Aztec Shops, Ltd.

Financial Report
June 30, 2014

McGladrey

Assurance · Tax · Consulting

Contents

McGladrey

Independent Auditor's Report

To the Board of Directors
Aztec Shops, Ltd.
San Diego, CA

Report on the Financial Statements

We have audited the accompanying financial statements of Aztec Shops, Ltd., a component unit of San Diego State University, which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Aztec Shops, Ltd. as of June 30, 2014 and 2013, and the results of its operations and its cash flows for the years then ended, in accordance with U.S. GAAP.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information, which is presented in accordance with California State University reporting requirements, is the responsibility of management, was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements, has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

McGladrey LLP

San Diego, CA
September 11, 2014

Aztec Shops, Ltd.

Statements of Financial Position
June 30, 2014 and 2013

Assets	**2014**	2013
Current Assets		
Cash and cash equivalents	**$ 4,777,485**	$ 3,035,855
Certificates of deposit (Note 2)	**299,000**	350,000
Investments (Note 2)	**1,105,810**	602,038
Accounts receivable, net of allowance for doubtful accounts of $60,000 and $25,000 for 2014 and 2013, respectively (Note 6)	**998,323**	748,690
Notes receivable, current (Note 7)	**23,570**	23,570
Inventories (Note 3)	**4,516,730**	6,174,554
Rental textbooks, net	**22,322**	21,615
Prepaid expenses and other	**504,623**	342,653
Total current assets	**12,247,863**	11,298,975
Property and Equipment, net (Notes 4 and 8)	**84,389,767**	75,001,250
Notes Receivable, noncurrent (Note 7)	**47,140**	70,710
Receivable From University (Notes 6 and 7)	**1,221,849**	5,418,797
Certificates of Deposit (Note 2)	**248,000**	547,000
Deferred Debt Issuance Costs, net (Notes 7 and 8)	**621,398**	310,110
Deferred Rent Receivable, noncurrent (Note 10)	**600,287**	-
Other Assets (Note 10)	**539,507**	526,015
	87,667,948	81,873,882
	$ 99,915,811	$ 93,172,857

Liabilities and Net Assets		
Current Liabilities		
Current maturities of related-party notes payable (Note 7)	**$ 1,882,578**	$ 1,835,870
Current maturities of long-term debt (Note 8)	**131,692**	126,964
Accounts payable (Notes 6 and 10)	**423,563**	1,745,044
Accrued liabilities (Notes 5, 6 and 9)	**3,939,111**	3,468,465
Deferred revenue	**1,056,503**	981,472
Total current liabilities	**7,433,447**	8,157,815
Related-Party Notes Payable, noncurrent (Note 7)	**74,387,654**	67,845,241
Long-Term Debt, noncurrent (Note 8)	**434,033**	535,200
Deferred Rent Payable, noncurrent (Note 10)	**218,750**	-
Accrued Employee Benefit Costs (Note 9)	**14,656,408**	15,474,151
	89,696,845	83,854,592
Total liabilities	**97,130,292**	92,012,407
Commitments and Contingencies (Note 10)		
Net Assets, unrestricted	**2,785,519**	1,160,450
	$ 99,915,811	$ 93,172,857

See Notes to Financial Statements.

Aztec Shops, Ltd.

Statements of Activities
Years Ended June 30, 2014 and 2013

	2014	2013
Change in unrestricted net assets:		
Revenue (Note 6):		
Bookstore, net	**$ 20,647,160**	$ 20,921,307
Dining services, net	**24,053,824**	21,733,966
Residential rental properties	**10,354,071**	7,069,225
Commercial rental properties	**467,508**	379,364
Road Scholar	**467,801**	476,463
Summer conferences	**1,239,535**	860,068
Investment income, net (Note 2)	**22,610**	67,201
Contribution revenue (Note 12)	**445,000**	440,000
Other income (Notes 10 and 13)	**3,289,557**	2,280,779
Total revenue	**60,987,066**	54,228,373
Expenses (Note 6):		
Bookstore:		
Purchases and other direct costs (Note 10)	**12,980,729**	12,457,916
Overhead and other operating costs	**5,247,084**	4,977,780
Dining services:		
Purchases and other costs (Note 10)	**7,929,724**	7,180,042
Overhead and other operating costs	**14,317,855**	11,859,537
Residential rental properties	**6,339,460**	3,665,903
Commercial rental properties	**212,034**	127,016
Road Scholar	**395,929**	404,019
Summer conferences	**1,284,261**	1,066,957
General and administrative (Notes 9 and 10)	**6,635,006**	4,623,110
Interest expense	**2,780,004**	2,229,512
Contribution expense (Note 12)	**445,000**	440,000
Allocations to various organizations (Note 11)	**765,000**	365,000
Total expenses	**59,332,086**	49,396,792
Increase in net assets	**1,654,980**	4,831,581
Nonoperating related-party property acquisition:		
Property net book value (Notes 6 and 7)	**4,688,080**	15,836,911
Cash paid and debt assumed (Notes 6 and 7)	**(4,717,991)**	(16,252,021)
	(29,911)	(415,110)
Net assets (deficit), beginning of year	**1,160,450**	(3,256,021)
Net assets, end of year	**$ 2,785,519**	$ 1,160,450

See Notes to Financial Statements.

Aztec Shops, Ltd.

Statements of Cash Flows
Years Ended June 30, 2014 and 2013

	2014	2013
Cash Flows From Operating Activities		
Increase in net assets	**$ 1,654,980**	$ 4,831,581
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Net accrued employee benefit costs	**(817,743)**	(2,929,527)
Depreciation and amortization	**3,155,066**	2,212,693
Depreciation on rental books	**685,834**	912,691
Loss on disposal of equipment	**82,081**	29,459
Changes in assets and liabilities:		
Accounts receivable	**(633,950)**	(242,029)
Inventories	**1,657,824**	(267,386)
Rental textbooks	**(686,541)**	(906,509)
Deferred rent receivable	**(600,287)**	-
Prepaid expenses and other assets	**(182,389)**	863,268
Accounts payable	**(1,321,480)**	(156,398)
Accrued liabilities	**470,645**	203,579
Deferred revenue	**75,031**	(89,314)
Deferred rent payable	**218,750**	-
Net cash provided by operating activities	**3,757,821**	4,462,108
Cash Flows From Investing Activities		
Acquisition of property and equipment	**(4,133,369)**	(8,202,117)
Proceeds from sale of property and equipment	**398**	-
Purchase of investments	**(503,772)**	-
Proceeds from matured certificates of deposit	**350,000**	995,000
Sale of investments	**-**	1,394,499
Net cash used in investing activities	**(4,286,743)**	(5,812,618)
Cash Flows From Financing Activities		
Principal payments of long-term debt and related-party notes payable	**(1,640,543)**	(1,097,197)
Principal payments of capital lease obligations	**(15,896)**	(14,865)
Proceeds from long-term debt	**3,542,674**	-
Payments for debt issue costs	**-**	-
Proceeds from federal subsidy	**384,317**	396,978
Net cash provided by (used in) financing activities	**2,270,552**	(715,084)
Net increase (decrease) in cash and cash equivalents	**1,741,630**	(2,065,594)
Cash and Cash Equivalents		
Beginning	**3,035,855**	5,101,449
Ending	**$ 4,777,485**	$ 3,035,855

(Continued)

Aztec Shops, Ltd.

Statements of Cash Flows (Continued)
Years Ended June 30, 2014 and 2013

	2014	2013
Supplemental Disclosure of Cash Flow Information		
Cash payments for interest	**$ 2,858,125**	$ 2,334,307
Supplemental Schedule of Noncash Information		
Forgiveness of portion of note receivable	**$ 23,570**	$ 23,570
Forgiveness of portion of notes payable	**$ 23,570**	$ 23,570
University Towers renovation:		
Increase (decrease) receivable from University	**$ (4,196,948)**	$ 5,418,797
Purchase of property	**$ 4,025,797**	$ 4,897,203
Debt issuance costs	**$ 304,151**	$ -
Related-party note payable	**$ 133,000**	$ 10,316,000
College West acquisition financing:		
Debt issuance costs	**$ 31,326**	$ -
Related-party note payable	**$ 31,326**	$ -
Related-party acquisition:		
Property acquired	**$ 4,688,080**	$ 15,736,670
Debt assumed	**$ 4,717,991**	$ 16,151,780
Net effect of transaction	**$ 29,911**	$ 415,110

See Notes to Financial Statements.

Note 1. Nature of Business and Summary of Significant Accounting Policies

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

A summary of significant accounting policies is as follows:

Basis of accounting and reporting: The financial statements of the Organization have been prepared in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958/Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. 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 three net asset categories according to the existence or absence of donor-imposed restrictions. Unrestricted net assets 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 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 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.

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. 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 unrestricted contributions. As of and for the years ended June 30, 2014 and 2013, all contributions received by the Organization were classified as unrestricted.

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, 2014 and 2013, contributions are recorded as allocations or contributions in the expense section of the statements of activities.

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.

Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

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 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. Management believes that the risk of loss is not significant, and the Organization has not experienced any losses in such accounts.

Short-term investments and certificates of deposit: Investments, including Local Agency Investment Fund (LAIF), are recorded at their fair value in the statements of financial position, with the exception of certificates of deposit, which are recorded at cost. Investment income or losses (including realized gains and losses on investments, interest and dividends) are included in the statements of activities as increases or decreases 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 by identifying specific past-due accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. The Organization does not charge interest on past-due accounts receivable.

Rental textbooks: Rental textbooks consist of textbooks that are currently in the possession of a customer. All rental textbooks that have been returned and retained by the Organization are recorded in bookstore goods inventory. New textbooks that are rented are depreciated until the carrying value equals the cost of a used textbook of the same title. Used textbooks are depreciated using a two-semester rental useful life. Rental textbooks that will no longer be offered will be sold to a book distributor or disposed. Gains and losses are charged to bookstore purchases in the accompanying statements of activities. For the years ended June 30, 2014 and 2013, the Organization recognized textbook rental income of approximately $1,866,000 and $2,347,000, respectively, and rental book depreciation expense of approximately $686,000 and $913,000, respectively.

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, 2014 or 2013.

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 three 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.

Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

Long-lived assets: The Organization evaluates the carrying value of long-lived assets for impairment 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 currently exists.

Fair value of financial instruments: The carrying amounts reported in the statements of financial position for cash, certificates of deposit, 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 accrues earned vacation based on whether the employee is salaried or hourly and the employee's length of service. Salaried employees can accrue a maximum of 440 hours. Hourly employees can accrue a maximum of 272 to 440 hours based on length of service. Accrued vacation is calculated at the employee's current wage rate. Vacation liabilities of approximately $452,000 and $443,000 were included in accrued liabilities at June 30, 2014 and 2013, respectively (see Note 5).

Sick leave benefits: The Organization pays retiring employees accrued unused sick leave. Employees who are covered under the California Public Employees' Retirement System (CalPERS) pension plan are eligible to retire at age 50 and hourly employees, with a minimum of five years of service, are eligible at age 55. The retiring employees are entitled to receive 4 percent of accrued unused sick leave for each year of service up to a maximum of 25 years of service. The Organization accrues expense for future sick leave benefit obligations related to employees expected to retire with sick leave benefits. Sick time liabilities of approximately $465,000 and $471,000 are included in accrued liabilities at June 30, 2014 and 2013, respectively (see Note 5). During the year ended June 30, 2006, the Organization's Board of Directors elected to participate in the CalPERS 457 plan, which allows all employees to make pretax withdrawals of accumulated sick leave accrued by the Organization above a floor number of earned hours at the then-current rate of pay and place those funds into a tax-deferred savings account administered by a third party.

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.

Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

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

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

CalPERS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the California Public Employees' Retirement System 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).

Revenue recognition: The Organization 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 summer conferences as the conferences are delivered. Accordingly, the fees for summer conferences collected in advance of the conferences being delivered are included in deferred revenue.

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

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

Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

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

Tax positions are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely to be realized on settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying statements of financial position, along with any associated interest and penalties that would be payable to the taxing authorities upon examination. Upon adoption and through June 30, 2014, the Organization has addressed uncertainty in its income tax position, and there are no unrecognized/derecognized tax benefits requiring an accrual.

Forms 990 and 990-T filed by the Organization are subject to examination by the Internal Revenue Service up to three years from the extended due date of each return. Management believes Forms 990 and 990-T have been filed appropriately. Forms 990 and 990-T filed by the Organization are no longer subject to examination for the fiscal years ended June 30, 2009 and prior.

Tax-exempt status: The Organization is exempt from federal and state income taxes. In order to maintain that status, the Organization is precluded from making certain expenditures, principally in support of political parties. Management believes that no such expenditures have been made.

Unrelated business income tax: The Tax Reform Act of 1969 imposes a corporate income tax on the UBIT of an otherwise tax-exempt organization. The provision, if necessary, for applicable federal and state income taxes is made in accordance with these statutes. No UBIT was incurred by the Organization during the years ended June 30, 2014 or 2013.

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

Reclassifications: Certain balances in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. These classifications have not had any impact on net assets.

Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

Subsequent events: The Organization has evaluated subsequent events through September 11, 2014, the date the financial statements were available to be issued.

Recent accounting pronouncement: On May 28, 2014, the FASB issued Accounting Standards Update 2014-09, *Revenue from Contracts with Customers*, which impacts the way in which some entities recognize revenue for certain types of transactions. The new standard will become effective beginning in 2018 for private companies. The Organization is currently assessing the potential impact of this accounting standard and the effect the standard might have on its revenue recognition policy upon adoption.

Note 2. Short-Term Investments, Certificates of Deposit and Fair Value Measurements

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

	2014	2013
Certificates of deposit:		
Current	$ 299,000	$ 350,000
Noncurrent	248,000	547,000
	547,000	897,000
LAIF	1,106,000	602,000
	$ 1,653,000	$ 1,499,000

Investment income, including income from certificates of deposit, consisted of approximately $23,000 and $67,000 for the years ended June 30, 2014 and 2013, respectively. There was no unrealized income or loss on investments during the years ended June 30, 2014 or 2013.

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

Investments are presented in the financial statements at fair value in accordance with accounting principles generally accepted in the United States of America. The fair value of securities in the State's pooled investment program generally is based on quoted market prices. The State's Office performs a quarterly fair market valuation of the pooled investment program portfolio. In addition, the State's Office performs a monthly fair market valuation of all securities held against carrying cost. As of June 30, 2014 and 2013, the weighted-average maturity of the securities in the pooled investment program administered by the State's Office was approximately 232 days and 278 days, respectively. Weighted-average maturity is the average number of days, given a dollar-weighted value of individual investments, that the securities in the portfolio have remaining from evaluation date to stated maturity. The default credit risk of LAIF is considered minimal.

Note 2. Short-Term Investments, Certificates of Deposit and Fair Value Measurements (Continued)

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

ASC 820 establishes a three-tiered fair value hierarchy, which 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.

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

All of the Organization's certificates of deposit are classified as Level 1 investments. As of June 30, 2014 and 2013, the Organization's investments in LAIF of approximately $1,106,000 and $602,000, respectively, are categorized as Level 3 investments. During the years ended June 30, 2014 and 2013, there were no transfers among the classification levels.

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

	2014	2013
Beginning balance	$ 602,000	$ 1,997,000
Total realized and unrealized gains, net, included in change in net assets	4,000	6,000
Net additions and purchases (under) sales and maturities	500,000	(1,401,000)
Ending balance	$ 1,106,000	$ 602,000

Note 3. Inventories

Inventories were approximated as follows at June 30:

	2014	2013
Bookstore	$ 3,919,000	$ 5,681,000
Dining services	558,000	460,000
Supplies and other	40,000	34,000
	$ 4,517,000	$ 6,175,000

Note 4. Property and Equipment

Property and equipment were approximated as follows at June 30:

	2014	2013
Land	$ 24,755,000	$ 23,251,000
Buildings	63,272,000	51,676,000
Equipment and furniture	16,437,000	14,518,000
Leasehold improvements	8,037,000	6,829,000
Construction in progress	514,000	5,875,000
	113,015,000	102,149,000
Less accumulated depreciation	(28,625,000)	(27,148,000)
	$ 84,390,000	$ 75,001,000

For the years ended June 30, 2014 and 2013, the Organization recorded depreciation expense of approximately $3,376,000 and $2,306,000, respectively.

Note 5. Accrued Liabilities

Accrued liabilities were approximated as follows at June 30:

	2014	2013
Accrued compensated absences	$ 917,000	$ 914,000
Salaries and benefits payable	667,000	539,000
Accrued interest	520,000	380,000
Customer/student deposits	546,000	507,000
Accrued employee benefit costs (Note 9)	316,000	301,000
Security deposits	126,000	109,000
Deferred rent	25,000	-
Other	822,000	718,000
	$ 3,939,000	$ 3,468,000

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, 2014 and 2013, the Organization recorded cash receipts for services rendered and reimbursements from the University and its auxiliaries in the amount of approximately $24,825,000 and $20,291,000, respectively, which are included in revenue and include approximately $18,757,000 and $11,848,000, respectively, of funds collected by the University on behalf of the Organization for dining and residence hall services.

For the years ended June 30, 2014 and 2013, the Organization received advertising services from the University in exchange for providing meal cards and books to student athletes in the amount of approximately $334,000 and $339,000, respectively, which is included in their respective expense classifications.

For the years ended June 30, 2014 and 2013, the Organization recorded cash disbursements for services, including facility rents and reimbursements, to auxiliaries in the amount of approximately $5,561,000 and $4,632,000, respectively, which are included in expenses.

Not included in revenue or expenses for the years ended June 30, 2014 and 2013 are funds collected under an arrangement with the University for student parking permits collected by the Organization and remitted to the University in the amount of approximately $1,998,000 and $1,905,000, respectively.

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, 2014 and 2013, receivables due from the University and/or its auxiliaries were approximately $663,000 and $238,000, respectively. In addition, the Organization has a noncurrent receivable from the University for approximately $1,222,000 and $5,419,000 as of June 30, 2014 and 2013, respectively, relating to the University Towers Renovation (see Note 7). As of June 30, 2014 and 2013, accounts payable and accrued liabilities were approximately $189,000 and $21,000, respectively, and $150,000 and $182,000, respectively, for amounts owed to the University and/or its auxiliaries.

The Organization entered into a management agreement with the University in which the University continued to collect the funds for rents owed by the residents of University Towers and Piedra Del Sol; however, both parties agreed upon a fixed fee of $5,068,000 and $3,450,000 for the years ended June 30, 2014 and 2013, respectively, that took into consideration the services performed by the University instead of withholding an amount from the total funds collected. In addition, the University reimbursed the Organization $558,000 for Piedra Del Sol furniture, which is reflected in other income for the year ended June 30, 2014.

In addition to the above, no amounts were held on behalf of affiliates as of June 30, 2014 or 2013.

Note 6. Related-Party Transactions and Assets Held on Behalf of Affiliates (Continued)

In June 2013, two student housing projects adjacent to the University, Piedra Del Sol and Fraternity Row apartments (collectively, Hardy Avenue apartments), with a book value of approximately $15,837,000 were transferred to the Organization from the Research Foundation. In connection with this transaction, the Organization assumed the related bond debt and bond premium of approximately $13,968,000, executed an unsecured note in the amount of $2,184,000 and transferred cash of approximately $100,000 to the Research Foundation (see Note 7). Due to the related-party nature of this transaction, the effect of this transfer is classified as nonoperating in the accompanying statements of activities.

In January 2014, one student housing project adjacent to the University, Sanctuary Suites, with a book value of approximately $4,688,000 was transferred to the Organization from the Research Foundation. In connection with this transaction, the Organization executed an unsecured note in the amount of $4,718,000 to the Research Foundation (see Note 7). Due to the related-party nature of this transaction, the effect of this transfer is classified as nonoperating in the accompanying statements of activities.

Note 7. Related-Party Notes

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

	2014	2013
55th Street apartment loan, inclusive of bond premium [a]	$ 23,916,000	$ 24,429,000
University Towers loan, inclusive of bond premium [b]	18,024,000	18,690,000
University Towers Renovation loan [c]	10,449,000	10,316,000
Fraternity Row apartment loan, inclusive of bond premium [d]	8,029,000	8,420,000
Piedra Del Sol apartment loan, inclusive of bond premium [e]	5,306,000	5,548,000
College West Apartments acquisition loan [f]	3,574,000	-
Sanctuary Suites acquisition loan [g]	4,718,000	-
Hardy Avenue apartment loan [h]	2,184,000	2,184,000
Other [i]	71,000	94,000
	76,271,000	69,681,000
Less current maturities	(1,883,000)	(1,836,000)
	$ 74,388,000	$ 67,845,000

Note 7. Related-Party Notes (Continued)

[a] During the year ended June 30, 2010, the Organization acquired an unaffiliated apartment complex (55th Street apartments) adjacent to the University campus. In November 2009, the Trustees of CSU issued $25,330,000 of commercial paper to finance the purchase of the apartment complex until bond financing was available. In April 2010, the Trustees of CSU issued Systemwide Revenue Bonds (SRB) Series 2010AB. The bond proceeds were used to redeem the commercial paper. Commercial paper issuance costs of $297,940, commercial paper interest expense of $34,457 and interest income of $13,907 were recorded during the year ended June 30, 2010. The Organization and the Trustees of CSU entered into a loan agreement dated September 22, 2009 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 percent to 6.4 percent, 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 a cost of issuance expense of $68,465. 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 percent of the interest due on the Series 2010B. For the year ended June 30, 2014, the Organization received subsidies of $387,275 and recorded a receivable of $54,824. For the year ended June 30, 2013, the Organization received subsidies of $396,978 and recorded a receivable of $51,866.

[b] During the year ended June 30, 2001, the Organization acquired an unaffiliated residence hall (University Towers) on the University campus. The acquisition was funded through the issuance of student housing revenue bonds in November 2000. The Organization and the Trustees of CSU entered into a loan agreement dated March 1, 2010, relating to the issuance of $19,220,000, 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 2010AB bear interest at rates graduating from 2.0 percent to 5.0 percent, 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. The premium, underwriter's discount and cost of issuance are being amortized over the life of the loan using the effective interest method.

[c] On December 5, 2012, the Trustees of CSU issued $10,136,000 in tax-exempt commercial paper to finance the construction costs for the University Towers Renovation project. An additional $133,000 was issued during the year ended June 30, 2014. The project proposes selective critical upgrades to the nine-story, 560-bed University Towers residence hall, built in 1966 at the corner of Montezuma Road and 55th Street. The project includes a complete renovation of the 8,000 square-foot Food Service Facility, partial renovation of the first floor west and east wings of the residential tower, upgrades to the residence hall lobby and entryways, selective exterior upgrades and landscape improvements. The debt is subject to federal arbitrage rules, which require that the commercial paper proceeds be spent within two years of the issue date. All spend-down requirements have been met as of June 30, 2014. Commercial paper issuance costs of $304,151 are capitalized and included in deferred debt issuance costs. In addition, commercial paper interest expense of $26,901 and $9,160 and interest income of $6,381 and $16,587 were recorded during the years ended June 30, 2014 and 2013, respectively.

Note 7. Related-Party Notes (Continued)

The commercial paper notes were used as interim financing during the construction period and long-term bonds will be issued to pay off the outstanding commercial paper notes. In July 2014, the Trustees issued Trustee bonds. Construction was completed in September 2013.

As of June 30, 2014, the Organization has the following assets and liabilities relating to the University Towers Renovation project:

Debt issuance costs	$ 304,000
Receivable from University	1,222,000
Property and equipment	8,923,000
Trustees of CSU commercial paper notes	10,449,000

(d) In June 2013, the Organization acquired Fraternity Row apartments from the Research Foundation and assumed the outstanding CSU SRB 2012A in the amount of $7,380,000. The CSU SRB 2012A bear interest at rates graduating from 2.0 percent to 5.0 percent, and are due in semiannual principal and interest payments beginning in November 2013 through November 2030. The Organization assumed an unamortized bond premium in the amount of $1,039,681, which will be amortized over the life of the loan using the effective interest method.

(e) In June 2013, the Organization acquired Piedra Del Sol apartments from the Research Foundation and assumed the outstanding CSU SRB 2010A in the amount of $5,185,000. The CSU SRB 2010A bear interest at rates graduating from 2.0 percent to 5.0 percent, 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, which will be amortized over the life of the loan using the effective interest method.

(f) On November 14, 2013, the Trustees of CSU issued $3,574,000 in tax-exempt commercial paper to finance the 2013 acquisition of College West Apartments. The debt is subject to federal arbitrage rules, which require that the commercial paper proceeds be spent within two years of the issue date. All spend-down requirements have been met as of June 30, 2014. Commercial paper issuance costs of $31,326 are capitalized and included in deferred debt issuance costs. The commercial paper notes were used as interim financing. In July 2014, long-term bonds were issued by the Trustees to pay off the outstanding commercial paper notes.

(g) In January 2014, the Organization acquired Sanctuary Suite apartments from the Research Foundation and entered into an unsecured note in the amount of $4,718,000. The note bears interest at 4.0 percent per annum and is due in semiannual principal payments beginning in April 2019 through October 2028 and semiannual interest payments beginning in April 2014 through October 2028.

(h) In June 2013, the Organization acquired Hardy Avenue apartments from the Research Foundation and entered into an unsecured note in the amount of $2,184,000. The note bears interest at 4.0 percent 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.

Note 7. Related-Party Notes (Continued)

[i] In March 2010, the Organization received $140,000 from an auxiliary, designated for payment to the University's athletic director, recording the funds received as a noninterest-bearing note payable to the University. Subsequently, the Organization issued a note receivable due from the athletic director in the principal sum of $140,000, with interest at 3.25 percent per annum, payable in seven annual installments of principal and interest. In July 2010, an additional $25,000 was received from an auxiliary and distributed to the athletic director, resulting in an increase in the note receivable and payable. As the athletic director remits payment, the funds are used to reduce the note receivable and are remitted to the auxiliary to reduce the related payable balance. The outstanding balance of the note payable as of June 30, 2014 and 2013 was approximately $71,000 and $94,000, respectively, and the corresponding note receivable as of June 30, 2014 and 2013 was approximately $71,000 and $94,000, respectively.

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

In connection with the 2010 Bonds, the Organization incurred issuance costs of approximately $376,000, which are being amortized over the term using the effective interest method. As of June 30, 2014 and 2013, related unamortized debt issuance cost was approximately $273,000 and $295,000, respectively.

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

Years Ending June 30,	Amount
2015	$ 1,883,000
2016	15,961,000
2017	2,017,000
2018	2,057,000
2019	2,586,000
Thereafter	51,767,000
	$ 76,271,000

Note 8. Long-Term Debt

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

	2014	2013
Brawley Loan [a]	$ 485,000	$ 565,000
Capital leases	81,000	97,000
	566,000	662,000
Less current maturities	(132,000)	(127,000)
	$ 434,000	$ 535,000

Note 8. Long-Term Debt (Continued)

[a] In a prior year, the Organization converted its construction loan related to the completed building located at the Brawley site of the University to a term loan with a bank. The principal amount of the note was $1,132,000 to be paid over a 15-year period ending in September 2019. The note bears interest of 5.0 percent per year for the first five years, and prime rate plus 1.0 percent reset at the beginning of each five-year period thereafter. In September 2009, the interest rate was reset to 4.25 percent per year. The loan is collateralized by the classroom and administrative offices located in the Brawley building, and contains certain prepayment penalties that will expire after the beginning of the 14th anniversary of loan conversion. In connection with the issuance of the loan, the Organization incurred debt issuance costs of approximately $38,000, which are being amortized over the term of the loan using the effective interest method. As of June 30, 2014 and 2013, the related unamortized debt issuance cost was approximately $13,000 and $16,000, respectively.

The Organization has equipment leases that qualify as capital leases. The lease obligations are secured by the financed equipment, and amortization of assets held under capital leases is included in depreciation expense. The gross carrying value of financed equipment recorded as of June 30, 2014 and 2013 is approximately $146,000. The related accumulated depreciation recorded as of June 30, 2014 and 2013 was approximately $116,000 and $86,000, respectively.

Approximate future maturities of capital leases at June 30, 2014 are as follows:

Years Ending June 30,	Principal	Interest	Principal and Interest
2015	$ 48,000	$ 3,000	$ 51,000
2016	31,000	1,000	32,000
2017	2,000	-	2,000
Total minimum lease payments			85,000
Less amounts representing interest			(4,000)
Present value of future minimum lease payments			81,000
Less current portion			(48,000)
Capital lease obligation, net of current portion			$ 33,000

Approximate future maturities of long-term debt and capital leases are as follows:

Years Ending June 30,	Amount
2015	$ 132,000
2016	119,000
2017	94,000
2018	96,000
2019	100,000
Thereafter	25,000
	$ 566,000

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/SFAS No. 87, *Employers' Accounting for Pensions*, were applicable.

Effective July 1, 2003, the Organization began participating in a CalPERS cost-sharing multiemployer pension plan whereby other entities with benefits similar to the Organization participate in the same cost-sharing plan. At the date the Organization began participating in the cost-sharing plan, a liability was determined by CalPERS for each of the cost-sharing plan participants, called a "side fund liability," which was established to account for each organization's share of the pool's unfunded liability. The side fund liability is calculated by CalPERS annually and includes liability calculations for the subsequent two years using estimated employer payroll and estimated return on plan assets in accordance with ASC 450/SFAS No. 5, *Accounting for Contingencies*.

The following table sets forth the approximate calculation of the Organization's side fund liability as of June 30:

	Other Benefits	
	2014	2013
Accrued employee benefit cost related to side fund liability at beginning of year	$ 1,461,000	$ 1,668,000
Service cost	515,000	454,000
Actual contributions	(854,000)	(783,000)
Amount allocated to interest on side fund liability	107,000	122,000
Side fund liability at year-end	$ 1,229,000	$ 1,461,000

Service cost was calculated using 11.5 percent and 10.8 percent of actual payroll for the years ended June 30, 2014 and 2013, respectively. Contribution rates to CalPERS were 19.1 percent and 18.6 percent of actual payroll for the years ended June 30, 2014 and 2013, respectively. Interest on side fund earnings was calculated using CalPERS actual investment return, net of fees of 12 percent and 0 percent for the years ended June 30, 2014 and 2013, respectively. Actual payroll was approximately $4,233,000 and $4,115,000 for the years ended June 30, 2014 and 2013, respectively.

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 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, 2014 and 2013, the Organization paid employees' health insurance premiums as they came due.

Note 9. Accrued Employee Benefit Costs (Continued)

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:

	2014	2013
Changes in benefit obligations:		
Accumulated postretirement benefit obligation at beginning of year	$ (12,222,000)	$ (14,578,000)
Service cost	(237,000)	(217,000)
Interest cost	(531,000)	(486,000)
Benefit payments, net	274,000	266,000
Actuarial gains	102,000	2,793,000
Obligations at end of year	(12,614,000)	(12,222,000)
Fair value of plan assets at end of year	-	-
Funded status	$ (12,614,000)	$ (12,222,000)

	2014	2013
Components of net periodic pension cost:		
Service cost	$ 238,000	$ 217,000
Interest cost	531,000	486,000
Amortization of transition obligation	93,000	93,000
Amortization of prior service cost	(53,000)	(53,000)
Amortization of net loss	360,000	436,000
Net periodic pension cost	$ 1,169,000	$ 1,179,000

	Other Benefits	
	2014	2013
Employer contribution	$ 274,000	$ 266,000
Amounts recognized in the statements of financial position:		
Current liabilities	$ 316,000	$ 301,000
Noncurrent liabilities	12,298,000	11,921,000
Net amount recognized	$ 12,614,000	$ 12,222,000

Weighted-average assumptions used in the computation of the health care premiums include a discount rate of 4.50 percent and 4.25 percent for the years ended June 30, 2014 and 2013, respectively.

Note 9. Accrued Employee Benefit Costs (Continued)

For measurement purposes on the postretirement medical benefit plan, a 9 percent health care cost trend rate for the years ended June 30, 2014 and 2013 was used to calculate the expected cost increases. The ultimate rate is 4.5 percent and 5.0 percent, which will be attained in years 2019 and 2016 for the years ended June 30, 2014 and 2013, respectively. If assumed health care trend rates were increased or decreased by 1 percent, the service and interest cost and accumulated postretirement benefit obligation for the year ended June 30, 2014 would be approximately increased or decreased as indicated below:

	1% Increase	1% Decrease
Service and interest cost	$ 172,000	$ (133,000)
Accumulated postretirement benefit obligation	2,313,000	(1,849,000)

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

Years Ending June 30,	Amount
2015	$ 323,000
2016	356,000
2017	397,000
2018	436,000
2019	475,000
Thereafter	2,853,000
	$ 4,840,000

The Organization uses a June 30 measurement date for the plans.

Note 9. Accrued Employee Benefit Costs (Continued)

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

	2014	2013
Changes in benefit obligations:		
Accrued employee benefit costs at beginning of year	$ (7,301,000)	$ (7,084,000)
Service cost	(249,000)	(271,000)
Interest cost	(302,000)	(287,000)
Benefit payments, net	229,000	290,000
Actuarial gains	420,000	51,000
Obligations at end of year	(7,203,000)	(7,301,000)
Fair value of plan assets at end of year	6,074,000	5,209,000
Funded status	$ (1,129,000)	$ (2,092,000)
Components of net periodic pension cost:		
Service cost	$ 249,000	$ 271,000
Interest cost	302,000	287,000
Return on plan assets	(369,000)	(326,000)
Amortization of prior service cost	-	-
Amortization of net loss	180,000	243,000
Net periodic pension cost	$ 362,000	$ 475,000

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

	Years Ended June 30	
	2014	2013
Discount rate	4.50%	4.25%
Expected return on plan assets	7.00%	7.00%
Rate of compensation increase	N/A	N/A

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:

	2014	2013
Cash	$ 375,000	$ 321,000
Mutual funds	5,699,000	4,888,000
Total plan assets	$ 6,074,000	$ 5,209,000

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

Note 9. Accrued Employee Benefit Costs (Continued)

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:

	2014	2013	Desired Strategic Allocation at June 30, 2014 and 2013
Cash	6%	6%	0%-20%
Fixed income	34%	32%	30%-50%
Equity	60%	62%	50%-70%
	100%	100%	

Basis for determining the expected return on assets: The pension plan has adopted a strategic asset allocation model based upon a quantitative-allocation method that measures long-term expected returns consistent with the plan's objectives. Using this method, a model portfolio was developed that closely matched the specific investments held by the plan. Annual total returns were calculated using actual calendar year returns of the major investment funds over the last 10 years. The expected return on assets of 7 percent for the current year is both consistent with these historical returns and reasonable given the current asset allocation and expected market conditions.

Estimated contributions: The Organization expects to contribute $350,000 to the Hourly Plan for the year ending June 30, 2015.

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

Years Ending June 30,	Amount
2015	$ 375,000
2016	226,000
2017	332,000
2018	479,000
2019	406,000
Thereafter	2,138,000
	$ 3,956,000

Note 10. Commitments and Contingencies

Rental expenses:

Operating agreements and leases: The Organization has seven operating and lease agreements with the Trustees of the University: one expires on June 30, 2016, two expire on June 30, 2017, of which one has two three-year renewal options; one expires on April 18, 2018 with two three-year renewal options; and three expire on June 30, 2019. These operating and lease agreements are for the purpose of operating the Warehouse office, the Westside convenience store, the Imperial Valley Campus bookstore, the East West Commons area, Aztec Art, Etc. (an art supply store), the Education building and the Information Technology building 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.

The Organization has an operating agreement and a related ground lease agreement with the Trustees of the University, which expire on June 30, 2018. 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 $383,000 and $435,000 for the years ended June 30, 2014 and 2013, respectively.

During the year ended June 30, 2014, the Organization entered into a memorandum of understanding with Associated Students of San Diego State University (A.S.) to lease retail food space at Aztec Student Union. Effective July 1, 2014, the memorandum of understanding was finalized into an agreement. 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, 2014 is $243,750.

During the year ended June 30, 2014, the Organization also leased equipment and facilities under operating leases expiring at various dates.

Total rent expense under the above operating leases, including percentage rentals and commissions, was approximately $1,478,000 and $947,000 for the years ended June 30, 2014 and 2013, respectively.

Note 10. Commitments and Contingencies (Continued)

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

Years Ending June 30,	Amount
2015	$ 636,000
2016	19,000
2017	8,000
	$ 663,000

Rental income:

Leased property: The Organization leases part of its University Towers building and residential properties to third parties and part of its Brawley facility to the University. The Organization recognized approximately $541,000 and $531,000 in residential and commercial rental properties related to these leases as of June 30, 2014 and 2013, respectively.

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

Years Ending June 30,	Amount
2015	$ 497,000
2016	258,000
2017	212,000
2018	212,000
2019	66,000
Thereafter	8,000
	$ 1,253,000

Subleases: For the years ended June 30, 2014 and 2013, the Organization recognized approximately $947,000 and $661,000, 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, 3014, 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 $680,325 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, 2014 is $668,891.

Revenues: As of June 30, 2014, the Organization had entered into a noncancelable revenue commitment in the aggregate of approximately $1,331,000 for services to be provided to the University and its auxiliaries.

Note 10. Commitments and Contingencies (Continued)

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, 2017 for $1,350,000 per year, increasing 5 percent annually.

On July 1, 2013, the Organization entered into a management 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 $1,100,000 per year, increasing 3 percent annually.

As of June 30, 2014, the Organization leases apartments to tenants at various apartment buildings under operating leases that generally extend for one year. For the year ending June 30, 2015, the Organization will receive approximately $4,542,000 of minimum rents from tenants under noncancelable operating leases in effect at June 30, 2014.

Purchases: As of June 30, 2014, the Organization had entered into noncancelable commitments in the aggregate of approximately $1,941,000 for payment of license fees, concession fees and purchases of goods and services with third parties and the University and its auxiliaries.

During the year ended June 30, 2010, the Organization entered into a capital lease for equipment, whereas the Organization is required to purchase a minimum of 7,200 cases of product at cost plus an additional amount added to each case for the purchase of the equipment. As of June 30, 2014, the Organization has a remaining 3,638 cases to purchase at an average cost of $21.05 per case, totaling approximately $77,000.

Other:

Management fee: During the year ended June 30, 2010, the Organization entered into a management fee arrangement with a third party in regard to the management services of various apartment buildings. The management fee is calculated as 3.5 percent of the gross revenues collected per month. For the years ended June 30, 2014 and 2013, the management fee was approximately $138,000 and $137,000, 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 percent of gross revenues or a fixed fee. For the year ended June 30, 2014, the management fee was approximately $106,000.

License fee: The Organization is licensed by several fast-food chains to produce and serve 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.

Refundable deposit: In a prior year, the Organization entered into a memorandum of understanding, wherein the Organization is responsible for the full allocated amount of the design, construction and project cost associated with a portion of the renovation of a building on the University's campus in the amount of approximately $2,800,000. As of June 30, 2014 and 2013, the Organization has recorded a deposit included in other assets of approximately $475,000 paid toward the project.

Note 11. Allocations

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

	2014	2013
Associated Students of San Diego State University	$ 55,000	$ 55,000
San Diego State University and auxiliary	710,000	310,000
	$ 765,000	$ 365,000

Note 12. Contribution Revenue and Expense

The Organization entered into an agreement with a vendor and the University in August 2013, in which all monies received from the vendor are subsequently contributed to the University. During each of the years ended June 30, 2014 and 2013, the Organization received $445,000 and 440,000, respectively, from the vendor and contributed $445,000 and $440,000, respectively, to the University.

Note 13. Other Income

Other income consisted of approximately the following at June 30:

	2014	2013
Rent (Note 10)	$ 1,333,000	$ 873,000
Commissions	684,000	586,000
Federal subsidy revenue (Note 7)	387,000	397,000
Other	886,000	425,000
	$ 3,290,000	$ 2,281,000

Supplementary Information

Aztec Shops, Ltd.

Schedule of Net Position
June 30, 2014
(For Inclusion in the California State University)

Assets:		
Current assets:		
Cash and cash equivalents	$	4,777,485
Short-term investments		1,404,810
Accounts receivable, net		998,323
Leases receivable, current portion		-
Notes receivable, current portion		23,570
Pledges receivable, net		-
Prepaid expenses and other assets		5,043,675
Total current assets		12,247,863
Noncurrent assets:		
Restricted cash and cash equivalents		-
Accounts receivable, net		1,221,849
Leases receivable, net of current portion		-
Notes receivable, net of current portion		47,140
Student loans receivable, net		-
Pledges receivable, net		-
Endowment investments		-
Other long-term investments		248,000
Capital assets, net		84,389,767
Other assets		1,761,192
Total noncurrent assets		87,667,948
Total assets	$	99,915,811
Deferred outflows of resources:		
Unamortized loss on refunding(s)	$	-
Total deferred outflows of resources	$	-

(Continued)

Aztec Shops, Ltd.

Schedule of Net Position (Continued)
June 30, 2014
(For Inclusion in the California State University)

Liabilities:		
Current liabilities:		
Accounts payable	$	423,563
Accrued salaries and benefits payable		666,656
Accrued compensated absences, current portion		917,080
Unearned revenue		1,056,503
Capitalized lease obligations, current portion		47,603
Long-term debt obligations, current portion		1,722,659
Self-insurance claims liability, current portion		-
Depository accounts		-
Other liabilities		2,355,375
Total current liabilities		7,189,439
Noncurrent liabilities:		
Accrued compensated absences, net of current portion		-
Unearned revenue		-
Grants refundable		-
Capitalized lease obligations, net of current portion		33,719
Long-term debt obligations, net of current portion		75,031,976
Self-insurance claims liabilities, net of current portion		-
Depository accounts		-
Other postemployment benefits obligation		12,298,171
Other liabilities		2,576,987
Total noncurrent liabilities		89,940,853
Total liabilities	$	97,130,292
Deferred inflows of resources:		
Deferred inflows from SCAs, grants and others	$	-
Total deferred inflows of resources	$	-
Net Position:		
Net investment in capital assets	$	7,624,520
Restricted for:		
Nonexpendable, endowments		-
Expendable:		
Scholarships and fellowships		-
Research		-
Loans		-
Capital projects		-
Debt service		-
Other		-
Unrestricted		(4,839,001)
Total net position	$	2,785,519

Aztec Shops, Ltd.

Schedule of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2014
(For Inclusion in the California State University)

Revenues:	
Operating revenues:	
Student tuition and fees (net of scholarship allowances of $0)	$ -
Grants and contracts, noncapital:	
Federal	-
State	-
Local	-
Nongovernmental	-
Sales and services of educational activities	-
Sales and services of auxiliary enterprises (net of scholarship allowances of $0)	57,229,899
Other operating revenues	-
Total operating revenues	57,229,899
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	51,958,905
Depreciation and amortization	3,407,366
Total operating expenses	55,366,271
Operating income	1,863,628

(Continued)

Aztec Shops, Ltd.

Schedule of Revenues, Expenses and Changes in Net Position (Continued)
Year Ended June 30, 2014
(For Inclusion in the California State University)

Nonoperating revenues (expenses):	
State appropriations, noncapital	$ -
Federal financial aid grants, noncapital	-
State financial aid grants, noncapital	-
Local financial aid grants, noncapital	-
Nongovernmental and other financial aid grants, noncapital	-
Other federal nonoperating grants, noncapital	-
Gifts, noncapital	-
Investment income, net	22,610
Endowment income (loss), net	-
Interest expense	(2,755,815)
Other nonoperating revenues (expenses)	2,107,371
Net nonoperating revenues (expenses)	(625,834)
Income before other additions	1,237,794
State appropriations, capital	-
Grants and gifts, capital	387,275
Additions (reductions) to permanent endowments	-
Increase in net assets	1,625,069
Net position:	
Net position at beginning of year, as previously reported	1,160,450
Restatements	-
Net position at beginning of year, as restated	1,160,450
Net position at end of year	$ 2,785,519

Aztec Shops, Ltd.

Other Supplementary Information

1	**Restricted cash and cash equivalents at June 30, 2014:**		
	Portion of restricted cash and cash equivalents related to endowments	$	-
	All other restricted cash and cash equivalents		-
	Total restricted cash and cash equivalents	$	-

Aztec Shops, Ltd.

Other Supplementary Information

2.1 Composition of investments at June 30, 2014:

	Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
State of California Surplus Money Investment Fund (SMIF)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State of California Local Agency Investment Fund (LAIF)	1,105,810	-	1,105,810	-	-	-	1,105,810
Wachovia Short-Term Fund	-	-	-	-	-	-	-
Wachovia Medium-Term Fund	-	-	-	-	-	-	-
Wachovia Equity Fund	-	-	-	-	-	-	-
CSU Consolidated Investment Pool (includes SWIFT and 0948 SMIF)	-	-	-	-	-	-	-
Common Fund - Short-Term Fund	-	-	-	-	-	-	-
Common Fund - Others	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-	-
Fixed-income securities (Treasury notes, GNMAs)	-	-	-	-	-	-	-
Land and other real estate	-	-	-	-	-	-	-
Certificates of deposit	299,000	-	299,000	248,000	-	248,000	547,000
Notes receivable	-	-	-	-	-	-	-
Mutual funds	-	-	-	-	-	-	-
Money market funds	-	-	-	-	-	-	-
Collateralized mortgage obligations:							
Inverse floaters	-	-	-	-	-	-	-
Interest-only strips	-	-	-	-	-	-	-
Agency pass-through	-	-	-	-	-	-	-
Partnership interest (includes private pass-through)	-	-	-	-	-	-	-
Alternative investments	-	-	-	-	-	-	-
Hedge funds	-	-	-	-	-	-	-
Other major investments:							
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Total investments	1,404,810	-	1,404,810	248,000	-	248,000	1,652,810
Less endowment investments (enter as negative number)	-	-	-	-	-	-	-
Total investments	$ 1,404,810	$ -	$ 1,404,810	$ 248,000	$ -	$ 248,000	$ 1,652,810

Aztec Shops, Ltd.

Other Supplementary Information

2.2 Investments held by the University under contractual agreements at June 30, 2014:

Portion of investments in Note 2.1 held by the University under contractual agreements at June 30, 2014:	$ -	$ -	$ -	$ -	$ -	$ -	$ -

2.3 Restricted current investments at June 30, 2014 related to:

Add description	$	-
Add description		-
Add description		-
Add description		-
Add description		-
Add description		-
Add description		-
Add description		-
Add description		-
Add description		-
Total restricted current investments at June 30, 2014	$	-

2.4 Restricted noncurrent investments at June 30, 2014 related to:

Endowment investment:		
Add description	$	-
Add description		-
Add description		-
Add description		-
Add description		-
Add description		-
Add description		-
Add description		-
Add description		-
Total restricted noncurrent investments at June 30, 2014	$	-

Aztec Shops, Ltd.

Other Supplementary Information

3.1 Composition of capital assets at June 30, 2014:

	Balance June 30, 2013	Prior Period Adjustments	Reclassifications	Balance June 30, 2013 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2014
Nondepreciable/nonamortizable capital assets:								
Land and land improvements	$ 23,251,200	$ -	$ -	$ 23,251,200	$ 1,503,924	$ -	$ -	$ 24,755,124
Works of art and historical treasures	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	5,874,906	-	-	5,874,906	20,018	(56,880)	(5,324,294)	513,750
Intangible assets:								
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-
Internally generated intangible assets in progress	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total nondepreciable/nonamortizable capital assets	29,126,106	-	-	29,126,106	1,523,942	(56,880)	(5,324,294)	25,268,874
Depreciable/amortizable capital assets:								
Buildings and building improvements	51,674,960	-	-	51,674,960	6,638,682	(43,560)	5,002,404	63,272,486
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	6,830,524	-	-	6,830,524	1,041,160	(20,742)	185,726	8,036,668
Personal property:								
Equipment	12,346,673	-	-	12,346,673	3,618,907	(1,526,652)	136,164	14,575,092
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	2,171,421	-	-	2,171,421	24,555	(334,394)	-	1,861,582
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets	-	-	-	-	-	-	-	-
Total intangible assets	2,171,421	-	-	2,171,421	24,555	(334,394)	-	1,861,582
Total depreciable/amortizable capital assets	73,023,578	-	-	73,023,578	11,323,304	(1,925,348)	5,324,294	87,745,828
Total capital assets	102,149,684	-	-	102,149,684	12,847,246	(1,982,228)	-	113,014,702
Less accumulated depreciation/amortization:								
Buildings and building improvements	(10,550,216)	-	-	(10,550,216)	(2,108,616)	43,560	-	(12,615,272)
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	(5,666,280)	-	-	(5,666,280)	(206,848)	20,652	-	(5,852,476)
Personal property:								
Equipment	(9,278,569)	-	-	(9,278,569)	(924,760)	1,502,640	-	(8,700,689)
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	(1,653,369)	-	-	(1,653,369)	(136,026)	332,897	-	(1,456,498)
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets	-	-	-	-	-	-	-	-
Total intangible assets	(1,653,369)	-	-	(1,653,369)	(136,026)	332,897	-	(1,456,498)
Total accumulated depreciation/amortization	(27,148,434)	-	-	(27,148,434)	(3,376,250)	1,899,749	-	(28,624,935)
Total capital assets, net	$ 75,001,250	$ -	$ -	$ 75,001,250	$ 9,470,996	$ (82,479)	$ -	$ 84,389,767

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2014:

Depreciation and amortization expense related to capital assets	$	3,376,250
Amortization expense related to other assets		31,116
Total depreciation and amortization	$	3,407,366

Aztec Shops, Ltd.

Other Supplementary Information

4 Long-term liabilities activity schedule:

	Balance June 30, 2013	Prior Period Adjustments	Reclassifications	Balance June 30, 2013 (restated)	Additions	Reductions	Balance June 30, 2014	Current Portion	Long-Term Portion
Accrued compensated absences	$ 914,470	$ -	$ -	$ 914,470	$ 817,678	$ (815,068)	$ 917,080	$ 917,080	$ -
Capitalized lease obligations:									
Gross balance	97,218	-	-	97,218	-	(15,896)	81,322	47,603	33,719
Unamortized premium (discount) on capitalized lease obligations	-	-	-	-	-	-	-	-	-
Total capitalized lease obligations	97,218	-	-	97,218	-	(15,896)	81,322	47,603	33,719
Long-term debt obligations:									
Revenue Bonds	-	-	-	-	-	-	-	-	-
Other bonds (non-Revenue Bonds)	-	-	-	-	-	-	-	-	-
Commercial Paper	10,316,000	-	-	10,316,000	3,707,000	-	14,023,000	-	14,023,000
Note Payable related to SRB	54,090,000	-	-	54,090,000	-	(1,560,000)	52,530,000	1,615,000	50,915,000
Other:									
Brawley Loan	564,946	-	-	564,946	-	(80,543)	484,403	84,089	400,314
Notes payable	94,280	-	-	94,280	-	(23,570)	70,710	23,570	47,140
SDSURF Notes Payable	2,184,000	-	-	2,184,000	4,717,991	-	6,901,991	-	6,901,991
Total long-term debt obligations	67,249,226	-	-	67,249,226	8,424,991	(1,664,113)	74,010,104	1,722,659	72,287,445
Unamortized bond premium (discount)	2,996,831	-	-	2,996,831	-	(252,300)	2,744,531	-	2,744,531
Unamortized loss on refunding	-	-	-	-	-	-	-	-	-
Total long-term debt obligations, net	70,246,057	-	-	70,246,057	8,424,991	(1,916,413)	76,754,635	1,722,659	75,031,976
Total long-term liabilities	$ 71,257,745	$ -	$ -	$ 71,257,745	$ 9,242,669	$ (2,747,377)	$ 77,753,037	$ 2,687,342	$ 75,065,695

5 Future minimum lease payments—capital lease obligations:

	Principal	Interest	Principal and Interest
Years ending June 30:			
2015	$ 47,603	$ 2,788	$ 50,391
2016	30,921	503	31,424
2017	2,798	-	2,798
2018	-	-	-
2019–2023	-	-	-
2024–2028	-	-	-
2029–2033	-	-	-
2034–2038	-	-	-
2039–2043	-	-	-
2044–2048	-	-	-
2049–2053	-	-	-
2054–2058	-	-	-
2059–2063	-	-	-
2064–2068	-	-	-
Total minimum lease payments			84,613
Less amounts representing interest			(3,291)
Present value of future minimum lease payments			81,322
Less current portion			(47,603)
Capitalized lease obligation, net of current portion			$ 33,719

6 Long-term debt obligation schedule:

	Revenue Bonds			All Other Long-Term Debt Obligations			Total		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
Years ending June 30:									
2015	$ -	$ -	$ -	$ 1,722,659	$ 3,032,209	$ 4,754,868	$ 1,722,659	$ 3,032,209	$ 4,754,868
2016	-	-	-	15,814,311	2,958,378	18,772,689	15,814,311	2,958,378	18,772,689
2017	-	-	-	1,885,206	2,874,639	4,759,845	1,885,206	2,874,639	4,759,845
2018	-	-	-	1,940,661	2,790,303	4,730,964	1,940,661	2,790,303	4,730,964
2019–2023	-	-	-	2,374,962	2,694,044	5,069,006	2,374,962	2,694,044	5,069,006
2024–2028	-	-	-	14,586,409	11,540,522	26,126,931	14,586,409	11,540,522	26,126,931
2029–2033	-	-	-	17,095,896	7,601,995	24,697,891	17,095,896	7,601,995	24,697,891
2034–2038	-	-	-	10,745,000	3,659,061	14,404,061	10,745,000	3,659,061	14,404,061
2039–2043	-	-	-	6,395,000	1,472,300	7,867,300	6,395,000	1,472,300	7,867,300
2044–2048	-	-	-	1,450,000	31,339	1,481,339	1,450,000	31,339	1,481,339
2049–2053	-	-	-	-	-	-	-	-	-
2054–2058	-	-	-	-	-	-	-	-	-
2059–2063	-	-	-	-	-	-	-	-	-
2064–2068	-	-	-	-	-	-	-	-	-
Total	$ -	$ -	$ -	$ 74,010,104	$ 38,654,790	$ 112,664,894	$ 74,010,104	$ 38,654,790	$ 112,664,894

Aztec Shops, Ltd.

Other Supplementary Information

	Auxiliary Organizations GASB	Auxiliary Organizations FASB	Total Auxiliaries
7.1 Calculation of net position—Net investment in capital assets:			
Capital assets, net of accumulated depreciation	$ -	$ 84,389,767	$ 84,389,767
Capitalized lease obligations—current portion	-	(47,603)	(47,603)
Capitalized lease obligations, net of current portion	-	(33,719)	(33,719)
Long-term debt obligations—current portion	-	(1,722,659)	(1,722,659)
Long-term debt obligations, net of current portion	-	(75,031,976)	(75,031,976)
Portion of outstanding debt that is unspent at year-end	-	-	-
Other adjustments: (please list)			
Debt not related to capital assets	-	70,710	70,710
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Net position—net investment in capital asset	$ -	$ 7,624,520	$ 7,624,520
7.2 Calculation of net position—Restricted for nonexpendable—endowments:			
Portion of restricted cash and cash equivalents related to endowments	$ -	$ -	$ -
Endowment investments	-	-	-
Other adjustments: (please list)	-	-	-
Net position—restricted for nonexpendable—endowments per SNP	$ -	$ -	$ -

Aztec Shops, Ltd.

Other Supplementary Information

8 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants and other programs	$ -
Payments to University for other than salaries of University personnel	3,245,890
Payments received from University for services, space and programs	9,479,247
Gifts-in-kind to the University from Auxiliary Organizations	-
Gifts (cash or assets) to the University from recognized Auxiliary Organizations	-
Accounts (payable to) University (enter as negative number)	(92,558)
Other amounts (payable to) University (enter as negative number)	-
Accounts receivable from University	214,860
Other amounts receivable from University	1,221,849

9 Other Postemployment Benefits Obligation (OPEB):

Annual required contribution (ARC)	$ 665,220
Contributions during the year	(273,661)
Decrease in net OPEB obligation (NOO)	391,559
NOO—beginning of year	12,222,303
NOO—end of year	$ 12,613,862

Aztec Shops, Ltd.

Other Supplementary Information

10 Pollution remediation liabilities under GASB Statement No. 49:

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

Aztec Shops, Ltd.

Other Supplementary Information

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

	Net Position Class	Amount Dr. (Cr.)
Net position as of June 30, 2013, as previously reported		$ 1,160,450
Prior-period adjustments:		
1 (list description of each adjustment)		
2 (list description of each adjustment)		
3 (list description of each adjustment)		
4 (list description of each adjustment)		
5 (list description of each adjustment)		
6 (list description of each adjustment)		
7 (list description of each adjustment)		
8 (list description of each adjustment)		
9 (list description of each adjustment)		
10 (list description of each adjustment)		
Net position as of June 30, 2013, as restated		$ 1,160,450

Aztec Shops, Ltd.

Other Supplementary Information

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

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