

Financial Statements and Report of
Independent Certified Public
Accountants

Aztec Shops, Ltd.

June 30, 2023 and 2022

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Aztec Shops, Ltd.

Report on the financial statements**Opinion**

We have audited 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, 2023 and 2022, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 and 2022, 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.

Basis for opinion

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

Emphasis of matter

As discussed in Note 10 to the financial statements, the Organization has adopted new accounting guidance on July 1, 2022 related to FASB Accounting Standard Codification Topic 842, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of management for the financial statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date the financial statements are issued.

Auditor's responsibilities for the audit of the financial statements

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

In performing an audit in accordance with US GAAS and *Government Auditing Standards*, we:

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

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

Supplementary information

Our audits were 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 36 through 52 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 audits of the financial statements and certain additional procedures. These additional procedures included comparing and reconciling such 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 US GAAS. In our opinion, the accompanying 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 15, 2023 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



San Diego, California
September 15, 2023

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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 financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), 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 statement of financial position as of June 30, 2023, and 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 15, 2023.

Report on 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") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's 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 internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on 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 provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 15, 2023

Aztec Shops, Ltd.

STATEMENTS OF FINANCIAL POSITION

June 30, 2023

	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	\$ 5,172,716	\$ 3,717,802
Investments (Note 2)	9,442,329	9,505,395
Accounts receivable, net of allowance for doubtful accounts of \$98,342 and \$96,402 for 2023 and 2022, respectively (Note 6)	6,366,525	4,218,596
Inventories (Note 3)	4,550,122	2,565,512
Prepaid expenses and other	1,022,447	1,244,655
Total current assets	26,554,139	21,251,960
Deferred rent receivable, noncurrent (Note 10)	545,727	975,628
Other assets (Note 11)	265,612	51,231
Operating lease right of use assets	9,708,856	-
Finance lease right of use assets	2,035,230	-
Property and equipment, net (Notes 4 and 8)	118,190,831	79,686,938
Total noncurrent assets	130,746,256	80,713,797
Total assets	\$ 157,300,395	\$ 101,965,757
LIABILITIES AND NET ASSETS		
Current liabilities		
Current maturities of related-party notes payable (Note 7)	\$ 3,824,004	\$ 3,915,933
Current maturities of long-term debt (Note 8)	-	3,157,000
Accounts payable (Note 6 and 11)	3,223,641	2,078,008
Accrued liabilities (Note 5, 6, and 9)	14,763,181	12,590,676
Finance lease liabilities, current	264,500	-
Operating lease liabilities, current	1,175,304	-
Deferred revenue	1,945,088	1,426,112
Total current liabilities	25,195,718	23,167,729
Related-party notes payable, noncurrent (Note 7)	87,442,145	54,818,694
Deferred rent payable, noncurrent (Note 10)	-	18,750
Finance lease liabilities, noncurrent	1,704,080	-
Operating lease liabilities, noncurrent	8,494,536	-
Accrued employee benefit costs (Note 9)	9,236,299	10,711,446
Total liabilities	106,877,060	65,548,890
Total liabilities	132,072,778	88,716,619
Net assets, without donor restrictions	25,227,617	13,249,138
Total liabilities and net assets	\$ 157,300,395	\$ 101,965,757

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

Aztec Shops, Ltd.

STATEMENTS OF ACTIVITIES

Years ended June 30,

	2023	2022
Changes in net assets without donor restrictions		
Revenue (Note 6)		
Bookstore, net	\$ 30,890,082	\$ 19,829,619
Dining services, net	52,924,024	28,014,174
Residential rental properties	17,189,244	14,495,165
Commercial rental properties	2,685,233	2,429,590
Conference services	2,858,282	956,179
Investment income, net (Note 2)	354,959	11,378
Contribution revenue (Note 13)	-	412,280
Other income (Note 14)	5,304,410	4,001,663
	112,206,234	70,150,048
Expenses		
Bookstore		
Purchases and other direct costs (Note 11)	18,799,403	13,328,407
Overhead and other operating costs	7,186,696	4,894,940
Dining services		
Purchases and other costs (Note 11)	13,741,814	7,067,606
Overhead and other operating costs	34,377,910	18,546,782
Residential rental properties	13,388,646	11,588,983
Commercial rental properties	1,989,400	1,878,653
Conference services	2,539,009	968,716
Operating lease expense	1,340,486	-
Finance lease expense	271,075	-
General and administrative (Note 9 and 11)	9,724,126	8,144,495
Contribution expense (Note 13)	-	412,280
Allocations to various organizations (Note 12)	865,000	365,000
	104,223,565	67,195,862
Total expenses		
Change in net assets from operations	7,982,669	2,954,186
Nonoperating CalPERS soft fresh start contribution	(38,037)	(552,974)
Nonoperating bond refunding loss/expense	-	(631,333)
Nonoperating Payroll Protection Loan Forgiveness	3,157,000	-
Nonoperating actuarial retirement benefit adjustment	1,608,910	4,923,562
	4,727,873	3,739,255
Total nonoperating adjustments		
CHANGE IN NET ASSETS	12,710,542	6,693,441
Net position		
Net position at beginning of year, as previously reported	13,249,138	6,555,697
Restatements	(732,063)	-
	12,517,075	6,555,697
Net position, beginning of year, as restated		
Net assets, end of year	\$ 25,227,617	\$ 13,249,138

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

Aztec Shops, Ltd.

STATEMENTS OF CASH FLOWS

Years ended June 30,

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 12,710,542	\$ 6,693,441
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net accrued employee benefit costs	(1,475,147)	(4,953,562)
Depreciation and amortization	4,719,997	4,548,516
Depreciation on rental books	11,127	44,966
Forgiveness of PPP Loan	(3,157,000)	
Amortization of debt premium	(151,275)	(424,962)
Loss on disposal of equipment	102,094	1,648
Operating cash flows from finance leases	264,386	-
Operating cash flows from capitalized operating leases	(39,015)	-
Changes in operating assets and liabilities:		
Accounts receivable	(2,531,939)	(2,210,116)
Inventories	(1,984,610)	(627,115)
Rental textbooks	(9,643)	(44,416)
Deferred rent receivable	429,901	93,501
Prepaid expenses and other assets	6,343	(202,951)
Accounts payable	1,145,632	899,794
Accrued liabilities	1,818,350	4,903,108
Deferred revenue	518,976	1,079,447
Deferred rent payable	(18,750)	(25,000)
	12,359,969	9,776,298
Cash flows from investing activities:		
Acquisition of property and equipment	(45,794,201)	(2,562,880)
Proceeds from sale of property and equipment	1,770	1,240
Purchase of investments	(13,715,507)	(8,000,000)
Sale of investments	13,778,573	4,888,619
	(45,729,365)	(5,673,021)
Cash flows from financing activities:		
Net Proceeds from long-term debt and related-party notes payable	37,722,594	-
Principal payments of long-term debt and related-party notes payable	(3,539,970)	(3,971,762)
Financing cash flows from finance leases	257,676	
Principal payments of capital lease obligations	-	(243,494)
Proceeds from federal subsidy	384,010	390,136
	34,824,310	(3,825,120)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,454,914	278,157
Cash and cash equivalents:		
Beginning of year	3,717,802	3,439,644
End of year	\$ 5,172,716	\$ 3,717,802
Supplemental disclosures of cash flow information:		
Cash payment for interest	\$ 2,371,728	\$ 2,565,837

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

Aztec Shops, Ltd.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023 and 2022

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 operated for the benefit of San Diego State University (the "University"). The primary function of the Organization is to provide supportive commercial services, principally the sale of food, books, supplies and other merchandise, on the campuses of the University as well as at Snapdragon Stadium. The Organization also owns and operates residence halls and apartment buildings near the University campus, owns commercial property near campus and operates 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, 2023 and 2022, 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, 2023 and 2022, 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, 2023 and 2022, 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

June 30, 2023 and 2022

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 \$4,844,000 and \$3,372,000 as of June 30, 2023 and 2022, 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, 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 and future data, such as economic trends, 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.

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, 2023 and 2022.

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 five 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.

Aztec Shops, Ltd.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

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, 2023 and 2022.

Leases

The Organization adopted ASU 2016-02, *Leases* (Topic 842), as of July 1, 2022. After the adoption of this standard, the Organization determines if an arrangement contains a lease at inception based on whether there is an identified asset and whether the Organization controls the use of the identified asset throughout the period of use. The Organization classifies leases as either an operating lease or a finance lease at lease commencement. Right-of-use ("ROU") assets are recognized at the lease commencement date and represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments over the remaining lease term. Present value of lease payments are discounted based the Incremental Borrowing Rates provided by the Chancellor's office. Expenses related to leases determined to be operating leases are recognized on a straight-line basis, while those determined to be finance leases are recognized following a front-loaded expense pattern in which interest and amortization are presented separately in the statement of activities.

The Organization's ROU assets are initially measured based on the corresponding lease liability adjusted for (i) payments made to the lessor at or before the commencement date, (ii) initial direct costs incurred and (iii) lease incentives under the lease. Options to renew or terminate the lease are recognized as part of our ROU assets and lease liabilities when it is reasonably certain the options will be exercised. ROU assets are also assessed for impairments consistent with the long-lived asset guidance.

The Organization does not allocate consideration between lease and non-lease components, such as operating costs, as the Organization has elected to not separate lease and non-lease components for any leases within its existing classes of assets. Operating lease expense for fixed lease payments is recognized on a straight-line basis over the lease term. Variable lease payments for usage-based fees are not included in the measurement of the ROU assets or lease liabilities and are expensed as incurred.

Finance leases are classified in the noncurrent asset section of the statement of financial position. Operating leases are presented separately as operating lease ROU assets and operating lease liabilities in the accompanying statement of financial position.

Prior to the adoption of ASC 842, the Organization recognized rent expense on a straight-line basis over the term of the lease. The difference between cash rent payments and the recognition of rent expense was recorded as a deferred rent liability on the statement of financial position.

Aztec Shops, Ltd.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

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 is 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 \$984,000 and \$809,000 were included in accrued liabilities at June 30, 2023 and 2022, respectively (see Note 5).

Sick Leave Benefits

The Organization accrues unused sick time for eligible retiring employees which can be converted to service time or paid out. 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 CalPERS retiring employees are allowed, if eligible, to convert unused sick-time to service time based on a formula. The program to pay-out the sick time in lieu of service-time conversion for eligible CalPERS employees was discontinued on June 30, 2019. The program to pay-out the sick-time for eligible hourly employees is still in place. The Organization accrued expense for future sick leave benefit obligations related to employees expected to retire with sick leave benefits.

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.

Aztec Shops, Ltd.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

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).

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 is recognized on a monthly straight-line basis over the terms of the tenant lease agreements (see Note 11). 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.

Aztec Shops, Ltd.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Income Taxes

The Organization and primarily all of its affiliates are recognized by the Internal Revenue Service (IRS) as exempt from federal income tax under Section 501(a) of the Internal Revenue Code as charitable organizations qualifying under Internal Revenue Code Section 501(c)(3), except for income taxes pertaining to unrelated business income. Under U.S. GAAP, the tax effects from uncertain tax positions are to be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a tax authority.

The Organization completed an analysis of its uncertain tax positions in accordance with applicable accounting guidance and determined there are no amounts to be recognized on the financial statements at June 30, 2023 or 2022.

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 accrued pension costs, right-of-use assets, and lease liabilities. 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 15, 2023, the date the financial statements were available to be issued.

Reclassification of Prior Year Presentation

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations. An adjustment has been made to Note 16 for the year ended June 30, 2022 from depreciation to office and occupancy of \$1,568,868.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). This standard requires the recognition of a right-of-use asset and lease liability on the balance sheet for substantially all leases. The standard retained a dual model for lease classification, requiring leases to be classified as finance or operating lease to determine recognition in the statement of operations and cash flows. Additionally, in July 2018, the FASB issued ASU 2018-11, *Leases, Targeted Improvements*, which provided entities with a transition method option to not restate comparative periods presented, but to recognize a cumulative effect adjustment to beginning net assets, without donor restrictions of \$732,000 in the period of adoption. The Organization elected the modified retrospective transition method and did not restate prior comparative periods.

The standards also provide additional transition relief, of which the Organization has elected to (1) not reassess whether any expired or existing contracts are or contain leases, (2) retain the classification of leases (e.g., operating or finance lease) existing as of the date of adoption, (3) not reassess initial direct costs for any existing leases, and (4) not utilize hindsight when assessing lease term and ROU asset impairment.

Aztec Shops, Ltd.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Package of practical expedients which eliminates the need to reassess (1) whether any expired or existing contracts are or contain leases; (2) the lease classification for any expired or existing leases; and (3) the initial direct costs for any existing leases.

The practical expedient whereby the lease and non-lease components will not be separated for all classes of assets.

Not to recognize ROU assets and corresponding lease liabilities with a lease term of 12 months or less from the lease commencement date.

For existing leases, the Organization did not elect the use of hindsight and did not reassess lease term upon adoption.

The standards require more detailed disclosures to enable users of financial statements to understand the amount, timing and uncertainty of cash flows arising from leases.

NOTE 2 - SHORT-TERM INVESTMENTS AND FAIR VALUE MEASUREMENTS

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.

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, 2023 and 2022, the Organization's investments in money market accounts of approximately \$9,442,000 and \$9,505,000, 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.

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 9,505,000	\$ 6,394,000
Total realized and unrealized gains, net, included in change in net assets	214,000	7,000
Net additions and purchases (under) sales and maturities	<u>(277,000)</u>	<u>3,104,000</u>
Ending balance	<u>\$ 9,442,000</u>	<u>\$ 9,505,000</u>

Aztec Shops, Ltd.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE 3 - INVENTORIES

Inventories were approximated as follows at June 30:

	<u>2023</u>	<u>2022</u>
Bookstore	\$ 3,091,000	\$ 1,844,000
Dining services	1,405,000	677,000
Supplies and other	54,000	45,000
	<u>\$ 4,550,000</u>	<u>\$ 2,566,000</u>

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment were approximated as follows at June 30:

	<u>2023</u>	<u>2022</u>
Land	\$ 27,942,000	\$ 27,942,000
Buildings	114,299,000	79,128,000
Equipment and furniture	23,173,000	20,811,000
Leasehold improvements	9,823,000	9,175,000
Construction in progress	5,017,000	1,764,000
	180,254,000	138,820,000
Less: accumulated depreciation	<u>(62,063,000)</u>	<u>(59,133,000)</u>
	<u>\$ 118,191,000</u>	<u>\$ 79,687,000</u>

For the years ended June 30, 2023 and 2022, the Organization recorded depreciation expense of approximately \$4,720,000 and \$4,541,000, respectively.

Aztec Shops, Ltd.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE 5 - ACCRUED LIABILITIES

Accrued liabilities were approximated as follows at June 30:

	2023	2022
Accrued compensated absences	\$ 1,065,000	\$ 856,000
Accrued interest	493,000	806,000
Salaries and benefits payable	1,626,000	1,052,000
University Trademark payable	1,051,000	849,000
University lease payable	824,000	434,000
Customer/student deposits	740,000	646,000
Accrued employee benefit costs (Note 9)	400,000	450,000
Security deposits	403,000	329,000
Stadium commission payable	1,546,000	-
Student Discount Liability	-	2,333,000
One card deposits	672,000	636,000
Conference service accrued expense	1,601,000	720,000
Other	4,342,000	3,083,000
	\$ 14,763,000	\$ 12,591,000

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, 2023 and 2022, the Organization recorded cash receipts for services rendered and reimbursements from the University and its auxiliaries in the amount of approximately \$71,096,000 and \$50,068,000, respectively, which are included in revenue and include approximately \$47,169,000 and \$34,230,000, respectively, of funds collected by the University on behalf of the Organization for dining and residence hall services.

For the years ended June 30, 2023 and 2022, the Organization received advertising services from the University in exchange for providing meal cards and books to student athletes in the amount of approximately \$345,000 and \$259,000, respectively, which are included in their respective expense classifications.

For the years ended June 30, 2023 and 2022, the Organization recorded cash disbursements for services, including facility rents and reimbursements, to auxiliaries in the amount of approximately \$15,558,000 and \$9,769,000, 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, 2023 and 2022, receivables due from the University and/or its auxiliaries were approximately \$2,177,000 and \$2,280,000, respectively. As of 2023 and 2022, accounts payable and accrued liabilities were approximately \$1,762,000 and \$1,148,000, respectively, and \$5,683,000 and \$3,443,000, respectively, for amounts owed to the University and/or its auxiliaries.

Aztec Shops, Ltd.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

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 \$13,261,000 and \$8,248,000 for the years ended June 30, 2023 and 2022, 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 11.

No additional amounts were held on behalf of affiliates as of June 30, 2023 and 2022.

NOTE 7 - RELATED-PARTY NOTES

Related-Party, Long-term Debt

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

	2023	2022
VIVA apartment commercial paper (a)	\$ 37,947,000	\$ -
55th Street apartment loan, inclusive of issuance cost and bond premium (b)	18,131,000	18,872,000
University Towers loan, inclusive of issuance cost and bond premium (c)	10,064,000	11,091,000
University Towers Renovation loan, inclusive of issuance cost and bond premium (d)	8,760,000	8,963,000
Fraternity Row apartment loan, inclusive of bond premium (e)	4,483,000	4,919,000
Piedra Del Sol apartment loan, inclusive of bond premium (f)	2,564,000	2,912,000
College West apartment acquisition loan, inclusive of issuance cost and bond premium (g)	3,000,000	3,071,000
Sanctuary Suites acquisition loan (h)	3,538,000	4,010,000
Hardy Avenue apartment loan (i)	1,529,000	1,747,000
Aztec Shops Terrace capital lease payable (j)	-	1,753,000
College Square acquisition loan (k)	740,000	827,000
College Strip acquisition loan (l)	510,000	570,000
	91,266,000	58,735,000
Less: current maturities	(3,824,000)	(3,916,000)
	\$ 87,442,000	\$ 54,819,000

(a) In April 2023, the Trustees of CSU issued \$37,600,000 in tax-exempt commercial paper to finance the purchase of VIVA Apartments. The commercial paper notes were used as interim financing until bond financing was available. In August 2023, the Trustees of CSU issued SRB Tax Exempt Series 2023A and the proceeds were used to pay off the outstanding commercial paper notes. The CSU SRB Series 2023A bear a net interest cost of 4.4% and are due in semiannual principal and interest payments beginning in November 2024 through May 2054. The bonds were purchased at a premium of \$86,737, with an underwriter's discount of \$46,767. The premium and underwriter's discount will be amortized over the life of the loan using the effective interest method. The issuance of the SRB debt is a

Aztec Shops, Ltd.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

subsequent event and the current portion of the debt was not reclassified in the financial statements. The current portion of the SRB debt is added to fiscal year 2024 future maturity disclosure below.

- (b) During the year ended June 30, 2010, the Organization acquired an unaffiliated apartment complex (55th Street apartments) adjacent to the University campus. The Organization and the Trustees of CSU entered into a loan agreement dated September 22, 2009 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 4, 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, 2023, the Organization received subsidies of \$383,000 and recorded a receivable of \$65,000. For the year ended June 30, 2022, the Organization received subsidies of \$398,000 and recorded a receivable of \$65,000.
- (c) 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.
- (d) 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. 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. On July 29, 2021, \$7,130,000 of the SRB 2014A bonds were refunded for SRB 2021B bonds; the Net Interest Cost of the refunded bonds is 2.5%. The bonds were purchased with an underwriter's discount of \$21,591 and issuance costs of \$5,902. The underwriter's discount and cost of issuance are being amortized over the life of the loan using the effective interest rate.
- (e) 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 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

Aztec Shops, Ltd.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

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.

- (f) 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 4, 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.
- (g) 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. 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. On July 29, 2021, \$2,440,000 of the SRB 2014A bonds were refunded for Series 2021B bonds; the Net Interest Cost of the refunded bonds is 2.5%. The bonds were purchased with an underwriter's discount of \$7,386 and issuance costs of \$1,630. The underwriter's discount and cost of issuance are being amortized over the life of the loan using the effective interest method.
- (h) 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.
- (i) 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.
- (j) 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, 2022 was approximately \$4,075,000. The related accumulated amortization recorded as of June 30, 2022 was approximately \$1,609,000. ASC 842 was effective July, 1, 2022 and as a result, this lease has been classified as a Finance Lease and the Asset and Accumulated Depreciation have been removed from the financial statements. The Asset and Liability are now classified as a Right of Use Asset and a Lease Liability. See Note 10 for further information.
- (k) 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.

Aztec Shops, Ltd.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

- (l) 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.

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 \$353,000 as of June 30, 2023 and \$353,000 as of June 30, 2022, which are being amortized over the term using the effective interest method. As of June 30, 2023 and 2022, related unamortized debt issuance cost was approximately \$158,000 and \$177,000, 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>			
2024		\$	4,409,000
2025			4,665,000
2026			4,939,000
2027			5,036,000
2028			5,120,000
Thereafter			<u>67,097,000</u>
		<u>\$</u>	<u>91,266,000</u>

NOTE 8 - LONG-TERM DEBT

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

	<u>2023</u>		<u>2022</u>
Payroll Protection Loan	\$ -	-	\$ 3,157,000
Capital leases	-	-	-
		-	3,157,000
Less: current maturities	-	-	-
	<u>\$ -</u>	-	<u>\$ 3,157,000</u>

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 submitted the application for forgiveness in fiscal year 2022, and had the forgiveness granted in August 2022.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

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.

The unfunded pension liabilities at June 30, 2023 and 2022 were derived from the most recent Accounting Valuation Reports provided by CalPERS. The measurement dates for the reports were June 30, 2022 and 2021, respectively.

The plan's proportionate share of the fiduciary's unfunded accumulated net pension liability as of June 30, 2022 and June 30, 2021 (the measurement dates) were \$14,120,908 and \$8,913,000, 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, 2022 and June 30, 2021 (the measurement dates) were \$34,124,088 and \$36,464,000, respectively.

Aztec Shops, Ltd.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

The actuary assumed investment return as of June 30, 2022 was 6.8% 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.

Service cost was calculated using 12.5% and 10.9% of actual for the years ended June 30, 2023 and 2022, respectively. Contribution rates to CalPERS were 33.6% and 33.4% of actual payroll for the years ended June 30, 2023 and 2022, respectively. Actual payroll was approximately \$5,400,000 and \$4,300,000 for the years ended June 30, 2023 and 2022, respectively. Total CalPERS expense for June 30, 2023 and 2022 was approximately \$1,581,000 and \$1,315,000, respectively.

Pension Plan	Plan Number	Pension Plan Funding Status		FIP/RP Status	Employer Contributions			Surcharge Imposed
		2023	2022		2024-25	2025-26	2026-27	
Miscellaneous Plan of the Aztec Shops, Ltd.	7287807346	65 - 85%	65-80%	N/A	\$1,089,000	\$1,178,000	\$1,263,000	No
PEPRA Miscellaneous plan of the Aztec Shops, Ltd.	7287807346	>80%	>80%	N/A	\$ 8,000	\$ 14,000	\$ 20,000	No

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, 2023 and 2022, the Organization paid employees' health insurance premiums as they came due.

Aztec Shops, Ltd.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

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:

	2023	2022
Changes in benefit obligations:		
Accumulated employee benefit obligation costs at beginning of year	\$ (9,929,000)	\$ (13,248,000)
Service cost	(383,000)	(402,000)
Interest cost	(451,000)	(385,000)
Benefit payments, net	332,000	339,000
Actuarial gains (loss)	887,000	3,767,000
Obligations at end of year	(9,544,000)	(9,929,000)
Fair value of plan assets at end of year	-	-
Funded status	\$ (9,544,000)	\$ (9,929,000)
Components of net periodic pension cost:		
Service cost	\$ 383,000	\$ 402,000
Interest cost	451,000	385,000
Amortization of transition obligation	-	-
Amortization of prior service cost	-	-
Amortization of net loss	(589,000)	(137,000)
Net periodic pension cost	\$ 245,000	\$ 650,000
Employer contribution	\$ 332,000	\$ 339,000
Amounts recognized in the statements of financial position:		
Current liabilities	\$ 400,000	\$ 450,000
Noncurrent liabilities	9,144,000	9,479,000
Net amount recognized	\$ 9,544,000	\$ 9,929,000

Weighted-average assumptions used in the computation of the health care premiums include a discount rate of 5.15% and 4.65% for the years ended June 30, 2023 and 2022, respectively.

For measurement purposes on the postretirement medical benefit plan, a 7.5% and 7% health care cost trend rate for the years ended June 30, 2023 and 2022, was used to calculate the expected cost increases. The ultimate rate is 4.5%, which will be attained in the years 2033 and 2030 for the years ended June 30, 2023 and 2022, respectively.

Aztec Shops, Ltd.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Estimated Future Benefit Payments and Contributions

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

<u>Years Ending June 30,</u>	
2024	\$ 400,000
2025	450,000
2026	490,000
2027	500,000
2028	530,000
Years 2029 - onward	<u>2,910,000</u>
	<u>\$ 5,280,000</u>

The Organization uses a June 30 measurement date for the plans. For fiscal years ending June 30, 2023 and 2022, net assets increased \$53,000 and \$2,980,000, respectively, due to the change in retiree medical plan liability at year end.

Hourly Plan

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

	<u>2023</u>	<u>2022</u>
Changes in benefit obligations:		
Accumulated employee benefit obligation costs at beginning of year	\$ (8,972,000)	\$ (11,888,000)
Service cost	(184,000)	(349,000)
Interest cost	(396,000)	(339,000)
Benefit payments, net	392,000	452,000
Actuarial gains	<u>687,000</u>	<u>3,152,000</u>
Obligations at end of year	(8,473,000)	(8,972,000)
Fair value of plan assets at end of year	<u>8,381,000</u>	<u>7,740,000</u>
Funded status	<u>\$ (92,000)</u>	<u>\$ (1,232,000)</u>
Components of net periodic pension cost:		
Service cost	\$ 184,000	\$ 349,000
Interest cost	395,000	339,000
Return on plan assets	(383,000)	(437,000)
Amortization of prior service cost	-	-
Amortization of net loss	<u>19,000</u>	<u>137,000</u>
Net periodic pension cost	<u>\$ 215,000</u>	<u>\$ 388,000</u>

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

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

	Years Ended June 30,	
	2023	2022
Discount rate	4.65%	2.95%
Expected return on plan assets	6.00%	5.75%

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:

	2023	2022
Cash - Level 1	\$ -	\$ -
Cash - Level 2	4,087,000	2,815,000
Mutual funds - Level 1	4,294,000	4,925,000
Mutual funds - Level 2	-	-
	\$ 8,381,000	\$ 7,740,000

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:

	2023	2022	Desired Strategic Allocation at June 30, 2023 and 2022
Cash	8%	3%	0-5%
Fixed income	40%	33%	20-50%
Equity	52%	64%	25-70%
	100%	100%	

Aztec Shops, Ltd.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

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 6.0% 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, 2023 and 2022, the funded status increased by \$1,140,000 and \$1,605,000, 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, 2024.

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

<u>Years Ending June 30,</u>	
2024	\$ 970,000
2025	430,000
2026	410,000
2027	580,000
2028	660,000
Years 2029-2033	<u>2,420,000</u>
	<u>\$ 5,470,000</u>

NOTE 10 - LEASES

Upon adoption, ASC 842, *Leases*, had an impact in the Organization's statement of financial position and in its statement of activities.

The Organization adjusted the opening operating ROU asset balance based on its remaining deferred rent liabilities. On July 1, 2022, the Organization recorded \$8,290,784 in operating lease ROU assets, \$8,314,538 in operating lease liabilities. Upon adoption, the Organization had a balance of \$2,222,370 in finance lease ROU assets and \$2,222,370 in finance lease liabilities. The adoption of ASC 842 had no significant impact on the Organization's profit and loss.

The components of lease cost follows for the year ended June 30, 2023:

Operating lease cost	\$ 1,340,486
Finance lease costs	
Amortization of right-of-use assets	187,140
Interest on lease liabilities	83,935
Short-term lease cost	-
Variable lease costs	<u>-</u>
Total	<u>\$ 1,611,561</u>

Aztec Shops, Ltd.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

The operating lease costs are reflected on the statement of activities in the lease expense line. Finance lease costs are presented on the finance lease expense line.

Supplemental cash flow information related to leases was as follows during 2023:

Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$	1,758,805
Operating cash flows from finance leases		80,049
Financing cash flows from finance leases		257,676
Supplemental disclosure of noncash leasing activities		
ROU obtained in exchange for new operating lease liabilities		10,716,689
ROU obtained in exchange for new finance lease liabilities		2,425,904

The following table represents the weighted-average remaining lease term and discount rate as of June 30, 2023:

	Operating Leases	Finance Leases
Weighted-average remaining lease term (years)	19	11
Weighted-average discount rate	4.84%	4.18%

Future undiscounted lease payments for the Organization's operating and finance lease liabilities are as follows as of June 30, 2023:

	Operating Leases	Finance Leases
2024	\$ 1,547,482	\$ 337,725
2025	1,491,221	337,725
2026	1,375,593	337,725
2027	751,808	337,725
2028	740,496	337,725
Thereafter	9,664,744	570,218
Total future lease payments	15,571,344	2,258,843
Less: imputed interest	(5,901,504)	(290,263)
Present value of lease liabilities	\$ 9,669,840	\$ 1,968,580

Disclosures Related to Periods Prior to Adoption of ASC 842

Total rent expense for the year ended June 30, 2022 was \$3,355,000 including percentage rentals and commissions. Rent expense related to lease agreements was recognized on a straight-line basis over the lease term.

Aztec Shops, Ltd.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Future minimum lease payments under non-cancelable operating leases excluding percentage rentals and commissions as of June 30, 2022 are as follows:

	Operating Leases	Finance Leases
2023	\$ 625,000	\$ 314,730
2024	22,000	314,546
2025	19,000	314,356
2026	14,000	314,159
2027	6,000	313,954
Thereafter	-	399,301
Total minimum lease payments	\$ 686,000	\$ 1,971,046

NOTE 11 - COMMITMENT AND CONTINGENCIES

Rental Expenses

Operating Agreements and Leases

The Organization has eight operating and lease agreements with the Trustees of the University: one expires June 30, 2026, one expires June 30, 2028; three 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 Charles B. Bell Jr. Pavilion and Ellen Ochoa Pavilion areas, the Faculty Staff Club, the Coffee Kiosk space in the Library and the Engineering and Interdisciplinary Science Complex and Huaxyacac 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, 2023 there was no change to business at the commercial space. The Organization's management agreement with the University expires August 31, 2025. Net revenues from the commercial leases are remitted back to the University and amounted to \$612,000 for retail and \$220,000 for parking for the year ended June 30, 2023.

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 \$281,000 and \$342,000 for the years ended June 30, 2023 and 2022, respectively.

Aztec Shops, Ltd.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

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, 2023 and 2022 is \$25,000 and \$44,000, respectively.

During the year ended June 30, 2023, the Organization also leased equipment and facilities under operating leases expiring at various dates.

Total rent expense under the above operating agreements, including percentage rentals and commissions, was approximately \$10,971,000 and \$3,355,000 for the years ended June 30, 2023 and 2022, respectively.

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 \$1,234,000 and \$1,050,000 in residential and commercial rental income related to these agreements for the years ended June 30, 2023 and 2022, respectively.

Approximate future minimum rentals under noncancelable agreements are as follows:

<u>Years Ending June 30,</u>	
2024	\$ 7,895,000
2025	680,000
2026	663,000
2027	543,000
2028	473,000
Thereafter	<u>15,603,000</u>
	<u>\$ 25,857,000</u>

Subleases

For the years ended June 30, 2023 and 2022, the Organization recognized approximately \$3,380,000 and \$2,578,000, 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, 2023 and 2022 is \$177,000 and \$357,000, respectively.

Aztec Shops, Ltd.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Revenues

As of June 30, 2023, the Organization had entered into a noncancelable revenue commitment in the aggregate of approximately \$14,309,000 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 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 2022-2023 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 2022-2023 and by 3% each subsequent year.

Purchases

As of June 30, 2023, the Organization had entered into non-cancelable commitments in the aggregate of approximately \$5,738,000 for payment of license fees, concession fees and purchases of goods and services with third parties and the University and its auxiliaries.

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, 2023 and 2022, the management fee was approximately \$238,000 and \$162,000, 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, 2023 and 2022, the management fee was approximately \$151,000 and \$139,000, 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 10 years and require monthly license fees based on various percentages of gross sales.

Aztec Shops, Ltd.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE 12 - 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>2023</u>	<u>2022</u>
Associated Students of San Diego State University	\$ 55,000	\$ 55,000
San Diego State University and Campanile Foundation	<u>810,000</u>	<u>310,000</u>
	<u>\$ 865,000</u>	<u>\$ 365,000</u>

NOTE 13 - 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 were subsequently contributed to the University. During each of the years ended June 30, 2023 and 2022, the Organization received \$0 and \$412,000 from the vendor and contributed \$0 and \$412,000 to the University, respectively.

NOTE 14 - OTHER INCOME

Other income consisted of approximately the following at June 30:

	<u>2023</u>	<u>2022</u>
Rent (Note 10)	\$ 2,555,000	\$ 1,747,000
Commissions	871,000	451,000
Federal subsidy revenue (Note 7)	383,000	398,000
Other	<u>1,495,000</u>	<u>1,406,000</u>
	<u>\$ 5,304,000</u>	<u>\$ 4,002,000</u>

NOTE 15 - 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

June 30, 2023 and 2022

As of June 30, 2023 and 2022, 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, 2023 and 2022:

	2023	2022
Cash and cash equivalents	\$ 5,173,000	\$ 3,718,000
Investments	9,442,000	9,505,000
Accounts receivable	6,367,000	4,219,000
Total financial assets	\$ 20,982,000	\$ 17,442,000

NOTE 16 - EXPENSE ALLOCATION

	Program Activities				Supporting Activities		
	Dining	Bookstore	Business Development	Programs Total	Management and General	Operating/ Finance Lease Expense	
FY 2023							
Cost of sales	\$ 13,741,814	\$ 18,788,275	\$ -	\$ 32,530,089	\$ -	\$ -	\$ 32,530,089
Salaries and benefits	17,963,623	3,481,939	136,995	21,582,557	7,489,699	-	29,072,256
Supplies and travel	1,824,313	820,859	14,611	2,659,783	191,630	-	2,851,413
Services and professional fees	1,501,486	690,933	5,232,295	7,424,714	2,027,474	-	9,452,188
Office and occupancy	12,126,028	2,071,858	6,952,278	21,150,164	801,843	-	21,952,007
Depreciation	923,852	132,235	3,607,048	4,663,135	75,876	1,194,972	5,933,983
Interest	38,608	-	1,973,828	2,012,436	2,604	416,589	2,431,629
Total expenses	\$ 48,119,724	\$ 25,986,099	\$ 17,917,055	\$ 92,022,878	\$ 10,589,126	\$ 1,611,561	\$ 104,223,565

	Program Activities				Supporting Activities		
	Dining	Bookstore	Business Development	Programs Total	Management and General	Total Expenses	
FY 2022							
Cost of sales	\$ 7,067,605	\$ 13,283,442	\$ -	\$ 20,351,047	\$ -	-	\$ 20,351,047
Salaries and benefits	9,976,801	2,963,779	96,594	13,037,173	6,140,416	-	19,177,589
Supplies and travel	594,242	436,001	4,963	1,035,207	270,201	-	1,305,408
Services and professional fees	1,391,136	194,623	4,382,240	5,967,999	1,699,535	-	7,667,534
Office and occupancy	5,410,038	1,206,747	4,477,387	11,094,172	684,327	-	11,778,499
Depreciation	1,041,633	138,756	3,337,526	4,517,915	75,568	-	4,593,483
Interest	132,933	-	2,137,641	2,270,574	51,728	-	2,322,301
Total expenses	\$ 25,614,388	\$ 18,223,347	\$ 14,436,352	\$ 58,274,087	\$ 8,921,775	-	\$ 67,195,862

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.

SUPPLEMENTARY INFORMATION

Aztec Shops, Ltd. (San Diego)

SCHEDULE OF NET POSITION

June 30, 2023

(for inclusion in the California State University Financial Statements)

ASSETS

Current assets

Cash and cash equivalents	\$	5,172,716
Short-term investments		9,442,329
Accounts receivable, net		6,366,525
Lease receivable, current portion		-
Notes receivable, current portion		-
Pledges receivable, net		-
Prepaid expenses and other current assets		5,572,569

Total current assets 26,554,139

Noncurrent assets

Restricted cash and cash equivalents		-
Accounts receivable, net		-
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		129,934,917
Other assets		811,339

Total noncurrent assets 130,746,256

Total assets \$ 157,300,395

Deferred outflows of resources

Unamortized loss on debt refunding	\$	-
Net pension liability		-
Net OPEB liability		-
Leases		-
P3		-
Others		-

Total deferred outflows of resources \$ -

Aztec Shops, Ltd. (San Diego)

SCHEDULE OF NET POSITION - CONTINUED

June 30, 2023

(for inclusion in the California State University Financial Statements)

LIABILITIES

Current liabilities

Accounts payable	\$ 3,223,641
Accrued salaries and benefits	1,625,500
Accrued compensated absences, current portion	1,064,632
Unearned revenues	1,945,088
Lease liabilities, current portion	1,439,804
SBITA liabilities, current portion	-
P3 liabilities, current portion	-
Long-term debt obligations, current portion	3,482,200
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	12,073,049
	24,853,914
Total current liabilities	24,853,914

Noncurrent liabilities

Accrued compensated absences, net of current portion	-
Unearned revenues	-
Grants refundable	-
Lease liabilities, net of current portion	10,198,616
SBITA liabilities, net of current portion	-
P3 liabilities, net of current portion	-
Long-term debt obligations, net of current portion	87,783,949
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Net other postemployment benefits liability	9,144,172
Net pension liability	92,127
Other liabilities	-
	107,218,864
Total noncurrent liabilities	107,218,864
Total liabilities	\$ 132,072,778

Deferred inflows of resources

P3 service concession arrangements	-
Net pension liability	-
Net OPEB liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Lease	-
P3	-
Others	-
	-
Total deferred inflows of resources	-

Net position

Net investment in capital assets	\$ 27,030,348
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	-
Unrestricted	(1,802,731)
Total net position	\$ 25,227,617

Aztec Shops, Ltd. (San Diego)

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Year ended June 30, 2023
(for inclusion in the California State University Financial Statements)

Revenues		
Operating revenues		
Student tuition and fees, gross	\$	-
Scholarship allowances (enter as negative)		-
Grants and contracts, noncapital:		
Federal		-
State		-
Local		-
Nongovernmental		-
Sales and services of educational activities		-
Sales and services of auxiliary enterprises, gross		111,467,873
Scholarship allowances (enter as negative)		-
Other operating revenues		-
		<hr/>
Total operating revenues		111,467,873
		<hr/>
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		94,600,708
Depreciation and amortization		5,914,971
		<hr/>
Total operating expenses		100,515,679
		<hr/>
Operating income (loss)		10,952,194
		<hr/>
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		354,959
Endowment income (loss), net		-
Interest expense		(2,098,976)
Other nonoperating revenues (expenses)		3,118,963
		<hr/>
Net nonoperating revenues (expenses)		1,374,946
		<hr/>
Income (loss) before other revenues (expenses)		12,327,140
		<hr/>
State appropriations, capital		-
Grants and gifts, capital		383,402
Additions (reductions) to permanent endowments		-
		<hr/>
INCREASE (DECREASE) IN NET POSITION		12,710,542
		<hr/>
Net position		
Net position at beginning of year, as previously reported		13,249,138
Restatements		(732,063)
		<hr/>
Net position at beginning of year, as restated		12,517,075
		<hr/>
Net position at end of year		\$ 25,227,617
		<hr/> <hr/>

Aztec Shops, Ltd.

OTHER SUPPLEMENTARY INFORMATION

Year ended June 30, 2023
(for inclusion in the California State University)

1. Cash and cash equivalents at June 30, 2023:

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/>
Noncurrent restricted cash and cash equivalents		-
		<hr/>
Current cash and cash equivalents		5,172,716
		<hr/>
Total	\$	<u>5,172,716</u>

Aztec Shops, Ltd.

OTHER SUPPLEMENTARY INFORMATION - CONTINUED

Year ended June 30, 2023
(for inclusion in the California State University)

	Current	Noncurrent	Total
2.1 Composition of investments at June 30, 2023			
Money market funds	\$ 9,442,329	\$ -	\$ 9,442,329
Repurchase agreements	-	-	-
Certificates of deposit	-	-	-
U.S. agency securities	-	-	-
U.S. treasury securities	-	-	-
Municipal bonds	-	-	-
Corporate bonds	-	-	-
Asset backed securities	-	-	-
Mortgage backed securities	-	-	-
Commercial paper	-	-	-
Mutual funds	-	-	-
Exchange traded funds	-	-	-
Equity securities	-	-	-
Alternative investments	-	-	-
Private equity (including limited partnerships)	-	-	-
Hedge funds	-	-	-
Managed futures	-	-	-
Real estate investments (including REITs)	-	-	-
Commodities	-	-	-
Derivatives	-	-	-
Other alternative investment	-	-	-
Other external investment pools	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-
Other investments	-	-	-
Add description	-	-	-
Add description	-	-	-
	9,442,329	-	9,442,329
Total investments			
	-	-	-
Less endowment investments (enter as negative number)			
	\$ 9,442,329	\$ -	\$ 9,442,329
Total investments, net of endowments			

Aztec Shops, Ltd.

OTHER SUPPLEMENTARY INFORMATION - CONTINUED

Year ended June 30, 2023
(for inclusion in the California State University)

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
2.5 Fair value hierarchy in investments at June 30, 2022					
Money market funds	\$ 9,442,329	\$ -	\$ 9,442,329	\$ -	\$ -
Repurchase agreements	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
U.S. agency securities	-	-	-	-	-
U.S. treasury securities	-	-	-	-	-
Municipal bonds	-	-	-	-	-
Corporate bonds	-	-	-	-	-
Asset backed securities	-	-	-	-	-
Mortgage backed securities	-	-	-	-	-
Commercial paper	-	-	-	-	-
Mutual funds	-	-	-	-	-
Exchange traded funds	-	-	-	-	-
Equity securities	-	-	-	-	-
Alternative investments	-	-	-	-	-
Private equity (including limited partnerships)	-	-	-	-	-
Hedge funds	-	-	-	-	-
Managed futures	-	-	-	-	-
Real estate investments (including REITs)	-	-	-	-	-
Commodities	-	-	-	-	-
Derivatives	-	-	-	-	-
Other alternative investment	-	-	-	-	-
Other external investment pools	-	-	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-
Other investments	-	-	-	-	-
Add description	-	-	-	-	-
Add description	-	-	-	-	-
	-	-	-	-	-
Total investments	<u>\$ 9,442,329</u>	<u>\$ -</u>	<u>\$ 9,442,329</u>	<u>\$ -</u>	<u>\$ -</u>

Aztec Shops, Ltd.

OTHER SUPPLEMENTARY INFORMATION - CONTINUED

Year ended June 30, 2023
(for inclusion in the California State University)

	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
2.2 Investments held by the University under contractual agreements at June 20, 2023			
Investments held by the University under contractual agreements e.g. - CSU Consolidated Investment Pool (formerly SWIFT):	\$ -	\$ -	\$ -

Aztec Shops, Ltd.

OTHER SUPPLEMENTARY INFORMATION - CONTINUED

Year ended June 30, 2023
(for inclusion in the California State University)

Capital assets, excluding ROU assets	Balance June 30, 2022	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2022 (Restated)	Additions	Retirements	Transfer of Completed CWIP/PWIP	Balance June 30, 2023
Composition of capital assets, excluding ROU assets									
Non-depreciable/non-amortizable 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)	1,764,303	-	-	-	1,764,303	7,892,227	(86,934)	(4,553,255)	5,016,341
Intangible assets	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Intangible assets in progress (PWIP)	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets	-	-	-	-	-	-	-	-	-
Total other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable capital assets	29,706,129	-	-	-	29,706,129	7,892,227	(86,934)	(4,553,255)	32,958,167
Depreciable/amortizable capital assets									
Buildings and building improvements	79,043,106	-	-	-	79,043,106	37,299,924	(4,078,690)	1,960,757	114,225,097
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	9,174,658	-	-	-	9,174,658	24,738	(8,735)	632,224	9,822,885
Personal property	-	-	-	-	-	-	-	-	-
Equipment	18,906,989	-	-	-	18,906,989	546,000	(228,329)	1,960,274	21,184,934
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Software and websites	1,989,088	-	-	-	1,989,088	73,248	-	-	2,062,336
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	1,989,088	-	-	-	1,989,088	73,248	-	-	2,062,336
Total depreciable/amortizable capital assets	109,113,841	-	-	-	109,113,841	37,943,910	(4,315,754)	4,553,255	147,295,252
Total capital assets	138,819,970	-	-	-	138,819,970	45,836,137	(4,402,688)	-	180,253,419
Less accumulated depreciation/amortization									
Buildings and building improvements	(35,142,100)	-	-	-	(35,142,100)	(3,179,973)	1,608,553	-	(36,713,520)
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	(7,357,363)	-	-	-	(7,357,363)	(305,056)	-	-	(7,662,419)
Personal property	-	-	-	-	-	-	-	-	-
Equipment	(14,754,104)	-	-	-	(14,754,104)	(1,176,992)	181,888	-	(15,749,208)
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Software and websites	(1,879,465)	-	-	-	(1,879,465)	(57,976)	-	-	(1,937,441)
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets	-	-	-	-	-	-	-	-	-
Total other intangible assets:	-	-	-	-	-	-	-	-	-
Total intangible assets	(1,879,465)	-	-	-	(1,879,465)	(57,976)	-	-	(1,937,441)
Total accumulated depreciation/amortization	(59,133,032)	-	-	-	(59,133,032)	(4,719,997)	1,790,441	-	(62,062,588)
Total capital assets, net excluding ROU assets	\$ 79,686,938	\$ -	\$ -	\$ -	\$ 79,686,938	\$ 41,116,140	\$ (2,612,247)	\$ -	\$ 118,190,831

Aztec Shops, Ltd.

OTHER SUPPLEMENTARY INFORMATION - CONTINUED

Year ended June 30, 2023
(for inclusion in the California State University)

Capital assets, right of use	Balance June 30, 2022	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2022 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2023
Composition of capital assets - lease ROU, net									
Non-depreciable/Non-amortizable lease assets									
Land and land improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total non-depreciable/non-amortizable lease assets	-	-	-	-	-	-	-	-	-
Depreciable/amortizable lease assets									
Land and land improvements	-	-	-	-	-	2,425,905	-	-	2,425,905
Buildings and building improvements	-	-	-	-	-	7,722,990	-	-	7,722,990
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property	-	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	2,790,165	-	-	2,790,165
Total depreciable/amortizable lease assets	-	-	-	-	-	12,939,060	-	-	12,939,060
Less accumulated depreciation/amortization									
Land and land improvements	-	-	-	-	-	(692)	-	-	(692)
Buildings and building improvements	-	-	-	-	-	(542,805)	-	-	(542,805)
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property	-	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	(651,477)	-	-	(651,477)
Total accumulated depreciation/amortization	-	-	-	-	-	(1,194,974)	-	-	(1,194,974)
Total capital assets - lease ROU, net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,744,086	\$ -	\$ -	\$ 11,744,086

Aztec Shops, Ltd.

OTHER SUPPLEMENTARY INFORMATION - CONTINUED

Year ended June 30, 2023
(for inclusion in the California State University)

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2023

Depreciation and amortization expense - capital assets, excluding ROU assets	\$	4,719,997
Amortization expense - leases ROU		1,194,794
Depreciation and amortization expense - others		-
		<hr/>
Total depreciation and amortization	\$	<u>5,914,791</u>

Aztec Shops, Ltd.

OTHER SUPPLEMENTARY INFORMATION - CONTINUED

Year ended June 30, 2023
(for inclusion in the California State University)

	Balance June 30, 2022	Prior Period Adjustments/ Reclassifications	Balance June 30, 2022 (Restated)	Additions	Reductions	Balance June 30, 2023	Current Portion	Noncurrent Portion
4. Long-term liabilities								
1. Accrued compensated absences	\$ -	\$ -	\$ -	\$ 208,785	\$ -	\$ 208,785	\$ 1,064,632	\$ (855,847)
2. Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-
3. Capital lease obligations (pre-ASC 842)								
Gross balance	-	-	-	-	-	-	-	-
Unamortized net premium/(discount)	-	-	-	-	-	-	-	-
Total capital lease obligations (pre ASC 842)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4. Long-term debt obligations								
4.1 Auxiliary revenue bonds (non-SRB related)	-	-	-	-	-	-	-	-
4.2 Commercial paper	-	-	-	38,065,000	-	38,065,000	-	38,065,000
4.3 Notes payable (SRB related)	47,730,000	-	47,730,000	-	(2,450,000)	45,280,000	2,645,000	42,635,000
4.4 Finance purchase of capital assets	-	-	-	-	-	-	-	-
4.5 Others								
Payroll Protection Program Loan	3,157,000	-	3,157,000	-	(3,157,000)	-	-	-
SDSURF notes payable	7,153,991	-	7,153,991	-	(837,197)	6,316,794	837,200	5,479,594
Total others	10,310,991	-	10,310,991	-	(3,994,197)	6,316,794	837,200	5,479,594
Sub-total long-term debt	58,040,991	-	58,040,991	38,065,000	(6,444,197)	89,661,794	3,482,200	86,179,594
4.6 4.6 Unamortized net bond premium/(discount)	2,098,038	-	2,098,038	-	(493,683)	1,604,355	-	1,604,355
Total long-term debt obligations	\$ 60,139,029	\$ -	\$ 60,139,029	\$ 38,065,000	\$ (6,937,880)	\$ 91,266,149	\$ 3,482,200	\$ 87,783,949
5. Lease, SBITA, P3 liabilities								
Lease liabilities	\$ 1,752,598	\$ -	\$ 11,638,420	\$ -	\$ -	\$ 11,638,420	\$ 1,439,804	\$ 10,198,616
SBITA liabilities	-	-	-	-	-	-	-	-
P3 liabilities - SCA	-	-	-	-	-	-	-	-
P3 liabilities - non-SCA	-	-	-	-	-	-	-	-
Sub-total P3 liabilities	-	-	-	-	-	-	-	-
Total lease, SBITA, P3 liabilities	\$ 1,752,598	\$ -	\$ 11,638,420	\$ -	\$ -	\$ 11,638,420	\$ 1,439,804	\$ 10,198,616
Total long-term liabilities						\$ 103,969,201	\$ 5,986,636	\$ 97,982,565

Aztec Shops, Ltd.

OTHER SUPPLEMENTARY INFORMATION - CONTINUED

Year ended June 30, 2023
(for inclusion in the California State University)

5. Future minimum payments schedule - leases

	Lease Liabilities			SBITA Liabilities			Public-Private or Public-Public Partnerships (P3)			Total Leases, SBITA, P3 Liabilities		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30												
2024	\$ 1,439,804	\$ 445,403	\$ 1,885,207	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,439,804	\$ 445,403	\$ 1,885,207
2025	1,359,679	431,241	1,790,920	-	-	-	-	-	-	1,359,679	431,241	1,790,920
2026	1,337,919	375,399	1,713,318	-	-	-	-	-	-	1,337,919	375,399	1,713,318
2027	755,453	334,080	1,089,533	-	-	-	-	-	-	755,453	334,080	1,089,533
2028	776,355	301,866	1,078,221	-	-	-	-	-	-	776,355	301,866	1,078,221
2029 - 2033	3,211,345	1,061,353	4,272,698	-	-	-	-	-	-	3,211,345	1,061,353	4,272,698
2034 - 2038	678,619	623,861	1,302,480	-	-	-	-	-	-	678,619	623,861	1,302,480
2039 - 2043	120,201	582,279	702,480	-	-	-	-	-	-	120,201	582,279	702,480
2044 - 2048	160,448	542,032	702,480	-	-	-	-	-	-	160,448	542,032	702,480
2049 - 2053	214,171	488,309	702,480	-	-	-	-	-	-	214,171	488,309	702,480
Thereafter	1,584,426	967,918	2,552,344	-	-	-	-	-	-	1,584,426	967,918	2,552,344
Total minimum payments	<u>\$ 11,638,420</u>	<u>\$ 6,153,741</u>	<u>\$ 17,792,161</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,638,420</u>	<u>\$ 6,153,741</u>	<u>17,792,161</u>
Less: amounts representing interest												<u>(6,153,741)</u>
Present value of future minimum payments												<u>11,638,420</u>
Total leases, SBITA, P3 liabilities												<u>11,638,420</u>
Less: current portion												<u>(1,439,804)</u>
Leases, SBITA, P3 liabilities, net of current portion												<u>\$ 10,198,616</u>

Aztec Shops, Ltd.

OTHER SUPPLEMENTARY INFORMATION - CONTINUED

Year ended June 30, 2023
(for inclusion in the California State University)

6. Future minimum payments schedule -
long-term debt obligations

	Auxiliary Revenue Bonds (Non-SRB Related)			All Other Long-Term Debt Obligations			Total Long-Term Debt Obligations		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
Year ending June 30									
2024	\$ -	\$ -	\$ -	\$ 3,482,200	\$ 2,459,228	\$ 5,941,428	\$ 3,482,200	\$ 2,459,228	\$ 5,941,428
2025	-	-	-	4,357,580	2,298,557	6,656,137	4,357,580	2,298,557	6,656,137
2026	-	-	-	4,668,783	2,133,602	6,802,385	4,668,783	2,133,602	6,802,385
2027	-	-	-	4,804,800	1,959,544	6,764,344	4,804,800	1,959,544	6,764,344
2028	-	-	-	4,930,609	1,776,644	6,707,253	4,930,609	1,776,644	6,707,253
2029 - 2033	-	-	-	21,282,176	6,073,164	27,355,340	21,282,176	6,073,164	27,355,340
2034 - 2038	-	-	-	14,584,768	2,932,499	17,517,267	14,584,768	2,932,499	17,517,267
2039 - 2043	-	-	-	13,537,768	703,470	14,241,238	13,537,768	703,470	14,241,238
2044 - 2048	-	-	-	18,013,110	68,500	18,081,610	18,013,110	68,500	18,081,610
2049 - 2053	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum payments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,661,794</u>	<u>\$ 20,405,208</u>	<u>\$ 110,067,002</u>	<u>\$ 89,661,794</u>	<u>\$ 20,405,208</u>	<u>110,067,002</u>
Less: amounts representing interest									<u>(20,405,208)</u>
Present value of future minimum payments									89,661,794
Unamortized net premium/(discount)									<u>1,604,355</u>
Total long-term debt obligations									91,266,149
Less: current portion									<u>(3,482,200)</u>
Long-term debt obligations, net of current portion									<u>\$ 87,783,949</u>

Aztec Shops, Ltd.

OTHER SUPPLEMENTARY INFORMATION - CONTINUED

Year ended June 30, 2023

(for inclusion in the California State University)

7. Transactions with related entities

Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$	-
Payments to University for other than salaries of University personnel		7,919,511
Payments received from University for services, space, and programs		34,654,936
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		(7,054,024)
Other amounts payable to University		(1,499,827)
Accounts receivable from University		2,087,312
Other amounts receivable from University		-

Aztec Shops, Ltd.

OTHER SUPPLEMENTARY INFORMATION - CONTINUED

Year ended June 30, 2023
(for inclusion in the California State University)

	Salaries	Benefits	Benefits - Pension	Benefits - OPEB	Supplies and Other Services	Depreciation and Amortization	Total Operating Expenses
9. Natural classifications of operating expenses							
Instruction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Research	-	-	-	-	-	-	-
Public service	-	-	-	-	-	-	-
Academic support	-	-	-	-	-	-	-
Student services	-	-	-	-	-	-	-
Institutional support	-	-	-	-	-	-	-
Operation and maintenance of plant	-	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	-	-	-
Auxiliary enterprise expenses	23,514,171	4,594,925	(853,001)	(385,279)	66,864,892	-	93,735,708
Depreciation and amortization	-	-	-	-	-	5,914,971	5,914,971
Total	<u>\$ 23,514,171</u>	<u>\$ 4,594,925</u>	<u>\$ (853,001)</u>	<u>\$ (385,279)</u>	<u>\$ 66,864,892</u>	<u>\$ 5,914,971</u>	<u>\$ 99,650,679</u>

Aztec Shops, Ltd.

OTHER SUPPLEMENTARY INFORMATION - CONTINUED

Year ended June 30, 2023
(for inclusion in the California State University)

11. Other nonoperating revenues (expenses)

Other nonoperating revenues	\$ 8,039,971
Other nonoperating (expenses)	<u>(865,000)</u>
Total other nonoperating revenues (expenses)	<u>\$ 7,174,971</u>