$ 1,898,004

4 Long-term liabilities activity schedule:

	Balance June 30, 2012	Prior period adjustments	Reclassifications	Balance June 30, 2012 (restated)	Additions	Reductions	Balance June 30, 2013	Current portion	Long-term portion
Accrued compensated absences	$ 864,952	—	—	864,952	639,036	(685,308)	818,680	677,300	141,380
Capitalized lease obligations:									
Gross balance	—	—	—	—	-	-	—	—	—
Unamortized premium / (discount) on capitalized lease obligations	—	—	—	—	-	-	—		—
Total capitalized lease obligations	—	—	—	—	-	-	—	—	—
Long-term debt obligations:									
Revenue Bonds	—	—	—	—	-	-	—	—	—
Other bonds (non-Revenue Bonds)	—	—	—	—	-	-	—	—	—
Commercial Paper	—	—	—	—	-	-	—	—	—
Note Payable related to SRB	—	—	—	—	-	-	—	—	—
Other:									
Note payable, State-wide Revenue Bond Series 2009A	2,750,000	—	—	2,750,000	-	(60,000)	2,690,000	65,000	2,625,000
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Total long-term debt obligations	2,750,000	—	—	2,750,000	-	(60,000)	2,690,000	65,000	2,625,000
Unamortized bond premium / (discount)	—	—	—	—	-	-	—		—
Unamortized loss on refunding	—	—	—	—	-	-	—		—
Total long-term debt obligations, net	2,750,000	—	—	2,750,000	—	(60,000)	2,690,000	65,000	2,625,000
Total long-term liabilities	$ 3,614,952	—	—	3,614,952	639,036	(745,308)	3,508,680	742,300	2,766,380

5 Future minimum lease payments - capital lease obligations:

	Principal	Interest	Principal and Interest
Year ending June 30:			
2014	-	-	—
2015	-	-	—
2016	-	-	—
2017	-	-	—
2018	-	-	—
2019 - 2023	-	-	—
2024 - 2028	-	-	—
2029 - 2033	-	-	—
2034 - 2038	-	-	—
2039 - 2043	-	-	—
2044 - 2048	-	-	—
2049 - 2053	-	-	—
2054 - 2058	-	-	—
2059 - 2063	-	-	—
Total minimum lease payments			—
Less amounts representing interest			—
Present value of future minimum lease payments			—
Less: current portion			—
Capitalized lease obligation, net of current portion			$ —

Cal Poly Corporation
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6 Long-term debt obligation schedule

	Revenue Bonds			All other long-term debt obligations			Total		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
Year ending June 30:									
2014	$ -	-	-	65,000	137,819	202,819	65,000	137,819	202,819
2015	-	-	-	65,000	134,981	199,981	65,000	134,981	199,981
2016	-	-	-	70,000	131,944	201,944	70,000	131,944	201,944
2017	-	-	-	75,000	128,544	203,544	75,000	128,544	203,544
2018	-	-	-	75,000	125,094	200,094	75,000	125,094	200,094
2019 - 2023	-	-	-	450,000	563,409	1,013,409	450,000	563,409	1,013,409
2024 - 2028	-	-	-	580,000	430,400	1,010,400	580,000	430,400	1,010,400
2029 - 2033	-	-	-	755,000	249,681	1,004,681	755,000	249,681	1,004,681
2034 - 2038	-	-	-	555,000	44,806	599,806	555,000	44,806	599,806
2039 - 2043	-	-	-	-	-	-	-	-	-
2044 - 2048	-	-	-	-	-	-	-	-	-
2049 - 2053	-	-	-	-	-	-	-	-	-
2054 - 2058	-	-	-	-	-	-	-	-	-
2059 - 2063	-	-	-	-	-	-	-	-	-
Total	$ -	-	-	2,690,000	1,946,678	4,636,678	2,690,000	1,946,678	4,636,678

7 Calculation of net position

	Auxiliary Organizations		Total
	GASB	FASB	Auxiliaries
7.1 Calculation of net position - Net investment in capital assets			
Capital assets, net of accumulated depreciation	$ 23,473,478	—	23,473,478
Capitalized lease obligations - current portion	—	—	—
Capitalized lease obligations, net of current portion	—	—	—
Long-term debt obligations - current portion	(65,000)	—	(65,000)
Long-term debt obligations, net of current portion	(2,625,000)	—	(2,625,000)
Portion of outstanding debt that is unspent at year-end	—	—	—
Other adjustments: (please list)			
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Net position - net investment in capital asset	$ 20,783,478	—	20,783,478
7.2 Calculation of net position - Restricted for nonexpendable - endowments			
Portion of restricted cash and cash equivalents related to endowments	$ 19,368	—	19,368
Endowment investments	4,443,797	—	4,443,797
Other adjustments: (please list)			
Endowment funds held for others	(4,449,738)	—	(4,449,738)
Endowment accounts payable	(13,427)	—	(13,427)
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Net position - Restricted for nonexpendable - endowments per SNP	$ —	—	—

Cal Poly Corporation
Other Information
June 30, 2013
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8 Transactions with Related Entities

	Amount
Payments to University for salaries of University personnel working on contracts, grants, and other programs	$ 2,666,159
Payments to University for other than salaries of University personnel	4,195,055
Payments received from University for services, space, and programs	4,870,632
Gifts-in-kind to the University from Auxiliary Organizations	534,290
Gifts (cash or assets) to the University from recognized Auxiliary Organizations	1,448,243
Accounts (payable to) University (enter as negative number)	(966,832)
Other amounts (payable to) University (enter as negative number)	—
Accounts receivable from University	463,055
Other amounts receivable from University	—

9 Other Postemployment Benefits Obligation (OPEB)

Annual required contribution (ARC)	$ 3,071,329
Contributions during the year	(875,789)
Increase (decrease) in net OPEB obligation (NOO)	2,195,540
NOO - beginning of year	9,453,063
NOO - end of year	$ 11,648,603

10 Pollution remediation liabilities under GASB Statement No. 49:

Description	Amount
Add description	$ —
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Total pollution remediation liabilities	$ —
Less: current portion	—
Pollution remediation liabilities, net of current portion	—

11 The nature and amount of the prior period adjustment(s) recorded to beginning net position

	Net Position Class	Amount Dr. (Cr.)
Net position as of June 30, 2012, as previously reported		$ 94,789,951
Prior period adjustments:		
1 (list description of each adjustment)		—
2 (list description of each adjustment)		—
3 (list description of each adjustment)		—
4 (list description of each adjustment)		—
5 (list description of each adjustment)		—
6 (list description of each adjustment)		—
7 (list description of each adjustment)		—
8 (list description of each adjustment)		—
9 (list description of each adjustment)		—
10 (list description of each adjustment)		—
Net position as of June 30, 2012, as restated		$ 94,789,951

Provide a detailed breakdown of the journal entries (<u>at the financial statement line item level</u>) booked to record each prior period adjustment:

	Debit	Credit
Net position class:______________________		
1 (breakdown of adjusting journal entry)		
	$ —	
		—
Net position class:______________________		
2 (breakdown of adjusting journal entry)		
	—	
		—
Net position class:______________________		
3 (breakdown of adjusting journal entry)		
	—	
		—
Net position class:______________________		
4 (breakdown of adjusting journal entry)		
	—	
		—
Net position class:______________________		
5 (breakdown of adjusting journal entry)		
	—	
		—
Net position class:______________________		
6 (breakdown of adjusting journal entry)		
	—	
		—
Net position class:______________________		
7 (breakdown of adjusting journal entry)		
	—	
		—
Net position class:______________________		
8 (breakdown of adjusting journal entry)		
	—	
		—
Net position class:______________________		
9 (breakdown of adjusting journal entry)		
	—	
		—
Net position class:______________________		
10 (breakdown of adjusting journal entry)		
	—	
		—

Other Supplementary Information

Cal Poly Corporation

Schedule 4 – Statements of Financial Position of the California State University – San Luis Obispo Alumni Association

June 30, 2013 and 2012

	2013	2012
Assets		
Current assets:		
Cash and cash equivalents	$ 166,916	$ 152,817
Certificates of deposit	34,496	34,496
Accounts receivable	41,357	50,594
Inventories	4,152	7,013
Prepaid expenses	3,923	5,278
Total current assets	250,844	250,198
Other assets:		
Investments	375,219	354,931
Fixed assets, net		484
Total assets	$ 626,063	$ 605,613
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	$ 3,481	$ 551
Total current liabilities	3,481	551
Net assets:		
Unrestricted:		
Undesignated	622,582	605,062
Total unrestricted net assets	622,582	605,062
Total liabilities and net assets	$ 626,063	$ 605,613

See accompanying independent auditor's report.

Cal Poly Corporation

Schedule 5 – Statements of Activities of the California State University – San Luis Obispo Alumni Association

Years Ended June 30, 2013 and 2012

	2013	2012
Unrestricted revenue and support:		
Donations and grants	$ 8,530	$ 19,278
Travel and promotion	42,662	30,451
Homecoming	28,734	29,083
Investment income	36,379	(4,751)
External activities	32,589	90,201
Sales of Mustang Flight and Unbridled Spirit	2,630	
Total unrestricted revenue and support	151,524	164,262
Expenses:		
Program services:		
Salaries and wages	17,099	14,781
Cost of goods sold	2,903	378
Postage	3,819	5,891
Tax preparation	2,210	2,150
Travel	6,887	9,281
Office expense	27,724	20,032
Professional development	449	142
Accounting services	8,580	8,585
Hosting special events	42,754	62,421
External activities	20,118	13,760
Other	1,461	1,520
Total expenses	134,004	138,941
Increase in unrestricted net assets	17,520	25,321
Unrestricted net assets - beginning of year	605,062	579,741
Unrestricted net assets - end of year	$ 622,582	$ 605,062

See accompanying independent auditor's report.