

Financial Statements and Report of
Independent Certified Public
Accountants

Aztec Shops, Ltd.

June 30, 2021 and 2020

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GRANT THORNTON LLP

4660 La Jolla Village Dr., Ste. 100
San Diego, CA 92122

D +1 858 704 8004

F +1 858 704 8099

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Aztec Shops, Ltd.

Report on the financial statements

We have audited the accompanying financial statements of Aztec Shops, Ltd., (a California State University Auxiliary Organization and Component Unit of San Diego State University) (the "Organization"), which comprise the statements of financial position as of June 30, 2021 and 2020, the related statements of activities and cash flows for the years then ended and the related notes to the financial statements.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Aztec Shops, Ltd. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other matters*Supplementary information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information as required by the California State University on pages 38-59 is presented for purposes of additional analysis and is not a required part of the financial statements. Such 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Other reporting required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated September 14, 2021, on our consideration of the Organization'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 the effectiveness of 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 Organization's internal control over financial reporting and compliance.



San Diego, California
September 14, 2021

GRANT THORNTON LLP

4660 La Jolla Village Dr., Ste. 100
San Diego, CA 92122

D +1 858 704 8004

F +1 858 704 8099

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON
INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT
AUDITING STANDARDS**

Board of Directors
Aztec Shops, Ltd.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Aztec Shops, Ltd., (a California State University Auxiliary Organization and Component Unit of San Diego State University) (the "Organization"), which comprise the statements of financial position as of June 30, 2021, the related statements of activities and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated September 14, 2021.

Internal control over financial reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting ("internal control") to design audit procedures that are appropriate in the circumstances for the purposes of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Compliance and other matters

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

Intended purpose

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

Grant Thornton LLP

San Diego, California
September 14, 2021

Aztec Shops, Ltd.

STATEMENTS OF FINANCIAL POSITION

As of June 30,

ASSETS	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,439,644	\$ 1,391,115
Investments (Note 2)	6,394,014	3,529,743
Accounts receivable, net of allowance for doubtful accounts of \$103,000 and \$100,215 for 2021 and 2020, respectively (Note 6)	2,398,616	4,334,303
Inventories (Note 3)	1,938,397	2,585,265
Rental textbooks, net	2,033	10,960
Prepaid expenses and other	1,058,800	372,406
Total current assets	15,231,504	12,223,792
Deferred rent receivable, noncurrent (Note 10)	1,069,129	587,832
Other assets (Note 10)	40,134	46,747
Property and equipment, net (Notes 4 and 8)	81,667,981	85,354,212
Total noncurrent assets	82,777,244	85,988,791
Total assets	\$ 98,008,748	\$ 98,212,583
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current maturities of related-party notes payable (Note 7)	\$ 3,426,349	\$ 3,506,020
Accounts payable (Note 6 and 10)	1,178,214	902,378
Accrued liabilities (Note 5, 6, and 9)	7,687,568	7,294,907
Deferred revenue	346,665	450,029
Total current liabilities	12,638,796	12,153,334
Related-party notes payable, noncurrent (Note 7)	59,929,378	60,695,054
Long-term debt, noncurrent (Note 8)	3,176,119	19,119
Deferred rent payable, noncurrent (Note 10)	43,750	68,750
Accrued employee benefit costs (Note 9)	15,665,008	18,074,168
Total liabilities	78,814,255	78,857,091
Total liabilities	91,453,051	91,010,425
Net assets, without donor restrictions	6,555,697	7,202,158
Total liabilities and net assets	\$ 98,008,748	\$ 98,212,583

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

Aztec Shops, Ltd.

STATEMENTS OF ACTIVITIES

Years ended June 30,

	2021	2020
Changes in net assets without donor restrictions:		
Revenue (Note 6):		
Bookstore, net	\$ 13,809,489	\$ 18,643,687
Dining services, net	7,090,617	20,925,113
Residential rental properties	14,975,089	15,782,638
Commercial rental properties	1,752,556	1,983,753
Conference services	-	810,984
Investment income, net (Note 2)	10,148	150,646
Contribution revenue (Note 12)	164,000	445,000
Other income (Note 13)	4,044,782	4,662,777
Total revenue and other support	41,846,680	63,404,597
Expenses:		
Bookstore:		
Purchases and other direct costs (Note 10)	9,475,889	12,587,615
Overhead and other operating costs	3,890,658	4,873,936
Dining services:		
Purchases and other costs (Note 10)	1,976,908	6,570,584
Overhead and other operating costs	10,019,547	16,718,304
Residential rental properties	11,537,646	12,769,120
Commercial rental properties	1,295,030	1,557,198
Conference services	109,705	860,474
General and administrative (Note 9 and 10)	6,017,918	6,700,851
Contribution expense (Note 12)	164,000	445,000
Allocations to various organizations (Note 11)	365,000	365,000
Total expenses	44,852,301	63,448,082
Change in net assets from operations	(3,005,621)	(43,485)
Nonoperating actuarial retirement benefit adjustment	2,359,160	(1,748,834)
Total nonoperating adjustments	2,359,160	(1,748,834)
Change in net assets	(646,461)	(1,792,319)
Net assets, beginning of year	7,202,158	8,994,477
Net assets, end of year	\$ 6,555,697	\$ 7,202,158

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

Aztec Shops, Ltd.

STATEMENTS OF CASH FLOWS

Years ended June 30,

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ (646,461)	\$ (1,792,319)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net accrued employee benefit costs	(2,409,160)	1,748,834
Depreciation and amortization	4,632,100	4,675,424
Depreciation on rental books	45,881	345,517
Amortization of debt premium	(552,390)	(411,520)
Loss on disposal of equipment	20	154,918
Changes in operating assets and liabilities:		
Accounts receivable	1,543,751	(2,707,339)
Inventories	646,868	635,508
Rental textbooks	(36,954)	(346,738)
Deferred rent receivable	(481,297)	39,003
Prepaid expenses and other assets	(686,395)	7,607
Accounts payable	275,836	(501,789)
Accrued liabilities	392,661	1,119,357
Deferred revenue	(103,364)	(534,107)
Deferred rent payable	(25,000)	(25,000)
	<u>2,596,097</u>	<u>2,407,355</u>
Net cash provided by operating activities		
Cash flows from investing activities:		
Acquisition of property and equipment	(941,976)	(2,668,052)
Proceeds from sale of property and equipment	2,700	100
Purchase of investments	(10,250,000)	(24,850,000)
Sale of investments	7,385,729	27,341,404
	<u>(3,803,547)</u>	<u>(176,548)</u>
Net cash (used in) investing activities		
Cash flows from financing activities:		
Proceeds from long-term debt and related-party notes payable	5,157,000	-
Principal payments of long-term debt and related-party notes payable	(2,058,400)	(2,762,234)
Principal payments of capital lease obligations	(234,557)	(250,443)
Proceeds from federal subsidy	391,936	389,701
	<u>3,255,979</u>	<u>(2,622,977)</u>
Net cash provided by (used in) financing activities		
Net increase (decrease) in cash and cash equivalents	2,048,529	(392,170)
Cash and cash equivalents		
Beginning of year	<u>1,391,115</u>	<u>1,783,285</u>
End of year	<u>\$ 3,439,644</u>	<u>\$ 1,391,115</u>
Supplemental disclosures of cash flow information		
Cash payment for interest	<u>\$ 2,415,064</u>	<u>\$ 3,046,868</u>

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

Aztec Shops, Ltd.

NOTES TO THE FINANCIAL STATEMENTS

For the Years Ended June 30, 2021 and 2020

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Aztec Shops, Ltd. (the "Organization") is a not-for-profit auxiliary organized under the California State University System ("CSU"), operated in accordance with the Education Code of the State of California and the California Code of Regulations, and is a component unit of San Diego State University (the "University"). The primary function of the Organization is to provide supportive commercial services, principally the rental of books and sale of food, books, supplies and other merchandise, on the campuses of the University. The Organization also operates a residence hall near the University campus, various apartment buildings on campus, and conference services. The Organization extends credit primarily to CSU and its auxiliary organizations in the form of unsecured accounts receivable.

Affiliated Organizations

The Organization is related to other auxiliaries of the University, including Associated Students of San Diego State University, San Diego State University Research Foundation (the "Research Foundation") and The Campanile Foundation. The auxiliaries and the University periodically provide various services for one another and collaborate on projects.

Basis of Accounting and Reporting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 958, *Not-for-Profit Entities*, and in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). In order to ensure observance of limitations and restrictions placed on the use of available resources, the net assets of the Organization are classified for accounting and reporting purposes into two net asset categories according to the existence or absence of donor-imposed restrictions. Net assets without donor restrictions represent funds that are fully available at the discretion of the Organization to utilize in any of its programs or supporting services. Temporarily restricted net assets (within net assets with donor restrictions) are net assets that are subject to donor-imposed stipulations that will be met either by actions of the Organization or the passage of time. Permanently restricted net assets (within net assets with donor restrictions) are subject to donor-imposed stipulations that they be permanently encumbered as to their use by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes. At June 30, 2021 and 2020, the Organization did not have any net assets with donor restrictions.

Contributions, including unconditional promises to give (pledges), are recognized in the year the promise is made as opposed to when assets are received. Contributions with donor-imposed restrictions are reported as temporarily or permanently restricted contributions (within net assets with donor restrictions). Temporarily restricted net assets are reclassified as unrestricted net assets at such time as the Organization has fulfilled the donor-imposed restriction. Contributions where donor-imposed restrictions both arose and expired in the same fiscal year are reported as contributions without donor restrictions. As of and for the years ended June 30, 2021 and 2020, all contributions received by the Organization were classified as without donor restrictions.

Contributions made, including allocations to auxiliary organizations of the University, are recognized when the criteria for the allocation, set by the Board of Directors, have been met and the allocation becomes an unconditional promise to give. For the years ended June 30, 2021 and 2020, contributions are recorded as allocations or contributions in the expense section of the statements of activities.

Aztec Shops, Ltd.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the years ended June 30, 2021 and 2020

Noncash contributions are recorded at their fair value at the date of donation as established by either appraisal or the value anticipated in the subsequent resale of an item.

The Organization collects rent from the University, acting as an agent or intermediary for the lessor. Rents collected are reported as increases in assets and liabilities; distributions to the lessor are reported as decreases in assets and liabilities (see Note 10).

Cash and Cash Equivalents

For the purposes of reporting the statements of cash flows, the Organization considers all cash accounts that are not subject to withdrawal restrictions or penalties and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

The Organization maintains accounts with various financial institutions. The total balances in these checking accounts, at times, may exceed Federal Deposit Insurance Corporation limits. The excess uninsured amount equals approximately \$3,110,000 and \$1,113,000 as of June 30, 2021 and 2020, respectively. Management believes that the risk of loss is not significant, and the Organization has not experienced any losses in such accounts.

Short-term Investments

Investments, including Money Markets and the Local Agency Investment Fund ("LAIF"), are recorded at their fair value in the statements of financial position. Investment income or losses (including realized gains and losses on investments, interest and dividends) are included in the statements of activities as an increase or decrease in investment income, net.

Accounts Receivable

Accounts receivable consist of customer and related-party receivables and vendor deposits, and are carried at the unpaid balance of the original amount. Accounts receivable are net of the allowance for doubtful accounts. Management determines the allowance for doubtful accounts by calculating a specific percent reserve on the aging of the accounts based on historical experiences by identifying specific past-due accounts and the payment ability of the other party. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. The Organization charges interest on leased operations past-due accounts receivable in accordance with the contract terms and federal and state law.

Rental Textbooks

Rental textbooks consist of textbooks that are currently in the possession of a customer. All rental textbooks that have been returned and retained by the Organization are recorded in bookstore goods inventory. New textbooks that are rented are depreciated until the carrying value equals the cost of a used textbook of the same title. Used textbooks are depreciated using a two-semester rental useful life. Rental textbooks that will no longer be offered will be sold to a book distributor or disposed. Gains and losses are charged to bookstore purchases in the accompanying statements of activities. For the years ended June 30, 2021 and 2020, the Organization recognized textbook rental income of approximately \$106,000 and \$873,000, respectively, and rental book depreciation expense of approximately \$46,000 and \$346,000, respectively.

Aztec Shops, Ltd.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the years ended June 30, 2021 and 2020

Inventories

Inventories consist of finished goods such as bookstore goods, food and supplies. Bookstore inventory is stated at the lower of cost or market, where cost is determined using the retail-inventory method. Food and supplies inventories are stated at the lower of cost (first-in, first-out method) or market. All inventory is stated net of reserves for excess and obsolescence. There were no reserves for excess or obsolete inventory as of June 30, 2021 and 2020.

Property and Equipment

Property and equipment assets consist of land, buildings, equipment and furniture, leasehold improvements and construction in process, and are recorded at cost. Equipment and furniture are depreciated using the straight-line method over the estimated useful lives of the underlying assets, generally 5 to 15 years, and seven to 30 years for leasehold improvements and buildings. Improvements on leased facilities and facilities under operating agreements are amortized over the lesser of the related lease or operating agreement, or the estimated asset lives.

Long-lived Assets

In accordance with ASC Topic 360, *Property, Plant and Equipment*, long-lived assets are reviewed annually for impairment or whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. The estimated future cash flows are based upon, among other things, assumptions about expected future operating performance and may differ from actual cash flows. Long-lived assets evaluated for impairment are grouped with other assets to the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities. If the sum of the projected undiscounted cash flows (excluding interest) is less than the carrying value of the assets, the assets will be written down to the estimated fair value in the period in which the determination is made. Management has determined that no impairment of long-lived assets occurred during the years ended June 30, 2021 and 2020.

Fair Value of Financial Instruments

The carrying amounts reported in the statements of financial position for cash, accounts receivable and accounts payable approximate fair value due to the immediate short-term nature of these financial instruments. The carrying amount reported for long-term debt approximates fair value because the interest rate associated with long-term debt approximates current rates offered to the Organization for debt of the same or similar maturities with similar collateral requirements.

Vacation Policy

The Organization accrued earned vacation based on whether the employee is salaried or hourly and the employee's length of service. Salaried employees can accrue a maximum of 440 hours. Hourly employees can accrue a maximum of 272 to 440 hours based on length of service. Accrued vacation is calculated at the employee's current wage rate. Vacation liabilities of approximately \$699,000 and \$549,000 were included in accrued liabilities at June 30, 2021 and 2020, respectively (see Note 5).

Sick Leave Benefits

The Organization pays eligible retiring employees accrued unused sick leave. Employees who are covered under the California Public Employees' Retirement System ("CalPERS") pension plan, and hired prior to 2006, are eligible to retire at age 50 and hourly employees, with a minimum of five years of service, are eligible at age 55. The retiring employees are entitled to receive 4% of accrued unused sick leave for each year of service up to a maximum of 25 years of service. The program to pay eligible CalPERS employees was discontinued on June 30, 2019. The program continues for eligible hourly employees. The Organization

Aztec Shops, Ltd.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the years ended June 30, 2021 and 2020

accrued expense for future sick leave benefit obligations related to employees expected to retire with sick leave benefits. Sick time liabilities of approximately \$41,000 and \$47,000 are included in accrued liabilities at June 30, 2021 and 2020, respectively (see Note 5). During the year ended June 30, 2006, the Organization's Board of Directors elected to participate in the CalPERS 457 plan, which allows all employees to make pretax withdrawals of accumulated sick leave accrued by the Organization above a floor number of earned hours at the then-current rate of pay and place those funds into a tax-deferred savings account administered by a third party. CalPERS employees and full-time hourly employees could request to have their remaining sick time rolled over into the CalPERS 457 plan at a rate of 4% for every year worked. The CalPERS 457 program to make these pre-tax withdrawals was discontinued on June 30, 2019.

Retirement and Postretirement Benefits

The Organization has two defined benefit pension plans. The first plan (the "Hourly Plan") is sponsored by the Organization and covers all full-time hourly employees who meet the eligibility requirements. To be eligible, an employee must be at least 21 years of age, have completed at least one year of continuous service and not have attained the age of 60 at the date of employment. The Hourly Plan provides benefits earned before July 1, 2004, based on the employee's highest three consecutive years of compensation prior to normal retirement date, which is subject to certain reductions if the employee retires before reaching age 65. Defined benefits earned subsequent to July 1, 2004 are based on a fixed amount. The Organization's funding policy is to make the minimum annual contribution that is required by applicable regulations, plus such amounts as the Organization may determine to be appropriate from time to time. Plan assets are generally invested in money market, bond and equity funds.

For the second plan, the Organization is a member of CalPERS, a multiemployer pension system that provides a contributory defined benefit pension and postretirement benefit program for its salaried employees. CalPERS functions as an investment and administrative agent for participating entities within the State of California.

The CalPERS plan provides retirement, survivor, and death and disability benefits based upon employees' years of service, age and final compensation, and also provides contributions toward medical insurance. Vesting occurs after five years of credited service. Employees who retire at or after age 50 with five or more years of service are entitled to a retirement benefit, payable monthly for the remainder of their lives, and may elect to continue payment of participant premiums for medical benefit coverage. Several survivor benefit options are available that reduce a retiree's unmodified benefit.

CalPERS issued a publicly available comprehensive annual financial report that included financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS website at www.calpers.ca.gov.

While actuarial information is not available for the CalPERS defined benefit pension plan, the Organization's pension plan information is included in the University's financial report on an aggregate basis. The University's financial report can be obtained from CSU.

The Organization also provides certain postretirement health care benefits for all retired employees that meet eligibility requirements through contracts with CalPERS. The Organization's share of the estimated health care costs that will be paid after retirement is generally being accrued by charges to expense over the employees' active service periods to the dates they are fully eligible for benefits.

The Organization obtains actuarial valuation of the accumulated postretirement benefit obligations for its postretirement health care benefit plan and the Hourly Plan on a periodic basis (see Note 9).

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the years ended June 30, 2021 and 2020

The Organization retains an actuarial firm (Principal) to calculate its retirement and postretirement benefit liabilities. The calculations are based on actuarial methods and assumptions, which are based on the latest information available at the time the calculation is performed. Future actuarial measurements may differ significantly from the current measurement presented in these financial statements due to, but not limited to, the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law.

Revenue Recognition

The Organization follows ASC Topic 606, *Revenue from Contracts with Customers*, and recognizes revenue from the rental of books or sale of food, books, supplies and other merchandise at the time the merchandise is rented or sold.

The Organization recognizes revenue related to meal plans during the semester as the meals are provided or as meal cards issued under the plan expire in accordance with their associated meal plan. Accordingly, the fees for meal cards received in advance of the meals provided may be included in deferred revenue based upon the associated plan.

The Organization recognizes revenue related to conference services as the conferences are delivered. Accordingly, the fees for conferences collected in advance of the conferences being delivered are included in deferred revenue.

Rental income from the Organization's residential and commercial rental properties are recognized on a monthly straight-line basis over the terms of the tenant lease agreements (see Note 10). Accordingly, the rents collected in advance of the terms of the lease are included in deferred revenue.

Sales Tax

The Organization records sales tax on a net basis (excluded from revenues) in the statements of financial position.

Income Taxes

The Organization follows the provisions of ASC 740, *Accounting for Uncertainty in Income Taxes*. The Organization files a Form 990 (Return of Organization Exempt from Income Tax) annually. When these returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the tax position taken or the amount of the position that would ultimately be sustained. Examples of tax positions common to the Organization include such matters as the tax-exempt status of each entity and various positions relative to potential sources of unrelated business taxable income and the associated unrelated business income tax ("UBIT"). UBIT is reported on Form 990-T, as appropriate. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolutions of appeals or litigation processes, if any.

Tax positions are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50% likely to be realized on settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying statements of financial position, along with any associated interest and penalties that would be payable to the taxing authorities upon examination. Upon adoption and through June 30, 2021 the Organization has addressed uncertainty in its income tax position, and there are no unrecognized/derecognized tax benefits requiring an accrual.

Aztec Shops, Ltd.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the years ended June 30, 2021 and 2020

All tax-exempt entities are subject to review and audit by federal, state, and other applicable agencies. Such agencies may review the taxability of unrelated business income, or the qualifications of the organization as a tax-exempt under Internal Revenue Code Section 501(c) (3) and applicable state statutes.

Tax-Exempt Status

The Organization is exempt from federal and state income taxes. In order to maintain that status, the Organization is precluded from making certain expenditures, principally in support of political parties. Management believes that no such expenditures have been made for the years ended June 30, 2021 and 2020.

Unrelated Business Income Tax

The Tax Reform Act of 1969 imposes a corporation income tax on the UBIT of an otherwise tax-exempt organization. The provision, if necessary, for applicable federal and state income taxes is made in accordance with these statutes. The Organization recorded \$0 of UBIT tax expense for the year ended June 30, 2021 and \$(13,000) for the year ended June 30, 2020. Section 512 of the 2017 Tax Cuts and Jobs Act that required parking and related benefits to be taxed as part of unrelated business income was repealed retroactively in FY20.

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates include assessing the ability to collect accounts receivable, recoverability of inventories, the lives and methods for recording depreciation and amortization on property and equipment, and assumptions used to calculate accrued employee benefits and accrued pension costs. Estimates also affect the reported amounts of revenues, gains and other income and expenses during the reporting period. As a result of such factors, actual results could differ from the estimates used by management.

Subsequent Events

The Organization has evaluated subsequent events through September 14, 2021, the date the financial statements were available to be issued.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases* ("ASU 2016-02"), which amends the guidance for the accounting and disclosure of leases. This new standard requires that lessees recognize the assets and liabilities that arise from leases on the balance sheet and disclose qualitative and quantitative information about their leasing arrangements. The new standard is effective for fiscal years beginning after December 15, 2021. The Organization is currently evaluating the impact that this new standard will have on its financial statements.

Aztec Shops, Ltd.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the years ended June 30, 2021 and 2020

NOTE 2 - SHORT-TERM INVESTMENTS AND FAIR VALUE MEASUREMENTS

Approximate fair value of short-term investments consisted of the following at June 30:

	2021	2020
Investments short-term		
Money Market	\$ 6,394,000	\$ 2,542,000
Certificates	-	-
	6,394,000	2,542,000
Local Agency Investment Fund (LAIF)	-	988,000
	\$ 6,394,000	\$ 3,530,000

Investment income, including income from certificates of deposit, consisted of approximately \$10,000 and \$151,000, respectively, for the years ended June 30, 2021 and 2020.

Fair Value Measurements

LAIF is an investment pool managed by the California State Treasurer (“the State”). LAIF’s investments are short term and follow the investment requirements of the State. LAIF is allowed by the state statutes, bond resolutions and investment policy resolutions to invest in United States government securities, federal agency securities, negotiable certificates of deposit, bankers’ acceptances, commercial paper, corporate bonds, bank notes, other debt securities, repurchase agreements, reverse repurchase agreements and other investments.

Investments are presented in the financial statements at fair value in accordance with U.S. GAAP. The fair value of securities in the State’s pooled investment program generally is based on quoted market prices. The State’s Office performs a quarterly fair market valuation of the pooled investment program portfolio. In addition, the State’s office performs a monthly fair market valuation of all securities held against carrying cost. As of June 30, 2021 and 2020, the weighted–average maturity of the securities in the pooled investment program administered by the State’s Office was approximately 291 days and 191 days, respectively. Weighted-average maturity is the average number of days, given a dollar-weighted value of individual investments, that the securities in the portfolio have remaining from the evaluation date to stated maturity. The default credit risk of LAIF is considered minimal.

The Pooled Money Investment Board (“the Board”) provides oversight of the State’s pooled investment program. The purpose of the Board is to design an effective cash management and investment program, using all monies flowing through the State’s Office bank accounts and keeping all available funds invested in a manner consistent with the goals of safety, liquidity and yield. The Board is composed of the State Treasurer as chair, the State Controller and Director of Finance. The Board designates the amounts of money available for investment. The State is charged with making the actual investment transactions for this program. This investment program is not registered with the Securities and Exchange Commission as an investment company.

ASC Topic 820, *Fair Value Measurement*, establishes a three-tier fair value hierarchy that prioritizes the inputs used in measuring fair value as follows:

Level 1 - Observable inputs such as quoted market prices in active markets.

Level 2 - Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly.

Aztec Shops, Ltd.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the years ended June 30, 2021 and 2020

Level 3 - Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

As of June 30, 2021 and 2020, the Organization's investments in money market accounts of approximately \$6,394,000 and \$2,542,000, respectively, are categorized as Level 2 investments. Those money market accounts are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates and market-rate assumptions.

	2021	2020
Beginning balance	\$ 2,542,000	\$ 3,587,000
Total realized and unrealized gains, net, included in change in net assets	3,000	99,000
Net additions and purchases (under) sales and maturities	3,849,000	(1,144,000)
Ending balance	\$ 6,394,000	\$ 2,542,000

Level 3 classifications currently include pooled funds that include multiple investments in which the Organization does not have individual ownership of the specific assets and the Organization has an interest in the pooled investment. For these pooled investments, there is no daily pricing on an active exchange but where a substantial portion of a fund's fair value could be determined based on quoted market prices of underlying investments held by the fund and the estimated fair values of certain investments of the underlying investment pool, which may include private placements and other securities for which prices are not readily available, and are determined by the State or sponsor of the respective other investment pool and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized.

As of June 30, 2021 and 2020, the Organization's investments in LAIF of approximately \$0 and \$988,000, respectively, are categorized as Level 3 investments. During the years ended June 30, 2021 and 2020, there were no transfers among the classification levels.

The following table reflects a reconciliation of approximate beginning and ending balances for the Organization's total investments in LAIF at June 30:

	2021	2020
Beginning balance	\$ 988,000	\$ 2,434,000
Total realized and unrealized gains, net, included in change in net assets	8,000	54,000
Net additions and purchases (under) sales and maturities	(996,000)	(1,500,000)
Ending balance	\$ -	\$ 988,000

Aztec Shops, Ltd.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the years ended June 30, 2021 and 2020

NOTE 3 - INVENTORIES

Inventories were approximated as follows at June 30:

	2021	2020
Bookstore	\$ 1,510,000	\$ 1,920,000
Dining services	367,000	604,000
Supplies and other	61,000	61,000
	\$ 1,938,000	\$ 2,585,000

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment were approximated as follows at June 30:

	2021	2020
Land	\$ 27,942,000	\$ 27,942,000
Buildings	78,311,000	78,179,000
Equipment and furniture	20,434,000	19,948,000
Leasehold improvements	8,874,000	8,871,000
Construction in progress	742,000	552,000
	136,303,000	135,492,000
Less accumulated depreciation	(54,635,000)	(50,138,000)
	\$ 81,668,000	\$ 85,354,000

For the years ended June 30, 2021 and 2020, the Organization recorded depreciation expense of approximately \$4,625,000 and \$4,671,000, respectively.

Aztec Shops, Ltd.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the years ended June 30, 2021 and 2020

NOTE 5 - ACCRUED LIABILITIES

Accrued liabilities were approximated as follows at June 30:

	2021	2020
Accrued compensated absences	\$ 739,000	\$ 596,000
Accrued interest	822,000	641,000
Salaries and benefits payable	255,000	141,000
University Trademark payable	684,000	537,000
University lease payable	447,000	125,000
Customer/student deposits	589,000	567,000
Accrued employee benefit costs (Note 9)	420,000	370,000
Security deposits	398,000	224,000
Deferred rent	25,000	25,000
Meal plan collections to be refunded	-	1,961,000
Other	3,309,000	2,108,000
	\$ 7,688,000	\$ 7,295,000

NOTE 6 - RELATED-PARTY TRANSACTIONS AND ASSETS HELD ON BEHALF OF AFFILIATES

The Organization receives funds from auxiliaries of the University, or from the University, primarily for sales of bookstore merchandise, provision of dining services and reimbursement for monies collected by the University for residence hall fees and meal plans. In addition, the Organization disburses funds for rents and monies collected for parking fees on behalf of the University, and may make other allocations or reimbursements to auxiliaries of the University or to the University.

For the years ended June 30, 2021 and 2020, the Organization recorded cash receipts for services rendered and reimbursements from the University and its auxiliaries in the amount of approximately \$34,545,000 and \$40,505,000, respectively, which are included in revenue and include approximately \$33,430,000 and \$38,390,000, respectively, of funds collected by the University on behalf of the Organization for dining and residence hall services.

For the years ended June 30, 2021 and 2020, the Organization received advertising services from the University in exchange for providing meal cards and books to student athletes in the amount of approximately \$272,000 and \$290,000, respectively, which is included in their respective expense classifications.

For the years ended June 30, 2021 and 2020, the Organization recorded cash disbursements for services, including facility rents and reimbursements, to auxiliaries in the amount of approximately \$7,017,000 and \$9,096,000, respectively, which are included in expenses.

Related-party receivables and payables represent noninterest-bearing amounts owed to or payable by the Organization to or from the University and other affiliates. Related-party receivables and payables are included in accounts receivable and accounts payable (or accrued liabilities), respectively. As of June 30, 2021 and 2020, receivables due from the University and/or its auxiliaries were approximately \$1,132,000 and \$2,661,000, respectively. As of June 30, 2021 and 2020, accounts payable and accrued liabilities were approximately \$232,000 and \$142,000, respectively, and \$1,636,000 and \$2,896,000, respectively, for amounts owed to the University and/or its auxiliaries.

Aztec Shops, Ltd.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the years ended June 30, 2021 and 2020

The Organization entered into a management and space guarantee agreement with the University in which the University continued to collect the funds for rents owed by the residents of University Towers, Piedra Del Sol, Granada Apartments, and certain units at Albert's Apartments; however, both parties agreed upon a fixed fee of \$13,120,000 and \$12,514,000 for the years ended June 30, 2021 and 2020, respectively, that took into consideration the services performed by the University instead of withholding an amount from the total funds collected. Also see Note 10.

The Organization entered into a management and lease agreement with the University to oversee the commercial and parking space at South Campus Plaza. Also see Note 10.

No additional amounts were held on behalf of affiliates as of June 30, 2021 or 2020.

NOTE 7 - RELATED-PARTY NOTES

Related-party long-term debt

Approximate related-party long-term debt consisted of the following at June 30:

	2021	2020
55th Street apartment loan, inclusive of issuance cost and bond premium ^(a)	\$ 19,573,000	\$ 20,276,000
University Towers loan, inclusive of issuance cost and bond premium ^(b)	12,100,000	13,096,000
University Towers Renovation loan, inclusive of issuance cost and bond premium ^(c)	8,570,000	8,796,000
Fraternity Row apartment loan, inclusive of bond premium ^(d)	5,314,000	5,581,000
Piedra Del Sol apartment loan, inclusive of bond premium ^(e)	3,253,000	3,592,000
College West apartment acquisition loan, inclusive of issuance cost and bond premium ^(f)	2,978,000	3,057,000
Sanctuary Suites acquisition loan ^(g)	4,246,000	4,246,000
Hardy Avenue apartment loan ^(h)	1,856,000	1,856,000
Aztec Shops Terrace capital lease payable ⁽ⁱ⁾	1,995,000	2,231,000
College Square acquisition loan ^(j)	870,000	870,000
College Strip acquisition loan ^(k)	600,000	600,000
Note Payable SDSU ^(l)	2,000,000	-
	63,355,000	64,201,000
Less current maturities	(3,426,000)	(3,506,000)
	\$ 59,929,000	\$ 60,695,000

- (a) During the year ended June 30, 2010, the Organization acquired an unaffiliated apartment complex (55th Street apartments) adjacent to the University campus. In November 2009, the Trustees of CSU issued \$25,330,000 of commercial paper to finance the purchase of the apartment complex until bond financing was available. In April 2010, the Trustees of CSU issued System wide Revenue Bonds ("SRB") Series 2010AB. The bond proceeds were used to redeem the commercial paper. Commercial paper issuance cost of \$297,940, commercial paper interest expense of \$34,457 and interest income of \$13,907 were recorded during the year ended June 30, 2010. The Organization and the Trustees of CSU entered into a loan agreement dated September 22, 2009

Aztec Shops, Ltd.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the years ended June 30, 2021 and 2020

relating to the issuance of \$25,155,000, which is a portion of the Trustees of the CSU SRB Series 2010A for the 55th Street Apartments Acquisition Project. The loan and the CSU SRB Series 2010AB bear interest at rates graduating from 2.0% to 6.4%, and are due in semiannual principal and interest payments beginning in November 2010 through November 2039. The bonds were purchased at a premium of \$675,132 with an underwriter's discount of \$158,056 and issuance costs of \$68,465. On February 4th, 2020, \$1,350,000 of the SRB 2010A Bonds were refunded for Series 2020A bonds; the Net Interest Cost of the refunded bonds is 1.4%. The bonds were purchased at a premium of \$61,822 and issuance costs of \$3,597. The premium, underwriter's discount and cost of issuance are being amortized over the life of the loan using the effective interest method. The Series 2010B bonds are Build America Bonds and are eligible for a federal subsidy payment equal to 35% of the interest due on the Series 2010B. For the year ended June 30, 2021, the Organization received subsidies of \$392,000 and recorded a receivable of \$57,000. For the year ended June 30, 2020, the Organization received subsidies of \$383,000 and recorded a receivable of \$57,000.

- (b) During the year ended June 30, 2001, the Organization acquired an unaffiliated residence hall (University Towers) on the University campus. The acquisition was funded through the issuance of student housing revenue bonds in November 2000. The Organization and the Trustees of CSU entered into a loan agreement dated March 1, 2010, relating to the issuance of \$19,220,000 of debt, which is a portion of the Trustees of the CSU SRB Series 2010A for the refunding of Aztec Shops, Ltd. Auxiliary Organization Student Housing Revenue Bonds Series 2000. The payments for the loan agreement match the payment schedule for the bonds that were purchased. The loan and CSU SRB Series 2010AB bear interest at rates graduating from 2.0% to 5.0%, and are due in semiannual principal and interest payments beginning in November 2010 through November 2031. The bonds were purchased at a premium of \$1,352,023, with an underwriter's discount of \$98,273 and a cost of issuance expense of \$51,290. On February 4, 2020, \$13,227,700 of the SRB 2010A Bonds were refunded for Series 2020A bonds; the Net Interest Cost of the refunded bonds is 2.0%. The bonds were purchased at a premium of \$2,258,135 with an underwriter's discount of \$24,541 and issuance costs of \$20,894. The premium, underwriter's discount and cost of issuance are being amortized over the life of the loan using the effective interest method.
- (c) On December 5, 2012, the Trustees of CSU issued \$10,316,000 in tax-exempt commercial paper to finance the construction costs for the University Towers Renovation project. An additional \$133,000 was issued during the year ended June 30, 2014. The project proposed selective critical upgrades to the nine-story, 560-bed University Towers residence hall, built in 1966 at the corner of Montezuma Road and 55th Street. The project includes a complete renovation of the 8,000 square-foot Food Service Facility, partial renovation of the first floor west and east wings of the residential tower, upgrades to the residence hall lobby and entryways, selective exterior upgrades and landscape improvements. The debt is subject to the federal arbitrage rules, which require that the commercial paper proceeds be spent within two years of the issue date. All spend-down requirements have been met as of June 30, 2015. Commercial paper issuance costs of \$304,151 are capitalized and included in deferred debt issuance costs. The commercial paper notes were used as interim financing during the construction period until bond financing was available. In July 2014, the Trustees of CSU issued SRB Series 2014A and the proceeds were used to pay off the outstanding commercial paper notes. Construction was completed in September 2013. The CSU SRB Series 2014A bear interest at rates graduating from 3.0% to 5.0%, and are due in semiannual principal and interest payments beginning in November 2014 through May 2044. The bonds were purchased at a premium of \$1,307,336, with an underwriter's discount of \$32,141 and a cost of issuance expense of \$16,196. The premium, underwriter's discount and cost of issuance are being amortized over the life of the loan using the effective interest method.
- (d) In June 2013, the Organization acquired Fraternity Row apartments from the Research Foundation and assumed the outstanding CSU SRB Series 2012A in the amount of \$7,380,000. The CSU

Aztec Shops, Ltd.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the years ended June 30, 2021 and 2020

SRB 2012A bear interest at rates graduating from 2.0% to 5.0%, and are due in semiannual principal and interest payments beginning in November 2013 through November 2030. The Organization assumed an unamortized bond premium in the amount of \$1,039,681, which will be amortized over the life of the loan using the effective interest method. On September 17, 2020, \$4,460,000 of the SRB 2012A Bonds were refunded for Series 2020D bonds; the Net Interest Cost of the refunded bonds is 1.4%. The bonds were purchased with an underwriter's discount of \$9,196 and issuance costs of \$3,470. The underwriter's discount and cost of issuance are being amortized over the life of the loan using the effective interest method.

- (e) In June 2013, the Organization acquired Piedra Del Sol apartments from the Research Foundation and assumed the outstanding CSU SRB Series 2010A in the amount of \$5,185,000. The CSU SRB Series 2010A bear interest at rates graduating from 2.0% to 5.0%, and are due in semiannual principal and interest payments beginning in November 2013 through November 2029. The Organization assumed an unamortized bond premium in the amount of \$363,099. On February 4th, 2020, \$3,633,175 of the SRB 2010A Bonds were refunded for Series 2020A bonds; the Net Interest Cost of the refunded bonds is 1.7%. The bonds were purchased at a premium of \$572,105, with an underwriter's discount of \$6,247, and a cost of issuance expense of \$2,683. The premium, underwriter's discount and cost of issuance are being amortized over the life of the loan using the effective interest method.
- (f) On November 14, 2013, the Trustees of CSU issued \$3,574,000 in tax-exempt commercial paper to finance the 2013 acquisition of College West apartments. An additional \$18,353 was issued during the year ended June 30, 2015. The debt is subject to federal arbitrage rules, which require that the commercial paper proceeds be spent within two years of the issue date. All spend-down requirements have been met as of June 30, 2015. Commercial paper issuance costs of \$31,326 are capitalized and included in deferred debt issuance costs as of June 30, 2015, no additional costs incurred during year ending June 30, 2016. The commercial paper notes were used as interim financing until bond financing was available. In July 2014, the Trustees of CSU issued SRB Series 2014A and the proceeds were used to pay off the outstanding commercial paper notes. The CSU SRB Series 2014A bear interest at rates graduating 3.0% to 5.0%, and are due in semiannual principal and interest payments beginning in November 2014 through May 2044. The bonds were purchased at a premium of \$447,353, with an underwriter's discount of \$10,995, and a cost of issuance expense of \$7,358. The premium, underwriter's discount and cost of issuance are being amortized over the life of the loan using the effective interest method.
- (g) In January 2014, the Organization acquired Sanctuary Suite apartments from the Research Foundation and entered into an unsecured note in the amount of \$4,718,000. The note bears interest at 4.0% per annum and is due in semiannual principal payments beginning in April 2019 through October 2028 and semiannual interest payments beginning in April 2014 through October 2028.
- (h) In June 2013, the Organization acquired Hardy Avenue apartments from the Research Foundation and entered into an unsecured note in the amount of \$2,184,000. The note bears interest at 4.0% per annum and is due in semiannual principal payments beginning in October 2018 through April 2028 and semiannual interest payments beginning in October 2013 through April 2028.
- (i) In January 2015, the Organization entered into a 4,428 square foot building lease, which provides dining services, with the Trustees of the CSU. The lease calls for annual payments in the amount of \$319,548 beginning in January 2015 through January 2029. The gross carrying value of the building recorded as of June 30, 2021 and 2020 is approximately \$4,075,000 and \$4,075,000, respectively. The related accumulated amortization recorded as of June 30, 2021 and 2020 was approximately \$1,394,000 and \$1,180,000, respectively. Amortization of assets held under capital building leases is included in depreciation expense.

Aztec Shops, Ltd.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the years ended June 30, 2021 and 2020

- (j) In June 2015, the Organization acquired College Square commercial and classroom building from the Research Foundation and entered into an unsecured note in the amount of \$870,000. The note bears interest at 4.0% per annum and is due in semiannual principal payments beginning in April 2022 through April 2030 and semiannual interest payments beginning in October 2015 through April 2030.
- (k) In June 2015, the Organization acquired College Strip commercial building from the Research Foundation and entered into an unsecured note in the amount of \$600,000. The note bears interest at 4.0% per annum and is due in semiannual principal payments beginning in April 2022 through April 2030 and semiannual interest payments beginning in October 2015 through April 2030.
- (l) In August 2020, the Organization entered into an unsecured note in the amount of \$2,000,000 with San Diego State University. The note bears interest at 3.0% per annum and is due in semiannual principal and interest payments beginning in January 2023 through January 2026.

The SRB master debt agreement with Trustees of CSU pledges all unrestricted revenues of the Organization as collateral.

In connection with the Bonds, the Organization incurred issuance costs of approximately \$678,000 as of June 30, 2021 and \$275,000 as of June 30, 2020, which are being amortized over the term using the effective interest method. As of June 30, 2021 and 2020, related unamortized debt issuance cost was approximately \$397,000 and \$488,000, respectively.

Approximate future maturities of related-party, long-term debt and amortization of debt issuance costs and the bond premium are as follows:

<u>Years Ending June 30,</u>	
2022	\$ 3,426,000
2023	3,974,000
2024	4,313,000
2025	4,810,000
2026	4,909,000
Thereafter	<u>41,923,000</u>
	<u>\$ 63,355,000</u>

Aztec Shops, Ltd.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the years ended June 30, 2021 and 2020

Approximate future maturities of the related party capital lease at June 30, 2021 are as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal and Interest</u>
2022	\$ 243,000	\$ 71,000	\$ 314,000
2023	254,000	62,000	316,000
2024	262,000	52,000	314,000
2025	272,000	42,000	314,000
2026	283,000	31,000	314,000
Thereafter	682,000	31,000	<u>713,000</u>
Total minimum lease payments			2,285,000
Less amounts representing interest			<u>(289,000)</u>
Present value of future minimum lease payments			1,996,000
Less current portion			<u>(243,000)</u>
Capital lease obligation, net of current portion			<u><u>\$ 1,753,000</u></u>

NOTE 8 - LONG-TERM DEBT

Approximate long-term debt consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Payroll Protection Loan	\$ 3,157,000	\$ -
Capital leases	19,000	19,000
	<u>3,176,000</u>	<u>19,000</u>
Less current maturities	<u>-</u>	<u>-</u>
	<u><u>\$ 3,176,000</u></u>	<u><u>\$ 19,000</u></u>

The Organization has equipment leases that qualify as capital leases. The lease obligations are secured by the financed equipment, and amortization of assets held under capital leases is included in depreciation expense. The gross carrying value of financed equipment recorded as of June 30, 2021 and 2020 is approximately \$181,000 and \$181,000, respectively. The related accumulated depreciation recorded as of June 30, 2021 and 2020 was approximately \$181,000 and \$181,000, respectively. The remaining lease obligation of \$19,000 is tied to product use for our Dining division.

The Organization obtained a Payroll Protection Program loan totaling \$3,157,000 in March 2021. The loan bears interest at 1.0% per annum and is due in monthly principal and interest payments beginning in July 2022 through March 2026 if the loan is not forgiven. The Organization will submit the application for forgiveness in fiscal year 2022.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the years ended June 30, 2021 and 2020

NOTE 9 - ACCRUED EMPLOYEE BENEFIT COSTS

CalPERS Salaried Plan

The Organization contracts with CalPERS to provide its salaried employees retirement and disability benefits, which are paid by the State of California. In addition, employee group health insurance coverage (other) is obtained through CalPERS, and the contract requires the Organization to pay a minimum portion of the health insurance premiums of retirees after certain required periods of employment. Through June 30, 2003, the CalPERS retirement and disability plan was an agent multiple-employer retirement plan; therefore, the provisions of ASC 715, *Employers' Accounting for Pensions*, were applicable.

Effective July 1, 2003, the Organization began participating in a CalPERS cost-sharing multiemployer pension plan whereby other entities with benefits similar to the Organization participate in the same cost-sharing plan. At the date the Organization began participating in the cost-sharing plan, a liability was determined by CalPERS for each of the cost-sharing plan participants, called a "side fund liability," which was established to account for each organization's share of the pool's unfunded liability. The side fund liability is calculated by CalPERS annually and includes liability calculations for the subsequent two years using estimated employer payroll and estimated return on plan assets in accordance with ASC 450, *Accounting for Contingencies*. The Organization prepaid the amount owed in a prior year; therefore, there is no side fund liability at June 30, 2021 and 2020.

The unfunded pension liabilities at June 30, 2021 and 2020 were derived from the most recent Accounting Valuation Reports provided by CalPERS. The measurement dates for the reports were June 30, 2020 and 2019, respectively.

The plan's proportionate share of the fiduciary's unfunded accumulated net pension liability as of June 30, 2020 and June 30, 2019 (the measurement dates) were \$12,484,000 and \$11,422,000, respectively.

The plan's proportionate share of fiduciary net asset position, which is the total assets less certain reserve and expense requirements, at June 30, 2020 and June 30, 2019 (the measurement dates) were \$31,288,000 and \$31,857,000, respectively.

The actuary assumed investment return as of June 30, 2020 was 7.0% per annum. The salary scale used assumes salary increases that vary by entry age and service. The total increase in any future year includes an assumed 2.5% inflation rate.

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the Years Ended June 30, 2021 and 2020

Service cost was calculated using 10.9% and 11.0% of actual for the years ended June 30, 2021 and 2020, respectively. Contribution rates to CalPERS were 29.8% and 33.1% of actual payroll for the years ended June 30, 2021 and 2020, respectively. Actual payroll was approximately \$3,753,000 and \$4,176,000 for the years ended June 30, 2021 and 2020, respectively. Total CalPERS expense for June 30, 2021 and 2020 was approximately \$1,380,000 and \$1,167,000, respectively. The employer's contributions represent more than 5% of total contributions to the plan.

Pension Plan	Plan Number	Pension Plan Funding Status		FIP/RP Status	Employer Contributions			Surcharge Imposed
		2020	2019		2022-23	2023-24	2024-25	
Miscellaneous Plan of the Aztec Shops, Ltd.	7287807346	65-80%	65-80%	N/A	\$979,000	\$1,054,000	\$1,134,000	No
PEPRA Miscellaneous plan of the Aztec Shops, Ltd.	7287807346	>80%	>80%	N/A	\$ 7,000	\$ 8,500	\$ 10,000	No

Aztec Shops, Ltd.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the Years Ended June 30, 2021 and 2020

CalPERS Medical Benefit Plan

In addition, the Organization contracts with CalPERS to provide its salaried employees group health insurance through CalPERS under a postretirement health care benefit plan. The contract requires the Organization to pay a minimum portion of the health insurance premiums of retirees after certain required periods of employment. The postretirement health care benefit plan requires retirees and active employees to pay a portion of the monthly health insurance premium cost. For the years ended June 30, 2021 and 2020, the Organization paid employees' health insurance premiums as they came due.

The following tables set forth the approximate medical plan's funded status and the approximate amount recognized in the accompanying statements of financial position as of and for the years ended June 30:

	2021	2020
Changes in benefit obligations:		
Accumulated employee benefit obligation costs at beginning of year	\$ (14,004,000)	\$ (13,981,000)
Service cost	(243,000)	(186,000)
Interest cost	(400,000)	(511,000)
Benefit payments, net	355,000	333,000
Actuarial gains (loss)	1,044,000	341,000
Obligations at end of year	(13,248,000)	(14,004,000)
Fair value of plan assets at end of year	-	-
Funded status	\$ (13,248,000)	\$ (14,004,000)
Components of net periodic pension cost:		
Service cost	\$ 243,000	\$ 186,000
Interest cost	400,000	511,000
Amortization of transition obligation	-	-
Amortization of prior service cost	-	-
Amortization of net loss	1,000	42,000
Net periodic pension cost	\$ 644,000	\$ 739,000
Employer contribution	\$ 355,000	\$ 333,000
Amounts recognized in the statements of financial position:		
Current liabilities	\$ 420,000	\$ 370,000
Noncurrent liabilities	12,828,000	13,634,000
Net amount recognized	\$ 13,248,000	\$ 14,004,000

Weighted-average assumptions used in the computation of the health care premiums include a discount rate of 2.95% and 2.9% for the years ended June 30, 2021 and 2020, respectively.

Aztec Shops, Ltd.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the years ended June 30, 2021 and 2020

For measurement purposes on the postretirement medical benefit plan, a 7% and 6.75% health care cost trend rate for the years ended June 30, 2021 and 2020, were used to calculate the expected cost increases. The ultimate rate is 4.5%, which will be attained in the years 2030 and 2026 for the years ended June 30, 2021 and 2020, respectively. If assumed health care trend rates were increased or decreased by 1%, the service and interest cost and accumulated postretirement benefit obligation for the year ended June 30, 2021 would be approximately increased or decreased as indicated below:

	1% Increase	1% Decrease
Service and interest cost	\$ 205,000	\$ (153,000)
Accumulated postretirement benefit obligation	\$ 2,450,000	\$ (1,928,000)

Estimated Future Benefit Payments and Contributions

Approximate future benefit payments expected to be paid are as follows:

Years Ending June 30,	
2022	\$ 420,000
2023	440,000
2024	460,000
2025	490,000
2026	520,000
Years 2027 - onward	2,820,000
	\$ 5,150,000

The Organization uses a June 30 measurement date for the plans. For fiscal years ending June 30, 2021 and 2020, net assets increased \$401,000 and decreased \$356,000, respectively, due to the change in retiree medical plan liability at year-end.

Aztec Shops, Ltd.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the years ended June 30, 2021 and 2020

Hourly Plan

Approximate information relative to the Organization's Hourly Plan as of and for the years ended June 30, is presented below:

	2021	2020
Changes in benefit obligations:		
Accumulated employee benefit obligation costs at beginning of year	\$ (11,786,000)	\$ (9,928,000)
Service cost	(422,000)	(352,000)
Interest cost	(331,000)	(349,000)
Benefit payments, net	397,000	408,000
Actuarial gains	254,000	(1,565,000)
	(11,888,000)	(11,786,000)
Obligations at end of year	(11,888,000)	(11,786,000)
Fair value of plan assets at end of year	9,051,000	7,345,000
Funded status	\$ (2,837,000)	\$ (4,441,000)
Components of net periodic pension cost:		
Service cost	\$ 422,000	\$ 352,000
Interest cost	331,000	349,000
Return on plan assets	(363,000)	(381,000)
Amortization of prior service cost	-	-
Amortization of net loss	308,000	196,000
	\$ 698,000	\$ 516,000

Weighted-average assumptions used in computation for benefit obligation and net periodic pension cost are as follows:

	Years Ended June 30,	
	2021	2020
Discount rate	2.90%	3.70%
Expected return on plan assets	6.00%	6.50%

Fair Value Measurement of the Plan Assets

The approximate fair values of the Organization's Hourly Plan's plan assets, by asset category, consisted of the following at June 30:

	2021	2020
Cash - level 1	\$ -	\$ -
Cash - level 2	3,010,000	2,941,000
Mutual funds - level 1	6,041,000	4,404,000
Mutual funds - level 2	-	-
	-	-
Total plan assets	\$ 9,051,000	\$ 7,345,000

Aztec Shops, Ltd.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the years ended June 30, 2021 and 2020

The Organization expects that there will be no plan assets that will be returned to the Organization during the upcoming fiscal year.

Asset Allocation and Investment Strategy

The dual goals of the pension plan are growth of principal and investment income. Dividend and interest income will represent a significant portion of the total return, although portfolio growth is equally important.

Assets may be shifted between the various equity and fixed-income portions of the portfolio as deemed necessary to appropriately balance risk and reward and to meet the plan's requirements. The Organization's pension plan weighted-average asset allocations, by asset category, were as follows at June 30:

	2021	2020	Desired Strategic Allocation at June 30, 2021 and 2020
Cash	2%	5%	0-5%
Fixed income	32%	35%	20-50%
Equity	67%	60%	25-70%
	100%	100%	

Basis for Determining the Expected Return on Assets

The pension plan has adopted a strategic asset allocation model based upon a quantitative-allocation method that measures long-term expected returns consistent with the plan's objectives. Using this method, a model portfolio was developed that closely matched the specific investments held by the plan. Annual total returns were calculated using actual calendar year returns of the major investment funds over the last 10 years. The expected return on assets of 6.0% and 6.5% for the current year and prior year, respectively, is both consistent with these historical returns and reasonable given the current asset allocation and expected market conditions.

Plan Expenses and Estimated Contributions

For fiscal years ended June 30, 2021 and 2020, the funded status increased by \$1,604,000 and decreased by \$1,726,000 respectively, due to the change in hourly plan liability at year-end. The Organization expects to contribute \$350,000 to the Hourly Plan for the year ending June 30, 2021.

Approximate future benefit payments expected to be paid are as follows:

Years Ending June 30,		
2022	\$	770,000
2023		660,000
2024		560,000
2025		430,000
2026		410,000
Years 2027-2031		2,950,000
	\$	5,780,000

Aztec Shops, Ltd.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the years ended June 30, 2021 and 2020

NOTE 10 - COMMITMENT AND CONTINGENCIES

Rental Expenses

Operating Agreements and Leases

The Organization has seven operating and lease agreements with the Trustees of the University: one expires April 30, 2026, one expires June 30, 2023 with one five year extension; two expire June 30, 2024; one expires August 31, 2045; two are continuous. These operating and lease agreements are for the ATM Space, the Bookstore Ground Lease, the Imperial Valley Campus Bookstore, South Campus Plaza retail properties, the Education Building rooms, Warehouse space and for the purpose of operating the Westside convenience store, the East and West Commons areas, the Faculty Staff Club, the Coffee Kiosk space in the Library and the Engineering & Interdisciplinary Science Complex for the benefit of the student body on behalf of the University.

The use of the facilities is governed by the terms of the agreements, which require the Organization to promote, staff, insure, repair, maintain and improve the facility when needed, and may require the Organization to cover the cost of utilities.

During the year ended June 30, 2016, the Organization entered into a lease agreement with the Trustees of the University, which expires August 31, 2045, for specific portions of the South Campus Plaza project. The portions include interior and exterior general and commercial retail space. During fiscal year ending June 30, 2021, one commercial space opened for business and one commercial space was vacated as compared to the prior year's nine retail stores. In addition, the Organization entered into an extension of the management agreement with the University that expires August 31, 2025. Net revenues from the commercial leases are remitted back to the University and amounted to \$555,000 for retail and \$20,000 for parking for the year ended June 30, 2021.

The Organization has an operating agreement and a related group lease agreement with the Trustees of the University, which expire on June 30, 2028. The main operating agreement calls for the Organization to perform functions on behalf of the University such as operating bookstores, food services and campus services; housing; and acquisition, development, sale and transfer of real and personal property, including financing transactions related to these activities. The Organization's main bookstore sits upon the leased property, and its use is governed by the terms of the agreement, which include the assumption of the building, which is classified as a component of leasehold improvements, at the end of the lease plus any extensions. The net book value of the building was approximately \$418,000 and \$496,000 for the years ended June 30, 2021 and 2020, respectively.

During a prior year, the Organization entered into an agreement with Associated Students of San Diego State University ("A.S.") to lease retail food space at Aztec Student Union. The lease term is an initial 10 years, which expires on June 30, 2024, with A.S. having the option to extend for two additional five-year periods. Rent is \$600,000 annually and subject to negotiation at the end of each lease year. A.S. also funded \$250,000 of tenant improvements, which is being amortized straight-line over the initial 10 years of the lease. The unamortized rent payable balance at June 30, 2021 and 2020 is \$69,000 and \$94,000, respectively.

During the year ended June 30, 2021, the Organization also leased equipment and facilities under operating leases expiring at various dates.

Total rent expense under the above operating leases, including percentage rentals and commissions, was approximately \$931,000 and \$2,764,000 for the years ended June 30, 2021 and 2020, respectively.

Aztec Shops, Ltd.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the years ended June 30, 2021 and 2020

Approximate future minimum lease commitments, excluding percentage rentals and commissions, for the above leases are as follows:

<u>Years Ending June 30,</u>	
2022	\$ 621,000
2023	14,000
2024	12,000
2025	10,000
2026	4,000
	<hr/>
	\$ 661,000

Rental Income

Leased Property

The Organization leases part of its residential properties to third parties and part of its commercial property to an auxiliary. The Organization recognized approximately \$840,000 and \$1,204,000 in residential and commercial rental income related to these leases for the years ended June 30, 2021 and 2020, respectively.

Approximate future minimum rentals under noncancelable operating leases are as follows:

<u>Years Ending June 30,</u>	
2022	\$ 2,150,047
2023	431,679
2024	417,182
2025	349,202
2026	123,365
Thereafter	347,029
	<hr/>
	\$ 3,818,503

Subleases

For the years ended June 30, 2021 and 2020, the Organization recognized approximately \$1,196,000 and \$2,273,000, respectively, in other income from subleases with third parties for facilities that are leased from related parties. The sublease income is composed of percentage rentals and commissions.

During the year ended June 30, 2014, the Organization entered into a sublease with a third party to lease food space at Aztec Student Union. The term is an initial 10 years, which expires on March 31, 2024, with an option to extend for two additional five-year periods. Monthly payments began in March 2014 at approximately \$8,000, escalating annually. Additionally, the Organization funded \$680,000 in tenant improvements. The rent expense and tenant improvements are being amortized straight-line over the 10-year lease life. The rent receivable balance at June 30, 2021 and 2020 is \$413,000 and \$370,000, respectively.

Aztec Shops, Ltd.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the years ended June 30, 2021 and 2020

Revenues

As of June 30, 2021, the Organization had entered into a noncancelable revenue commitment in the aggregate of approximately \$23,743,000 for services to be provided to the University and its auxiliaries. These revenues are mostly Housing and Commercial properties that serve the University's students, faculty, staff and adjacent community. In addition to the large housing properties leased to the University and managed by Aztec Shops, Shops also manages a fairly large portfolio of commercial properties including South Campus Plaza which includes 10 large commercial spaces most with long term leases.

On July 1, 2012, the Organization entered into a lease agreement with the University, wherein the University will lease University Towers through June 30, 2032 for \$2,100,000 per year. In connection with the lease agreement, the Organization entered into a management agreement with the University, wherein the Organization will manage University Towers through June 30, 2025 for \$899,586 per year as of July 2020, increasing 6% in fiscal year 2021-2022 and by 3% each subsequent year.

On July 1, 2013, the Organization entered into an agreement with the University, wherein the University will lease Piedra del Sol through June 30, 2030 for \$450,000 per year. In connection with the lease agreement, the Organization entered into a management agreement with the University, wherein the Organization will manage Piedra del Sol through June 30, 2030 for \$1,347,223 per year as of July 2020, increasing 6% in fiscal year 2021-2022 and by 3% each subsequent year.

Purchases

As of June 30, 2021, the Organization had entered into noncancelable commitments in the aggregate of approximately \$5,184,000 for payment of license fees, concession fees and purchases of goods and services with third parties and the University and its auxiliaries.

During a prior year, the Organization entered into a capital lease for equipment, whereas the Organization is required to purchase a minimum of 7,200 cases of product at cost plus an additional amount added to each case for the purchase of the equipment. As of June 30, 2021, the Organization has a remaining 1,725 cases to purchase at an average cost of \$33.78 per case, totaling approximately \$58,000.

Other

Management Fee

During the year ended June 30, 2010, the Organization entered into a management fee arrangement with a third party in regard to the management services of various apartment buildings. The management fee is calculated as 3.5% of the gross revenue collected per month. For the years ended June 30, 2021 and 2020, the management fee was approximately \$221,000 and \$219,000, respectively.

During the year ended June 30, 2014, the Organization entered into a management fee arrangement with a third party in regard to the management services for various apartment buildings. The management fee is calculated as 4% of gross revenue or a fixed fee. For the years ended June 30, 2021 and 2020, the management fee was approximately \$110,000 and \$131,000, respectively.

License Fee

The Organization is licensed by several fast-food chains to produce and service products at the dining service facilities it operates. The licenses granted are primarily for three to ten years and require monthly license fees based on various percentages of gross sales.

Aztec Shops, Ltd.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the years ended June 30, 2021 and 2020

NOTE 11 - ALLOCATIONS

At the discretion of the Board of Directors, the Organization provides for annual allocations to the University and affiliated organizations. During the years ended June 30, the allocations made were as follows:

	<u>2021</u>	<u>2020</u>
Associated Students of San Diego State University	\$ 55,000	\$ 55,000
San Diego State University and Campanile Foundation	<u>310,000</u>	<u>310,000</u>
	<u>\$ 365,000</u>	<u>\$ 365,000</u>

NOTE 12 - CONTRIBUTION REVENUE AND EXPENSE

The Organization entered into an agreement with a vendor and the University in August 2013, in which all monies received from the vendor are subsequently contributed to the University. During each of the years ended June 30, 2021 and 2020, the Organization received \$164,000 and \$445,000 from the vendor and contributed \$164,000 and \$445,000 to the University, respectively.

NOTE 13 - OTHER INCOME

Other income consisted of approximately the following at June 30:

	<u>2021</u>	<u>2020</u>
Rent (Note 10)	\$ 430,000	\$ 1,708,000
Commissions	156,000	491,000
Federal subsidy revenue (Note 7)	392,000	383,000
Other	<u>3,067,000</u>	<u>2,081,000</u>
	<u>\$ 4,045,000</u>	<u>\$ 4,663,000</u>

NOTE 14 - AVAILABLE RESOURCES AND LIQUIDITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. Various sources of liquidity are available, including cash and cash equivalents, investments in money markets and accounts receivables.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of the bookstore, food service and residential and commercial rental properties as well as the conduct of services undertaken to support those activities to be general expenditures.

Aztec Shops, Ltd.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the years ended June 30, 2021 and 2020

As of June 30, 2021 and 2020, the following table shows the approximate total financial assets held by the Organization and the amounts of those financial assets could be readily available within one year of the balance sheet date to meet general expenditures. There were no net assets with restrictions or any funds designated by the Board at June 30, 2021 and 2020:

	2021	2020
Cash and cash equivalents	\$ 3,440,000	\$ 1,391,000
Investments	6,394,000	3,530,000
Accounts receivable	2,399,000	4,334,000
Total financial assets	\$ 12,233,000	\$ 9,255,000

NOTE 15 - EXPENSE ALLOCATION

FY 2021	Program Activities				Supporting Activities	Total Expenses
	Dining	Bookstore	Business Development	Programs Total	Management and General	
Cost of sales	\$ 1,976,938	\$ 9,435,730	\$ -	\$ 11,412,668	\$ -	\$ 11,412,668
Salaries and benefits	4,898,599	2,204,640	66,344	7,169,582	4,540,848	11,710,430
Supplies and travel	159,409	468,739	349	628,496	53,532	682,028
Services and professional fees	987,782	180,788	4,077,922	5,246,492	1,291,447	6,537,938
Office and occupancy	2,723,627	929,988	2,474,270	6,127,885	532,601	6,660,486
Depreciation	1,063,328	146,662	3,967,721	5,177,711	74,783	5,252,493
Interest	186,773	-	2,355,777	2,542,550	53,706	2,596,256
Total expenses	\$ 11,996,455	\$ 13,366,546	\$ 12,942,381	\$ 38,305,383	\$ 6,546,918	\$ 44,852,301
FY 2020	Program Activities				Supporting Activities	Total Expenses
	Dining	Bookstore	Business Development	Programs Total	Management and General	
Cost of sales	\$ 6,570,584	\$ 12,242,098	\$ -	\$ 18,812,683	\$ -	\$ 18,812,683
Salaries and benefits	8,824,977	3,062,485	92,467	11,979,929	4,846,473	16,826,402
Supplies and travel	359,206	485,483	5,498	850,187	110,177	960,363
Services and professional fees	1,195,848	200,194	4,808,665	6,204,707	790,186	6,994,894
Office and occupancy	5,128,196	1,026,161	2,567,456	8,721,813	1,653,674	10,375,487
Depreciation	1,014,059	445,129	4,826,492	6,285,680	109,451	6,395,131
Interest	196,018	-	2,886,214	3,082,232	890	3,083,122
Total expenses	\$ 23,288,888	\$ 17,461,511	\$ 15,186,792	\$ 55,937,231	\$ 7,510,851	\$ 63,448,082

Aztec Shops, Ltd.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the years ended June 30, 2021 and 2020

The tables above present expenses by function and natural classification. Expenses directly attributed to a specific functional area, including general and administrative costs, are reporting as expenses of those functional areas. The Facilities Services Support and San Diego State University Public Safety expense is allocated based on the square footage of the facilities that they support while salaries and benefits are allocated on the basis of estimates of time and effort. For expenses related to multiple functional areas, the expenses are allocated based on management's review of the nature of the expense, the programs benefited and a reasonable allocation methodology.

NOTE 16 - COVID

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-9") as a pandemic. The spread of COVID-19 has caused significant volatility in US and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak.

During Fiscal Year 2021, instruction was delivered remotely which resulted in a substantially decreased population. The reduction in on campus population resulted in lower Dining, Bookstore and Conference Services revenue.

SUPPLEMENTARY INFORMATION

Aztec Shops, Ltd.

SCHEDULE OF NET POSITION

As of June 30, 2021
(for inclusion in the California State University)

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 3,439,644
Short-term investments	6,394,014
Accounts receivable, net	2,398,616
Capital lease receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	2,999,230

Total current assets 15,231,504

NONCURRENT ASSETS:

Restricted cash and cash equivalents	-
Accounts receivable, net	-
Capital lease receivable, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	-
Endowment investments	-
Other long-term investments	-
Capital assets, net	81,667,981
Other assets	1,109,263

Total noncurrent assets 82,777,244

Total assets \$ 98,008,748

DEFERRED OUTFLOWS OF RESOURCES:

Unamortized loss on debt refunding	\$ -
Net pension liability	-
Net OPEB liability	-
Others	-

Total deferred outflows of resources \$ -

Aztec Shops, Ltd.

SCHEDULE OF NET POSITION - CONTINUED

As of June 30, 2021

(for inclusion in the California State University)

LIABILITIES

CURRENT LIABILITIES:

Accounts payable	\$	1,178,214
Accrued salaries and benefits		254,620
Accrued compensated absences, current portion		739,174
Unearned revenues		346,665
Capital lease obligations, current portion		243,494
Long-term debt obligations, current portion		3,182,856
Claims liability for losses and loss adjustment expenses, current portion		-
Depository accounts		-
Other liabilities		6,693,773
		6,693,773
Total current liabilities		12,638,796

NONCURRENT LIABILITIES:

Accrued compensated absences, net of current portion		-
Unearned revenues		-
Grants refundable		-
Capital lease obligations, net of current portion		1,771,716
Long-term debt obligations, net of current portion		61,333,781
Claims liability for losses and loss adjustment expenses, net of current portion		-
Depository accounts		-
Net other postemployment benefits liability		12,827,832
Net pension liability		2,837,176
Other liabilities		43,750
		43,750
Total noncurrent liabilities		78,814,255

Total liabilities		\$ 91,453,051
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DEFERRED INFLOWS OF RESOURCES:

Service concession arrangements	\$	-
Net pension liability		-
Net OPEB liability		-
Unamortized gain on debt refunding		-
Nonexchange transactions		-
Others		-
		-
Total deferred inflows of resources	\$	-

Aztec Shops, Ltd.

SCHEDULE OF NET POSITION - CONTINUED

As of June 30, 2021
(for inclusion in the California State University)

NET POSITION

Net Investment in capital assets	\$ 15,155,344
Restricted for:	
Nonexpendable - endowments	-
Expendable:	-
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	-
Unrestricted	<u>(8,599,647)</u>
Total net position	<u>\$ 6,555,697</u>

Aztec Shops, Ltd.

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

June 30, 2021

(for inclusion in the California State University)

REVENUES:

Operating revenues:

Student tuition and fees, gross	\$	-
Scholarship allowances (enter as negative)		-
Grants and contracts, noncapital:		
Federal		-
State		-
Local		-
Nongovernmental		-
Sales and services of educational activities		-
Sales and services of auxiliary enterprises, gross		37,627,751
Scholarship allowances (enter as negative)		-
Other operating revenues		-
		<hr/>
Total operating revenues	\$	<u><u>37,627,751</u></u>

EXPENSES:

Operating expenses:

Instruction	\$	-
Research		-
Public service		-
Academic support		-
Student services		-
Institutional support		-
Operation and maintenance of plant		-
Student grants and scholarships		-
Auxiliary enterprise expenses		37,094,945
Depreciation and amortization		4,670,399
		<hr/>
Total operating expenses	\$	<u><u>41,765,344</u></u>
Operating income (loss)	\$	<u><u>(4,137,593)</u></u>

Aztec Shops, Ltd.

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - CONTINUED

**For the Year Ended June 30, 2021
(for inclusion in the California State University)**

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		-
Investment income (loss), net		10,148
Endowment income (loss), net		-
Interest expense		(2,557,957)
Other nonoperating revenues (expenses) - excl. interagency transfers		5,647,006
Other nonoperating revenues (expenses) - interagency transfers		-
		-
Net nonoperating revenues (expenses)		3,099,197
Income (loss) before other revenues (expenses)		(1,038,397)
State appropriations, capital		-
Grants and gifts, capital		391,936
Additions (reductions) to permanent endowments		-
		-
Increase (decrease) in net position		(646,461)
Net position:		
Net position at beginning of year, as previously reported		7,202,158
Restatements		-
		-
Net position at beginning of year, as restated		7,202,158
Net position at end of year	\$	6,555,697

Aztec Shops, Ltd.

OTHER SUPPLEMENTARY INFORMATION

June 30, 2021

(for inclusion in the California State University)

1. RESTRICTED CASH AND CASH EQUIVALENTS AT June 30, 2021:

Portion of restricted cash and cash equivalents related to endowments	\$	-
All other restricted cash and cash equivalents		-
		<hr/>
Total restricted cash and cash equivalents	\$	-
		<hr/> <hr/>

Aztec Shops, Ltd.

OTHER SUPPLEMENTARY INFORMATION - CONTINUED

June 30, 2021
(for inclusion in the California State University)

	Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
2.1 COMPOSITION OF INVESTMENTS AT JUNE 30, 2021:							
State of California Surplus Money Investment Fund (SMIF)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State of California Local Agency Investment Fund (LAIF)	-	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-	-
Certificates of deposit	-	-	-	-	-	-	-
Mutual funds	-	-	-	-	-	-	-
Money market funds	6,394,014	-	6,394,014	-	-	-	6,394,014
Repurchase agreements	-	-	-	-	-	-	-
Commercial paper	-	-	-	-	-	-	-
Asset backed securities	-	-	-	-	-	-	-
Mortgage backed securities	-	-	-	-	-	-	-
Municipal bonds	-	-	-	-	-	-	-
U.S. agency securities	-	-	-	-	-	-	-
U.S. treasury securities	-	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-	-
Exchange traded funds (ETFs)	-	-	-	-	-	-	-
Alternative investments:							
Private equity (including limited partnerships)	-	-	-	-	-	-	-
Hedge funds	-	-	-	-	-	-	-
Managed futures	-	-	-	-	-	-	-
Real estate investments (including REITs)	-	-	-	-	-	-	-
Commodities	-	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-	-
Other alternative investment types	-	-	-	-	-	-	-
Other external investment pools (excluding SWIFT)							
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Other major investments							
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Total investments	6,394,014	-	6,394,014	-	-	-	6,394,014
Less endowment investments (enter as negative number)	-	-	-	-	-	-	-
Total investments	\$ 6,394,014	\$ -	\$ 6,394,014	\$ -	\$ -	\$ -	\$ 6,394,014

Aztec Shops, Ltd.

OTHER SUPPLEMENTARY INFORMATION - CONTINUED

June 30, 2021
(for inclusion in the California State University)

2.2 INVESTMENTS HELD BY THE UNIVERSITY UNDER CONTRACTUAL AGREEMENTS AT JUNE 20, 2021

Portion of investments in Note 2.1 held by the University under contractual agreements at June 30, 2021	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
---	----	---	----	---	----	---	----	---	----	---	----	---

Aztec Shops, Ltd.

OTHER SUPPLEMENTARY INFORMATION - CONTINUED

June 30, 2021
(for inclusion in the California State University)

	<u>Amount</u>
2.3 RESTRICTED CURRENT INVESTMENTS AT JUNE 30, 2021 RELATED TO:	
Add description	\$ -
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
	<u>-</u>
Total restricted current investments at June 30, 2021	<u>\$ -</u>

Aztec Shops, Ltd.

OTHER SUPPLEMENTARY INFORMATION - CONTINUED

June 30, 2021

(for inclusion in the California State University)

	<u>Amount</u>
2.4 RESTRICTED NONCURRENT INVESTMENTS AT JUNE 30, 2021 RELATED TO:	
Endowment investment	
Scholarships	\$ -
Inflation reserves	-
University projects	-
Add description	-
	<u>-</u>
Total restricted noncurrent investments at June 30, 2021	<u><u>\$ -</u></u>

Aztec Shops, Ltd.

OTHER SUPPLEMENTARY INFORMATION - CONTINUED

June 30, 2021
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	Total	Fair Value Measurement Using			Net Asset Value (NAV)
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
2.5 FAIR VALUE HIERARCHY IN INVESTMENTS AT JUNE 30, 2021:					
State of California Surplus Money Investment Fund (SMIF)	\$ -	\$ -	\$ -	\$ -	\$ -
State of California Local Agency Investment Fund (LAIF)	-	-	-	-	-
Corporate bonds	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
Mutual funds	6,394,014	-	6,394,014	-	-
Money market funds	-	-	-	-	-
Repurchase agreements	-	-	-	-	-
Commercial paper	-	-	-	-	-
Asset backed securities	-	-	-	-	-
Mortgage backed securities	-	-	-	-	-
Municipal bonds	-	-	-	-	-
U.S. agency securities	-	-	-	-	-
U.S. treasury securities	-	-	-	-	-
Equity securities	-	-	-	-	-
Exchange traded funds (ETFs)	-	-	-	-	-
Alternative investments:					
Private equity (including limited partnerships)	-	-	-	-	-
Hedge funds	-	-	-	-	-
Managed futures	-	-	-	-	-
Real estate investments (including REITs)	-	-	-	-	-
Commodities	-	-	-	-	-
Derivatives	-	-	-	-	-
Other alternative investment types	-	-	-	-	-
Other external investment pools (excluding SWIFT)					
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Other major investments					
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Total investments	\$ 6,394,014	\$ -	\$ 6,394,014	\$ -	\$ -

Aztec Shops, Ltd.

OTHER SUPPLEMENTARY INFORMATION - CONTINUED

June 30, 2021

(for inclusion in the California State University)

	Balance June 30, 2020	Prior Period Adjustments	Balance June 30, 2020 (Restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2021
3.1 COMPOSITION OF CAPITAL ASSETS AT JUNE 30, 2020:							
Nondepreciable/nonamortizable capital assets:							
Land and land improvements	\$ 27,941,826	\$ -	\$ 27,941,826	\$ -	\$ -	\$ -	\$ 27,941,826
Works of art and historical treasures	-	-	-	-	-	-	-
Construction work in progress (CWIP)	552,002	-	552,002	847,922	-	(657,949)	741,975
Intangible assets:							
Rights and easements	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-
Internally generated intangible assets in progress	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Other intangible assets:							
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Total nondepreciable/nonamortizable capital :	28,493,828	-	28,493,828	847,922	-	(657,949)	28,683,801
Depreciable/amortizable capital assets:							
Building and building improvements	78,179,146	-	78,179,146	11,823	-	119,864	78,310,833
Improvements, other than buildings	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-
Leasehold improvements	8,870,605	-	8,870,605	3,789	-	-	8,874,394
Personal property:							
Equipment	18,015,829	-	18,015,829	39,043	(122,771)	538,085	18,470,186
Library books and materials	-	-	-	-	-	-	-
Intangible assets:							
Software and websites	1,932,902	-	1,932,902	39,400	(8,385)	-	1,963,917
Rights and easements	-	-	-	-	-	-	-
Patents, copyright and trademarks	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Other intangible assets:							
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	106,998,482	-	106,998,482	94,055	(131,156)	657,949	107,619,330
Total capital assets	135,492,310	-	135,492,310	941,977	(131,156)	-	136,303,131
Less accumulated depreciation/amortization:							
Building and building improvements	(28,889,432)	-	(28,889,432)	(3,120,049)	-	-	(32,009,481)
Improvements, other than buildings	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-
Leasehold improvements	(6,852,752)	-	(6,852,752)	(261,338)	-	-	(7,114,090)
Personal property:							
Equipment	(12,638,708)	-	(12,638,708)	(1,174,612)	117,702	-	(13,695,618)
Library books and materials	-	-	-	-	-	-	-
Intangible assets:							
Software and websites	(1,757,206)	-	(1,757,206)	(64,073)	5,318	-	(1,815,961)
Rights and easements	-	-	-	-	-	-	-
Patents, copyright and trademarks	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Other intangible assets:							
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	(50,138,098)	-	(50,138,098)	(4,620,072)	123,020	-	(54,635,150)
Total capital assets, net	\$ 85,354,212	\$ -	\$ 85,354,212	\$ (3,678,095)	\$ (8,136)	\$ -	\$ 81,667,981

Aztec Shops, Ltd.

OTHER SUPPLEMENTARY INFORMATION - CONTINUED

June 30, 2021

(for inclusion in the California State University)

3.2 DETAIL OF DEPRECIATION AND AMORTIZATION EXPENSE FOR THE YEAR ENDED JUNE 30, 2021:

Depreciation and amortization expense related to capital assets	\$ 4,625,486
Amortization expenses related to other assets	<u>52,494</u>
Total depreciation and amortization	<u>\$ 4,677,981</u>

Aztec Shops, Ltd.

OTHER SUPPLEMENTARY INFORMATION - CONTINUED

June 30, 2021

(for inclusion in the California State University)

	Balance June 30, 2020	Prior Period Adjustments	Balance June 30, 2020 (Restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2021
4 LONG-TERM LIABILITIES ACTIVITY SCHEDULE:							
Accrued compensated absences	\$ 595,927	\$ -	\$ 595,927	\$ 788,437	\$ (645,190)	\$ -	\$ 739,174
Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Capital lease obligations:							
Gross balance	2,249,768	-	2,249,768	-	(234,557)	-	2,015,211
Unamortized premium/(discount) on capital lease obligations	-	-	-	-	-	-	-
	<u>2,249,768</u>	<u>-</u>	<u>2,249,768</u>	<u>-</u>	<u>(234,557)</u>	<u>-</u>	<u>2,015,211</u>
Total capitalized lease obligations							
Long-term debt obligations:	-	-	-	-	-	-	-
Auxiliary revenue bonds	-	-	-	-	-	-	-
Commercial paper	-	-	-	-	-	-	-
Notes payable related to SRB	50,180,000	-	50,180,000	-	(1,735,000)	-	48,445,000
Others: (list by type)	-	-	-	-	-	-	-
Payroll Protection Program Loan	-	-	-	3,157,000	-	-	3,157,000
SDSURF Notes Payable	7,572,591	-	7,572,591	2,000,000	-	-	9,572,591
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
	<u>57,752,591</u>	<u>-</u>	<u>57,752,591</u>	<u>5,157,000</u>	<u>(1,735,000)</u>	<u>-</u>	<u>61,174,591</u>
Total long-term debt obligation							
Unamortized bond premium/(discount)	4,217,834	-	4,217,834	-	(875,791)	-	3,342,043
	<u>61,970,425</u>	<u>-</u>	<u>61,970,425</u>	<u>5,157,000</u>	<u>(2,610,791)</u>	<u>-</u>	<u>64,516,634</u>
Total long-term debt obligations, net							
Total long-term liabilities	<u>\$ 64,816,120</u>	<u>\$ -</u>	<u>\$ 64,816,120</u>	<u>\$ 5,945,437</u>	<u>\$ (3,490,538)</u>	<u>\$ -</u>	<u>\$ 67,271,019</u>

Aztec Shops, Ltd.

OTHER SUPPLEMENTARY INFORMATION - CONTINUED

June 30, 2021
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	Capital lease obligations related to SRB			All other capital lease obligations			Total capital lease obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
5 FUTURE MINIMUM LEASE PAYMENTS - CAPITAL LEASE OBLIGATIONS:									
Year ending June 30:									
2022	\$ -	\$ -	\$ -	243,494	71,413	\$ 314,907	\$ 243,494	\$ 71,413	\$ 314,907
2023	-	-	-	252,771	61,959	314,730	252,771	61,959	314,730
2024	-	-	-	262,402	52,145	314,546	262,402	52,145	314,546
2025	-	-	-	272,399	41,957	314,356	272,399	41,957	314,356
2026	-	-	-	282,778	31,381	314,158	282,778	31,381	314,158
2027 - 2031	-	-	-	682,248	31,005	713,254	682,248	31,005	713,254
2032 - 2036	-	-	-	-	-	-	-	-	-
2037 - 2041	-	-	-	-	-	-	-	-	-
2042 - 2046	-	-	-	-	-	-	-	-	-
2047 - 2051	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum lease payments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,996,092</u>	<u>\$ 289,858</u>	<u>\$ 2,285,951</u>	<u>\$ 1,996,092</u>	<u>\$ 289,858</u>	<u>2,285,951</u>
Less: amounts representing interest									<u>(289,858)</u>
Present value of future minimum lease payments									1,996,092
Unamortized net premium/(discount)									<u>-</u>
Total capital lease obligations									1,996,092
Less: current portion									<u>(243,494)</u>
Capital lease obligations, net of current portion									<u>\$ 1,752,598</u>

Aztec Shops, Ltd.

OTHER SUPPLEMENTARY INFORMATION - CONTINUED

June 30, 2021
(for inclusion in the California State University)

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
6 LONG-TERM DEBT OBLIGATIONS SCHEDULE:									
Year ending June 30:									
2022	\$ -	\$ -	\$ -	\$ 2,703,600	\$ 2,880,459	\$ 5,584,059	\$ 2,703,600	\$ 2,880,459	\$ 5,584,059
2023	-	-	-	3,287,198	2,812,280	6,099,478	3,287,198	2,812,280	6,099,478
2024	-	-	-	4,228,962	2,607,880	6,836,842	4,228,962	2,607,880	6,836,842
2025	-	-	-	4,799,231	2,433,651	7,232,883	4,799,231	2,433,651	7,232,883
2026	-	-	-	4,933,456	2,251,177	7,184,633	4,933,456	2,251,177	7,184,633
2027 - 2031	-	-	-	21,418,643	8,307,585	29,726,229	21,418,643	8,307,585	29,726,229
2032 - 2036	-	-	-	9,213,500	4,337,614	13,551,114	9,213,500	4,337,614	13,551,114
2037 - 2041	-	-	-	8,415,000	1,667,490	10,082,490	8,415,000	1,667,490	10,082,490
2042 - 2046	-	-	-	2,175,000	179,000	2,354,000	2,175,000	179,000	2,354,000
Total minimum lease payments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,174,591</u>	<u>\$ 27,477,137</u>	<u>\$ 88,651,728</u>	<u>\$ 61,174,591</u>	<u>\$ 27,477,137</u>	<u>\$ 88,651,728</u>
Less: amounts representing interest									<u>(27,477,137)</u>
Present value of future minimum payments									61,174,591
Unamortized net premium/(discount)									<u>3,342,046</u>
Total long-term debt obligations									64,516,637
Less: current portion									<u>(3,182,856)</u>
Long-term debt obligations, net of current portion									<u>\$ 61,333,781</u>

Aztec Shops, Ltd.

OTHER SUPPLEMENTARY INFORMATION - CONTINUED

**Year ended June 30, 2021
(for inclusion in the California State University)**

7 CALCULATION OF NET POSITION:

	Amount
7.1 CALCULATION OF NET POSITION - NET INVESTMENT IN CAPITAL ASSETS	
Capital assets, net of accumulated depreciation	\$ 81,667,981
Capital lease obligations, current portion	(243,000)
Capital lease obligations, net of current portion	(1,753,000)
Long-term debt obligations, current portion	(3,182,856)
Long-term debt obligations, net of current portion	(61,333,781)
Portion of outstanding debt that is unspent at year-end (enter as positive number)	-
Other adjustments: (please list)	
Add description	-
	\$ 15,155,344
Net position - Net investment in capital assets	

7.1 CALCULATION OF NET POSITION - NET INVESTMENT IN CAPITAL ASSETS	
Portion of restricted cash and cash equivalents related to endowments	\$ -
Endowment investments	-
Other adjustments: (please list)	
Add description	-
	\$ -
Net position - Restricted for nonexpendable - endowments	

Aztec Shops, Ltd.

OTHER SUPPLEMENTARY INFORMATION - CONTINUED

June 30, 2021

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	<u>Amount</u>
8 Transactions with related entities:	
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ -
Payments to University for other than salaries of University personnel	2,677,367
Payments received from University for services, space, and programs	23,989,735
Gifts-in-kind to the University from discretely presented component units	-
Gifts (cash or assets) to the University from discretely presented component units	-
Accounts (payable to) University (enter as negative number)	(1,774,981)
Other amounts (payable to) University (enter as negative number)	(1,996,092)
Accounts receivable from University (enter as positive number)	1,098,874
Other amounts receivable from University	-

Aztec Shops, Ltd.

OTHER SUPPLEMENTARY INFORMATION - CONTINUED

June 30, 2021

(for inclusion in the California State University)

9 OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY

Intentionally left blank - not require/applicable eff FY _____

Aztec Shops, Ltd.

OTHER SUPPLEMENTARY INFORMATION - CONTINUED

June 30, 2021

(for inclusion in the California State University)

	<u>Amount</u>
10 POLLUTION REMEDIATION LIABILITIES UNDER GASB STATEMENTS NO. 49:	
Description:	
Add description	\$ -
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
	<hr/>
Total pollution remediation liabilities	-
Less: current portion	<hr/> -
Pollution remediation liabilities, net of current portion	<hr/> <u>\$ -</u>

Aztec Shops, Ltd.

OTHER SUPPLEMENTARY INFORMATION

June 30, 2021

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	Net Position Class	Amount Dr. (Cr.)
11 THE NATURE AND AMOUNT OF THE PRIOR PERIOD ADJUSTMENT(S) RECORDED TO BEGINNING NET POSITION:		
Net position as of June 30, 2020, as previously reported		\$ 7,202,158
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, 2021, as restated		\$ 7,202,158

	Debit	Credit
PROVIDE A DETAILED BREAKDOWN OF THE JOURNAL ENTRIES (AT THE FINANCIAL STATEMENT LINE ITEM LEVEL) BOOKED TO RECORD EACH PRIOR PERIOD ADJUSTMENT:		
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)	-	-

Aztec Shops, Ltd.

OTHER SUPPLEMENTARY INFORMATION

June 30, 2021

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12 NATURAL CLASSIFICATIONS OF OPERATING EXPENSES:	<u>Salaries</u>	<u>Benefits</u>	<u>Scholarships and Fellowships</u>	<u>Supplies and Other Services</u>	<u>Depreciation and Amortization</u>	<u>Total Operating Expenses</u>
Instruction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Research	-	-	-	-	-	-
Public service	-	-	-	-	-	-
Academic support	-	-	-	-	-	-
Student services	-	-	-	-	-	-
Institutional support	-	-	-	-	-	-
Operation and maintenance of plant	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	-	-
Auxiliary enterprise expenses	7,323,435	1,219,585	-	28,551,925	4,670,399	41,765,344
Depreciation and amortization	-	-	-	-	-	-
Total	<u>\$ 7,323,435</u>	<u>\$ 1,219,585</u>	<u>\$ -</u>	<u>\$ 28,551,925</u>	<u>\$ 4,670,399</u>	<u>\$ 41,765,344</u>