FORTY-NINER SHOPS, INC.
FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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Guzman & Gray

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Forty-Niner Shops, Inc.
California State University, Long Beach

Financial Statements
We have audited the accompanying financial statements of the Forty-Niner Shops, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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

Auditors' 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

INDEPENDENT AUDITORS' REPORT (Continued)

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

Other Matters
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statements on pages 29 through 39 are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including 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 auditing standards generally accepted in the United States of America. In our opinion, the 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 8, 2021 on our consideration of Forty Niner Shops, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Forty Niner Shops, Inc.'s internal control over financial reporting and compliance.

Guzman & Gray

Guzman & Gray, CPAs
Long Beach, California
September 8, 2021

FORTY-NINER SHOPS, INC.
STATEMENTS OF FINANCIAL POSITION

ASSETS

	JUNE 30, 2021	JUNE 30, 2020
CURRENT ASSETS		
Cash and cash equivalents	$ 4,904,009	$ 4,677,939
Accounts receivable	1,158,232	1,159,509
Accounts receivable, CSULB auxiliary organizations		2,624
Accounts receivable, CSULB	302,353	402,414
Inventories	1,031,915	1,795,488
Prepaid expenses	50,797	43,420
	7,447,306	8,081,394
CAPITAL ASSETS, net of accumulated Depreciation	6,192,359	7,034,544
OTHER ASSETS		
Investments	10,512,158	10,532,351
Overfunded post-retirement medical benefits	13,331	
	10,525,489	10,532,351
TOTAL ASSETS	$24,165,154	$25,648,289

See Independent Auditors' Report and Notes to Financial Statements.

FORTY-NINER SHOPS, INC.
STATEMENTS OF FINANCIAL POSITION (CONTINUED)

LIABILITIES AND NET ASSETS

	JUNE 30, 2021	JUNE 30, 2020
CURRENT LIABILITIES		
Long term debt, current portion	$ 100,000	$ 95,000
Accounts payable, trade	135,578	351,014
Accounts payable, CSULB	145,848	882,675
Refundable campus debit card deposits	447,862	339,937
Accrued liabilities	734,528	430,205
Accrued payroll	38,101	384,594
Accrued vacation	482,726	462,115
Accrued sick pay	857,450	818,831
Pension obligation, current	477,775	580,883
Accrued post-retirement, current		372,000
	3,419,868	4,717,254
NONCURRENT LIABILITIES		
Long term debt, net of current portion	2,957,531	3,070,339
Paycheck Protection Program Forgivable Loan	2,000,000	2,000,000
Pension obligation, net of current portion	4,028,777	3,281,942
Accrued post-retirement benefits		258,316
	8,986,308	8,610,597
Total Liabilities	12,406,176	13,327,851
NET ASSETS		
Without Donor Restrictions		
Invested in capital assets	3,134,828	3,869,205
Board designated	11,726,202	10,109,405
Undesignated (Deficit)	(3,102,052)	(1,658,172)
Total Net Assets	11,758,978	12,320,438
TOTAL LIABILITIES AND NET ASSETS	$24,165,154	$25,648,289

See Independent Auditors' Report and Notes to Financial Statements.

FORTY-NINER SHOPS, INC.
STATEMENTS OF ACTIVITIES

	JUNE 30, 2021	JUNE 30, 2020
ENTERPRISE OPERATING REVENUES		
Sales	$ 10,263,290	$ 28,636,242
Commission	1,481,619	1,727,952
Vending	4,099	244,435
Other	4,853	15,247
	11,753,861	30,623,876
ENTERPRISE OPERATING EXPENSES		
Cost of sales	6,389,735	13,088,496
Programs	7,836,789	15,433,961
General and administrative	2,814,061	4,088,188
	17,040,585	32,610,645
ENTERPRISE OPERATING (LOSS)	(5,286,724)	(1,986,769)
NONOPERATING INCOME (EXPENSE)		
Interest imputed from net loan premiums and costs	12,809	12,809
Interest expense	(135,525)	(139,548)
Investment income, net	3,024,312	272,311
Paycheck Protection Program	2,000,000	
Net (loss) on disposal of fixed assets	(87,299)	
	4,814,297	145,572
NONMANDATORY TRANSFERS TO UNIVERSITY		
Contributions to University and University programs	(89,033)	(399,309)
(DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	($ 561,460)	($ 2,240,506)

See Independent Auditors' Report and Notes to Financial Statements.

FORTY-NINER SHOPS, INC.
STATEMENTS OF CHANGES IN NET ASSETS

	FOR THE YEARS ENDED JUNE 30, 2021	2020
NET ASSETS WITHOUT DONOR RESTRICTIONS, BEGINNING	$ 12,320,438	$ 14,560,944
(DECREASE) IN NET ASSETS	(561,460)	(2,240,506)
NET ASSETS WITHOUT DONOR RESTRICTIONS, ENDING	$ 11,758,978	$ 12,320,438

FORTY-NINER SHOPS, INC.
STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2021

	PROGRAMS							
				FOOD SERVICES				
	BOOKSTORE	CONVENIENCE STORE	ID CARD SERVICES	RESIDENCE HALL	RETAIL DINING	TOTAL	GENERAL AND ADMINISTRATIVE	TOTAL
OPERATING EXPENSES								
Salaries and wages	$ 1,214,430	$ 422,715	$ 164,212	$ 1,232,995	$ 349,331	$ 3,383,683	$ 1,143,105	$ 4,526,788
Employee benefits	477,689	158,055	51,863	923,542	249,135	1,860,284	1,080,417	2,940,701
Advertising and promotions	5,359	14,202	-	1,605	486	21,652	2,150	23,802
Bad debts	5,215	3	-	54	13	5,285	-	5,285
Bank and credit card fees	88,876	2,568	872	424	7,848	100,588	6,998	107,586
Board	-	-	-	-	-	-	15,246	15,246
Discounts and markdowns	(15)	-	-	-	-	(15)	-	(15)
Employees' appreciation	709	-	-	25	10	744	81	825
Equipment rental	18,767	617	-	7,091	7,592	34,067	2,599	36,666
Freight out and postage	(72,552)	143	2	-	(2)	(72,409)	1,265	(71,144)
General expenses	(535)	2,908	1	10,437	7,631	20,442	579	21,021
Insurance	53,468	2,922	348	71	61,796	118,605	5,175	123,780
Professional services	-	300	-	-	-	300	108,066	108,366
R/H commissions	-	-	-	71,608	-	71,608	-	71,608
Rent	73,200	-	9,600	-	22,200	105,000	-	105,000
Repairs and maintenance	161,286	3,416	154,932	30,342	81,365	431,341	286,994	718,335
Royalties and commissions	16,177	35,345	-	-	-	51,522	-	51,522
Services	50,697	3,353	-	140,581	65,085	259,716	7,445	267,161
Subscriptions and dues	8,332	(206)	-	795	1,179	10,100	10,122	20,222
Supplies	135,285	5,823	53,092	156,726	(19,539)	331,387	26,772	358,159
Telephone and communications	26,449	7,143	1,973	6,218	7,423	49,206	25,129	74,335
Training	996	-	-	1,280	413	2,689	5,225	7,914
Travel	926	114	-	160	332	1,532	809	2,341
Utilities	70,355	6,105	-	-	46,044	122,504	-	122,504
Depreciation	372,474	108,115	-	8,573	437,796	926,958	85,884	1,012,842
TOTAL EXPENSES	$ 2,707,588	$ 773,641	$ 436,895	$ 2,592,527	$ 1,326,138	$ 7,836,789	$ 2,814,061	$ 10,650,850

See Independent Auditors' Report and Notes to Financial Statements.

FORTY-NINER SHOPS, INC.
STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2020

	PROGRAMS						
			FOOD SERVICES				
	BOOKSTORE	ID CARD SERVICES	RESIDENCE HALL	RETAIL DINING	TOTAL	GENERAL AND ADMINISTRATIVE	TOTAL
OPERATING EXPENSES							
Salaries and wages	$ 2,517,077	$ 190,012	$ 2,584,692	$ 2,175,282	$ 7,467,063	$ 1,515,618	$ 8,982,681
Employee benefits	690,285	52,039	1,004,529	637,842	2,384,695	1,648,725	4,033,420
Advertising and promotions	48,444	2,067	8,478	28,504	87,493	(31,035)	56,458
Bad debts	(460)	-	65	(262)	(657)	-	(657)
Bank and credit card fees	238,229	17,997	3,057	149,749	409,032	53,963	462,995
Board	-	-	-	-	-	42,435	42,435
Discounts and markdowns	464,182	-	-	-	464,182	-	464,182
Employees' appreciation	1,775	64	1,758	1,714	5,311	29,556	34,867
Freight out and postage	42,245	-	-	1	42,246	2,659	44,905
General expenses	7,800	47	7,860	88,660	104,367	14,318	118,685
Insurance	51,459	348	71	56,643	108,521	5,078	113,599
Professional services	17,572	-	-	125	17,697	202,586	220,283
R/H commissions	-	-	702,716	414	703,130	-	703,130
Rent	88,600	8,000	-	22,200	118,800	-	118,800
Repairs and maintenance	178,048	119,203	65,064	234,063	596,378	354,242	950,620
Royalties and commissions	148,006	-	-	233,762	381,768	-	381,768
Services	85,027	-	189,441	231,181	505,649	11,051	516,700
Subscriptions and dues	4,985	1,740	-	7,301	14,026	7,864	21,890
Supplies	162,481	64,725	194,705	171,404	593,315	65,427	658,742
Telephone and communications	36,195	2,081	6,487	21,910	66,673	28,843	95,516
Training	25,843	3,186	6,892	2,123	38,044	20,640	58,684
Travel	1,206	-	1,894	6,341	9,441	12,860	22,301
Utilities	94,972	-	-	222,046	317,018	-	317,018
Equipment rental	20,862	-	5,912	28,338	55,112	2,782	57,894
Depreciation	466,457	-	852	477,348	944,657	100,576	1,045,233
TOTAL EXPENSES	$ 5,391,290	$ 461,509	$ 4,784,473	$ 4,796,689	$ 15,433,961	$ 4,088,188	$ 19,522,149

See Independent Auditors' Report and Notes to Financial Statements.

FORTY-NINER SHOPS, INC.
STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED JUNE 30, 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
(Decrease) in net assets	($ 561,460)	($ 2,240,506)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	1,012,842	1,045,233
Interest imputed from net loan premiums and costs	(12,809)	(12,809)
Forgiveness of Paycheck Protection Program Loan	(2,000,000)	
Unrealized (gain) loss on investments	(1,844,043)	(290,553)
Realized (gain) loss on investments	(1,025,560)	245,625
Net (gain) loss on disposal of fixed assets	87,299	
(Increase) decrease in:		
Accounts receivable	1,277	2,578
Accounts receivable, CSULB auxiliary organizations	2,624	46,038
Accounts receivable, CSULB	100,061	(49,643)
Inventories	763,573	874,132
Prepaid expenses	(7,377)	(42,822)
Overfunded postretirement medical Benefits	(13,331)	
Increase (decrease) in:		
Accounts payable	(215,435)	317,741
Accounts payable, CSULB	(736,827)	740,937
Refundable campus debit card deposits	107,925	35,436
Accrued liabilities	304,323	157,899
Accrued payroll	(346,493)	(217,775)
Accrued vacation	20,611	(50,113)
Accrued sick pay	38,619	(356,118)
Accrued pension obligation	643,727	(102,096)
Accrued postretirement benefits	(630,316)	(199,348)
Net Cash Used in Operating Activities	(4,310,770)	(96,164)

See Independent Auditors' Report and Notes to Financial Statements.

	FOR THE YEARS ENDED JUNE 30,	
	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	(257,956)	(247,423)
Purchase of investments	(2,685,463)	(3,506,852)
Proceeds from sale of investments	5,575,259	3,272,281
Net Cash Provided by (Used in) Investment Activities	2,631,840	(481,994)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term debt	(95,000)	(90,000)
Proceeds from paycheck protection program forgivable loan	2,000,000	2,000,000
Net Cash Provided by Financing Activities	1,905,000	1,910,000
CHANGE IN CASH AND CASH EQUIVALENTS	226,070	1,331,842
BEGINNING CASH AND CASH EQUIVALENTS	4,677,939	3,346,097
ENDING CASH AND CASH EQUIVALENTS	$ 4,904,009	$ 4,677,939

SUPPLEMENTAL DISCLOSURE		
CASH PAID FOR		
Cash paid for interest	$ 135,525	$ 139,548

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General
The Organization is a nonprofit auxiliary organization, organized to operate food services and bookstore activities at California State University, Long Beach for the benefit of the University Campus. The Organization's customer base consists primarily of students enrolled at California State University, Long Beach.

Basis of Accounting
The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Recently Adopted Accounting Pronouncement
In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers (Topic 606), with the intended purpose of improving financial reporting relating to revenue from contracts with customers. The amendments in this update are effective for annual financial statements issued for fiscal years beginning after December 15, 2019. The Organization adopted ASU 2014-09 and all subsequent amendments to the ASU (collectively, "ASC 606"), which creates a single framework for recognizing revenue from contracts with customers that fall within its scope. No changes to the current financial statements resulted from applying the ASC 606.

Basis of Presentation
The Organization's financial statements are presented in accordance with guidelines established for auxiliary organizations issued by the Office of the Chancellor of the California State University.

In 2020, the Organization adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic): Presentation of Financial Statements of Not-for-Profit Entities* and applied the changes retrospectively. The main provisions include: presentation of two-classes of net assets versus the previously required three. The guidance also enhances disclosures for board-designated amounts, components of net assets without donor restrictions, liquidity, and expenses both their natural and functional classification. With the adoption of the standard, the Organization updated net asset presentation in the financial statements and included additional disclosures as required. No significant reclassifications to prior-year amounts were necessary in order to adopt the new standard.

Under the provisions of the Guide, net assets, revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions
Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions
Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization does not have net assets with donor restrictions.

Net assets released from donor restrictions
Net assets are released by incurring expenses satisfying the restriction or occurrence of the other events specified by donors.

Cash and Cash Equivalents

Cash and cash equivalents includes highly liquid investments, such as money market funds, that are readily convertible to known amounts of cash within 90 days from the date of purchase. All cash balances are held at major banking and broker institutions.

Investments

The Organization accounts for all investments at fair market value. Net realized, unrealized gains and losses on investments and investment fees are reflected in the statement of activities under investment income, net.

Allowance for Doubtful Accounts

No allowance for doubtful accounts has been established because management believes that all accounts are collectible and no allowance is needed.

Inventories

Inventories for the bookstore are valued using the lower of cost or market by the average unit cost inventory method of accounting. Inventories for the food service are valued using the lower of cost (first-in, first-out) or market method.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets and Depreciation

Capital asset accounts are stated at cost less accumulated depreciation. Betterments and major improvements are added to the respective asset's cost while ordinary repairs that do not extend useful lives are expensed as incurred. All direct and indirect costs incurred in constructing assets are accumulated in an asset account and no depreciation is recognized until the asset is put into operation. When an asset is sold or otherwise disposed of, the cost of the asset and the related accumulated depreciation is removed from the accounts and any resulting gain or loss is included in the statement of activities.

Depreciation and amortization of capital assets are provided on the straight-line method over the estimated useful lives of the various classes of property which are ten to fifty years for buildings and improvements, five to ten years for equipment, furniture and fixtures, and three to five years for automobiles.

The capitalization thresholds are as follows:

Buildings and building improvements	$ 10,000
Equipment and furniture	$ 5,000
Vehicles and other	$ 5,000

Equipment acquired under capital leases are recorded at the lower of the fair value or the present value of future minimum lease payments. Leases are amortized over their estimated useful lives of five years or the lease term, whichever is shorter. Amortization of equipment acquired under capitalized leases is included with depreciation expense.

Accrued Vacation and Sick Pay

Accruals for vacation and sick pay are made on a monthly basis as such benefits become payable to employees. Pay rate increases are applied to the hours earned in prior periods, if any, and are reported as a current expense in the statement of activities.

Debt Issuance Costs

The debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct reduction from the carrying amount of that debt liability. Similarly, the discount on premium resulting from the determination of present value shall be reported in the statement of financial position as a direct deduction from or addition to the face amount of the note and shall not be classified as a deferred charge or deferred credit. Amortization of discounts, premiums and debt issuance costs shall be reported as either interest expense or interest income.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

The Organization applies the five-step model to contracts when it is probable that the Organization will collect the consideration it is entitled. To determine revenue recognition for arrangements within the scope of ASC Topic 606, "Revenue from Contracts with Customers" ("ASC Topic 606"), the Organization performs the following five steps: (1) identify the contract with the customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when or as the Organization satisfies a performance obligation. The Organization then recognize as revenue the amount of the transaction price that is allocated to the respective performance obligation when or as the performance obligation is satisfied.

A summary of significant revenue recognition policies are as follows:

Bookstore Sales

Bookstore sales revenues are recognized at the point of sale. Web sales are recorded upon delivery to the customer or upon customer pickup at the store.

Commission Fees

Commission fees revenues are recognized when cash is received or when contracted amounts are earned.

Food Service and Dining Sales

Food service and dining sales revenues are recognized at the point of sale.

Vending Machine Sales

Vending Machine sales revenues are recognized when cash is received.

Textbook Rental revenues

Short term textbook rental revenues are generally recognized at the beginning of the lease term and properly recognized within the applicable fiscal year.

Use of Estimates and Assumptions

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Significant estimates include annual depreciation, the carrying value of property, plant and equipment, estimates of postretirement benefits, timing of income recognition of certain revenues and allowance for doubtful accounts. Actual results could vary from the estimates that were assumed in preparing the financial statements.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

The Organization follows US GAAP guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input of assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Functional Allocation of Expenses

The Organization allocates its expenses on a functional basis among their various programs and support services. Expenses that can be identified with a specific program or support services are allocated directly according to their natural expenditure classification. Salaries and wages, employee benefits, employees' appreciation, professional services, service, training and travel are based on time and effort. Certain costs such as advertising and promotional, bad debts, bank and credit card fees, board, discounts and markdowns, freight out and postage, general expenses, inventory adjustments, Residence Hall commissions, royalties and commissions, subscriptions and dues and supplies are allocated based on estimated usage on general and administrative, bookstore, ID card services and food service. Costs related to space include insurance, interest, rent, repairs and maintenance which include maintenance of information and technology and other, telephone and data lines and utilities are allocated on a square footage basis.

Income Taxes

The Organization is exempt from federal income and state franchise taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code, respectively.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases* (*Topic 842*) (ASU 2016-02). The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2021. The Organization is currently evaluating the impact of the adoption of the new standard on the financial statements, if any.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting of Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure through September 8, 2021 which represents the date the financial statements were available to be issued.

NOTE 2 – ACCOUNTS RECEIVABLE, CSULB AUXILIARY ORGANIZATIONS

Accounts receivable from CSULB auxiliary organizations are comprised of the following:

	June 30, 2021	June 30, 2020
Associated Students	$ 0	$ 2,624
	$ 0	$ 2,624

NOTE 3 – INVENTORIES

Inventories consist of the following:

	June 30, 2021	June 30, 2020
New textbooks	$ 214,964	$ 261,148
Computer equipment, supplies and software	65,122	148,379
Supplies	485,672	904,340
Used textbooks	167,047	254,751
Trade books	7,048	8,649
Food service	92,062	218,221
	$ 1,031,915	$ 1,795,488

NOTE 4 – INVESTMENTS

Investments are recorded at fair market value. The historical and market values are as follows:

	June 30, 2021		June 30, 2020	
	Cost	Market	Cost	Market
Mutual funds	$2,978,680	$3,519,017	$4,090,511	$ 3,826,559
Common stocks	3,859,511	5,782,764	4,865,997	5,782,764
Investments in alternative funds	1,129,841	1,210,377	968,471	923,028
	$7,968,032	$10,512,158	$9,924,979	$10,532,351

NOTE 4 – INVESTMENTS (Continued)

A summary of investment income, net is as follows:

	June 30, 2021	June 30, 2020
Dividends and interest	$ 207,801	$ 269,755
Net unrealized gain (loss)	1,844,043	290,553
Net realized gain (loss)	1,025,560	(245,626)
Investment advisory fee	(53,092)	(42,371)
	$ 3,024,312	$ 272,311

The following table presents assets that are measured at fair value on a recurring basis at June 30, 2021:

	Fair Market Value	Level 1	Level 2	Level 3
Investments				
Mutual funds	$ 3,519,017	$ 3,519,017		
Common stocks	5,782,764	5,782,764		
Investments in alternative funds	1,210,377		$1,210,377	
	$ 10,512,158	$ 9,301,781	$1,210,377	NONE

The following table presents assets that are measured at fair value on a recurring basis at June 30, 2020:

	Fair Market Value	Level 1	Level 2	Level 3
Investments				
Mutual funds	$ 3,826,559	$ 3,826,559		
Common stocks	5,782,764	5,782,764		
Investments in alternative funds	923,028		$ 923,028	
	$ 10,532,351	$ 9,609,323	$ 923,028	NONE

NOTE 5 - CAPITAL ASSETS

Capital assets and the related accumulated depreciation consist of the following:

	June 30,	
	2021	2020
Buildings and improvements	$ 19,351,279	$ 19,954,976
Equipment, furniture and fixtures	6,026,644	7,370,229
Automobiles	46,734	46,734
	25,424,657	27,371,939
Less: accumulated depreciation	(19,355,028)	(20,373,894)
	6,069,629	6,998,045
Construction in progress	122,730	36,499
	$ 6,192,359	$ 7,034,544

Construction in progress at June 30, 2021 consists primarily of capital leasehold improvement expenditures for the bookstore and food service facilities.

Depreciation expense for the years ended June 30, 2021 and 2020 was $1,012,842 and $1,045,233, respectively.

NOTE 6 – ACCOUNTS PAYABLE, CSULB AUXILIARY ORGANIZATIONS

There were no accounts payable to CSULB auxiliary organizations at June 30, 2021 and 2020.

NOTE 7 – LONG TERM DEBT

Long term debt is summarized as follows:

	JUNE 30,	
	2021	2020
Note payable to CSU is payable semiannually on May 1 and November 1 of each year including interest and matures May 1, 2039.	$ 2,845,000	$ 2,940,000
Unamortized net deferred amount on refinancing	212,531	225,339
Less: Current portion	(100,000)	(95,000)
Noncurrent portion	$ 2,957,531	$ 3,070,339

In 2008, the Organization borrowed $4,110,000 from CSU in connection with the construction of certain food service leasehold improvements. The CSU assisted in financing the construction through the issuance of System wide Revenue Bonds Series 2008A, by the State of California in the amount of $4,110,000.

NOTE 7 – LONG TERM DEBT (Continued)

On April 20, 2016, CSU refinanced $3,415,000 of the System wide Revenue Bonds Series 2008A by issuing a $3,125,000 of System wide Revenue Bonds Series 2016A. Interest rates range from 2% to 5% with an average face coupon rate of 4.61% and effective rate of 3.32%. The bonds will mature over the next 23 years with an average maturity of 14.25 years. On May 1, 2016 the loan agreement between the Organization and CSU was amended to reflect the refinancing of the bonds. The Organization is obligated to repay the CSU the amount of the indenture obligations, interest and costs by making payments to the CSU equal to the CSU's debt service on the bonds. The debt obligation is secured by the Organization's revenues.

The future scheduled maturities of long term debt for the next five years and thereafter are as follows:

Year ending June 30,	
2022	$ 100,000
2023	105,000
2024	110,000
2025	115,000
2026	125,000
Thereafter	2,502,531
	$3,057,531

NOTE 8 – PAYCHECK PROTECTION PROGRAM FORGIVABLE LOAN

The Paycheck Protection Program (PPP) allows certain eligible borrowers that previously received a PPP loan to apply for a Second Draw PPP loan with the same general loan terms as their First Draw PPP loan. In April 2021, the Organization received loan proceeds of $2,000,000 from a local bank under the PPP administered by the SBA as part of the Second Draw PPP loan. The first draw of the PPP loan which was recorded as a liability at June 30, 2020 was forgiven during the year. The PPP, established as part of the CARES Act, can loan a qualifying organization up to 2.5 times the qualifying organization's average monthly payroll expenses.

The loan and accrued interest are forgivable as long as the borrower uses the loan proceeds during the 8 or 24 week covered period it selects for payroll, healthcare benefits, interest on loan obligations incurred before February 15, 2020, rent and utilities as outlined in the loan agreement.

The unforgiven portion of the PPP loan is payable over five years from the disbursement date. Interest on the loan of 1% from the disbursement date which is April 1, 2021. Payments of the principal and interest are deferred until the date the lender receives notification from the SBA of any unforgiven loan amount but not to exceed the final loan forgiveness application due date. Any remaining balance due on the loan must be repaid on or before the maturity date of the loan.

The Organization will recognize any portions forgiven by the SBA as income and any amounts due as liabilities.

NOTE 9 – NET ASSETS WITHOUT RESTRICTIONS

Net assets without restrictions at June 30, are comprised of the following:

	2021	2020
Invested in capital assets	$ 3,134,828	$ 3,869,205
Board Designated For:		
PERS unfunded liability	4,506,552	3,862,825
SRB Funding Outpost	3,070,339	3,178,148
SBA PPP 2	2,000,000	
UDP Repairs and replacements		1,000,000
Beach Deposits	447,862	400,000
VEBA-Post Retirement Medical		400,000
Beach Investment Group	681,590	500,000
AORMA Unemployment Insurance	499,859	
Sick pay benefits	520,000	768,432
	11,726,202	9,609,405
Undesignated net assets (Deficit)	(3,102,052)	(1,158,172)
	$ 11,758,978	$ 12,320,438

NOTE 10 - LEASE COMMITMENTS

The Organization leases certain properties for the bookstore and food service facilities from California State University, Long Beach (CSULB) and other unrelated third parties. The agreements with CSULB require the Organization to manage and operate the facilities for the benefit of the University. Some of the leases for the facilities are non-cancellable and expired in 2018 with options to renew each year for five years. Under the terms of these leases, the Organization is required to make monthly lease payments totaling $9,824 and is responsible for repairs, maintenance, alterations, and insurance. Non-cancellable operating lease agreements with Associated Students, Inc. and other unrelated third parties for retail and food service facilities commenced in 2009, 2015, 2017 and 2021 and expire in 2022, 2023, and 2025.

Also, the Organization maintains equipment under non-cancellable operating leases. The lease agreements expire between 2022 and 2024.

NOTE 10 - LEASE COMMITMENTS (Continued)

Future minimum rental payments required for equipment and facilities under operating leases that have an initial or remaining non-cancellable lease term in excess of one year, as of June 30, 2021 are as follows:

Year ending June 30,	
2022	$ 118,450
2023	93,905
2024	3,785
2025	1,145
	$ 217,285

Rent expense was $105,000 and $118,800 for the years ended June 30, 2021 and 2020, respectively.

NOTE 11 – OPERATING AGREEMENTS

The Organization has entered into certain non-cancellable operating agreements with selected food service providers for catering, vending and other food services. Royalties are due to the Organization based on a percentage of monthly gross sales of the Operator or a set annual amount, whichever is greater. Also, the Operators will pay a percent of monthly gross sales for common area maintenance charges. Initial terms of the leases vary from one to five years and have varying expiration dates.

The Organization has also entered into an agreement that contains guaranteed minimum commission payments. Commissions are due to the Organization based on a percentage of qualifying revenues.

The estimated guaranteed annual payments are as follow:

Year ending June 30,	
2022	$ 201,707
2023	107,900
2024	13,200
2025	13,200
2026	6,600
	$ 342,607

NOTE 12 - PENSION PLAN (CALPERS)

The Organization participates in a cost-sharing multiple-employer defined benefit plan through the California Public Employees' Retirement System plan (CalPERS) which covers substantially all regular salaried full-time employees of the Organization. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. The Organization's CalPERS Employer Identification Number is 4917586175.

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 Executive Office- 400 P Street – Sacramento, CA 95814.

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

The plan's proportionate share of the fiduciary's unfunded accumulated net pension liability as of June 30, 2020 and June 30, 2019 (the measurement dates) were $4,506,552 and $3,862,825, respectively.

The plan's proportionate share of fiduciary net asset position which is the total assets less certain reserve and expense requirements at June 30, 2020 and June 30, 2019 (the measurement dates) were $23,081,237 and $22,468,153, respectively.

The actuarially assumed investment return as of June 30, 2020 was 7.15% 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 2.50% inflation rate.

For employees hired before January 1, 2013, the Organization is required to contribute at an actuarially determined rate. For the year ended June 30, 2021 the total employer's contribution rate is 29.8% of annual payroll. This rate is comprised of 11.031% of normal cost rate and 18.769% of UAL contribution.

The active employee contribution rate is 6.908% of annual pay. For employees hired on and after January 1, 2013, the total employer and employee contribution rates for the years ending June 30, 2021 and 2020 are 8.328% and 6.75%, respectively.

Employer's contribution rates are assumed to increase 10.897% each year for the next five years. Employer's contribution rates may change if plan contracts are amended. Payroll is assumed to increase on average 5.494% each year for the next five years. CalPERS requires a minimum contractual contribution of 10.88% of payroll and either a monthly dollar payment of $35,927 or an annual lump sum prepayment of $416,791.

NOTE 12 - PENSION PLAN (CALPERS) (Continued)

As of the measurement date June 30, 2020, the plan was between 73-83% funded. As of June 30, 2021, management estimated that the total unfunded accrued liability was $5,512,542.

During the 2021 fiscal year, the employer and employee contributions were $276,497 and $190,701, respectively.

The following benefit payments, which reflect expected future service, are expected to be paid as follows:

Year ending June 30,	
2022	$ 477,775
2023	509,584
2024	543,670
2025	560,692
2026	575,446
Thereafter	1,839,385
	$ 4,506,552

NOTE 13 - RETIREMENT PLAN (403B)

Effective July 2009, the Organization adopted an Internal Revenue Code 403(b) tax deferred retirement plan for all eligible employees. The plan is a defined contribution plan covering part time and full time employees except for student employees performing specified services, nonresident aliens, and employees who normally work less than twenty hours per week. Each year, participants may contribute an amount or percentage of their base pay by means of payroll deductions up to the elective deferral limit set by law.

The plan provides for an employer matching contribution and an employer non-elective contribution for all employees that have obtained one year of service equivalent to one thousand hours. The Organization may contribute a discretionary percentage up to six percent of the amount of the employees' elective deferral. This contribution is allocated to all participants in proportion to each eligible employee's compensation. For the years ending June 30, 2021 and 2020 the employer contributions amounted to $34,386 and $36,593.

NOTE 14 - POST RETIREMENT MEDICAL BENEFITS

The Organization provides post-retirement health care and dental insurance benefits for certain qualified retired employees. Only full time salaried employees hired prior to January 1, 2009 and that were participating in CalPERS as of January 1, 2009, that terminate employment after attaining five years of service time and have reached age 50 while working for the Organization are eligible for the plan.

NOTE 14 - POST RETIREMENT MEDICAL BENEFITS (Continued)

As of June 30, 2021 and 2020 the number of eligible retired employees participating in the plan were 20 and 22, respectively. Currently, there are 22 active employees that could be eligible to participate in the plan in the future.

On September 30, 2011, the board of directors approved the participation in the Auxiliary Multiple Employer VEBA, a consortium of CSU Auxiliary organizations organized to provide retiree health care benefits through a Voluntary Employees Benefit Organization (VEBA) recognized under 501(c)(9). During the years ending June 30, 2021 and June 30, 2020 no contributions were made to the account. During the year ending June 30, 2021 the Organization withdrew $800,000 from the trust account as reimbursement for the plan's current year medical costs of $351,431 and future medical costs of $448,569. Since 2011, the total amount invested in the VEBA Trust was $4,000,000 and the total amount withdrawn from the VEBA Trust was $800,000. The assets of the VEBA Trust are invested primarily in equity and fixed income securities. The assets held in the VEBA Trust reduce the accumulated post retirement obligation, as reported in the statement of financial position. As of June 30, 2021 and 2020, the VEBA trust held assets at fair market value of $6,353,835 and $5,710,370, respectively.

As of June 30, 2021 and 2020, the accumulated post-retirement benefit obligation amount has been accrued in the statements of financial position.

The following table sets forth the funded status of the plan reconciled to the recorded post-retirement benefits cost recognized in the Organization's financial statements:

	June 30,	
	2021	2020
Accumulated Post Retirement Benefit Obligation		
Retirees	$ 3,311,334	$ 3,311,516
Active Employees	3,029,170	3,029,170
	6,340,504	6,340,686
Fair Value of Assets	(6,353,835)	(5,710,370)
Overfunded APBO	(13,331)	630,316
Unamortized gain (loss)	NONE	NONE
Unamortized transition obligation	(13,331)	NONE
Accrued Post Retirement Benefit Cost (Asset)	($ 13,331)	$ 630,316

NOTE 14 - POST RETIREMENT MEDICAL BENEFITS (Continued)

	June 30,	
	2021	2020
Reconciliation of Benefit Obligation:		
Benefit obligation at beginning of year	$ 630,316	$ 829,664
Service cost	36,000	136,483
Interest cost	315,248	215,514
Contributions	NONE	NONE
Withdrawals	800,000	NONE
Asset return loss (gain)	(1,443,464)	(199,348)
Expected Return on assets	NONE	NONE
Actuarial loss (gain)	NONE	NONE
Benefits paid	(351,431)	(351,997)
Balance of (Over) or Under Funded Benefit Obligation	($ 13,331)	$ 630,316
Pension-related changes other than net periodic pension cost		
Amortization of transition obligation	$ NONE	$ NONE
Net gain (loss)	NONE	NONE
	NONE	NONE
Net periodic post retirement benefit cost		
Service cost	$ 36,000	$ 136,483
Interest cost	315,248	215,514
Expected return on assets	NONE	NONE
Amortized gain (loss)	NONE	NONE
Net periodic benefit cost	$ 351,248	$ 351,997

The weighted average discount rate used in determining the accumulated post-retirement benefit obligation is 3.00 %. The Consumer Price Index assumed is 3% less than the discount rate assumption. Medical costs are assumed to increase 3% during the year beginning July 1, 2019 with the rate of increase decreasing each year thereafter until the year beginning July 1, 2025 and thereafter the Medical Cost trend rate is assumed to be the same as Consumer Price Index Increases.

The Organization's policy is to have an actuarial study of the plan performed every 3 years. The next study is expected to be performed for the fiscal year ending June 30, 2022. The measurement of the last Actuarial Report was July 1, 2019. The Organization performs its own estimates and assumptions in interim years also taking into consideration past actuarial assumptions.

As of June 30, 2021 the Organization's Post Retirement Medical Benefit Obligation is overfunded by $13,331.

NOTE 14 - POST RETIREMENT MEDICAL BENEFITS (Continued)

A corridor is not used to amortize any actuarial gains and losses. Based on current market conditions the Organization is not assuming any net long-term rate of return on plan assets in the near future.

NOTE 15 – SELF-INSURANCE

The California State University System (System) and certain auxiliary organizations have established a public entity risk pool, California State University Risk Management Authority (CSURMA), a blended component unit of the System, to manage centrally workers' compensation, general liability, industrial and nonindustrial disability, unemployment insurance coverage, and other risk-related programs. The Organization has a commitment in the self-insurance coverage. At June 30, 2021, the Organization accrued $499,859 in CSURM self-insurance claims liability. The CSURM self-insurance claims liability is to cover unemployment insurance and is payable over five years.

NOTE 16 – REIMBURSEMENTS TO AND FROM CSULB

The Organization paid reimbursements to CSULB for the year ended June 30, 2021 in the amount of $693,102.

These reimbursements have been included in the financial statements as follows:

Repairs and maintenance	$ 9,454
Communications	45,772
Allocated general and administrative	77,729
Utilities and rent	317,167
Supplies	11,705
Interest and principal on note payable	231,275
	$ 693,102

The Organization paid reimbursements to CSULB for the year ended June 30, 2020 in the amount of $1,053,411.

These reimbursements have been included in the financial statements as follows:

Buildings and improvements	$ 13,980
Repairs and maintenance	137,817
Communications	61,627
Allocated general and administrative	104,856
Utilities and rent	478,533
Supplies	26,450
Interest and principal on note payable	230,148
	$1,053,411

NOTE 17 – OTHER RELATED PARTY TRANSACTIONS

The Organization charged CSULB $550,302 and $491,678 at June 30, 2021 and 2020, respectively, for reimbursement of expenses to operate the ID Card Services.

CSU and CSULB charges the Organization a fee from 3% to 7% to oversee any on campus construction projects.

NOTE 18 – CONCENTRATIONS, RISKS AND UNCERTAINTIES

Credit Risks

The Organization maintains cash in various financial institutions located in Southern California. All accounts at an insured depository institution, including all non-interest bearing accounts, are insured by the FDIC up to the standard maximum deposit insurance amount of $250,000. Investments held by other institutions are covered up to $500,000 under insurance provided by the Securities Investor Protection Corporation (SIPC).

However, the SIPC does not protect against losses in market value. At times, cash balances may exceed federally insured limits, but management believes the Organization was not exposed to any significant credit risk. Uninsured balances were $4,701,291 and $4,315,500 at June 30, 2021, and 2020, respectively.

Market and Interest Rate Risks

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Financial Position.

Uncertainties

On June 15, 2021, the California Governor temporarily lifted certain COVID-19 restrictions and put in place a new public health order. California continues to follow certain COVID-19 public health guidance for certain establishments. Any unknown increased risk exposure from the COVID-19 pandemic could have an adverse financial impact on the Organization's programs and business.

NOTE 19 – LIQUIDITY

The Organization's financial assets available within one year of the balance sheet date for general expenditure are as follows:

Cash and cash equivalents	$ 4,456,147
Accounts receivable	1,158,232
Accounts receivable, CSULB	302,353
Total Financial Assets Available to Management for General Expenditures Within One Year	$ 5,916,732

NOTE 19 – LIQUIDITY (Continued)

The Organization's financial assets have been reduced by refundable campus debit card deposits of $447,862 since the amount is not available for general use.

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

NOTE 20 – CONTINGENCIES

GAIN CONTINGENCY

During the fiscal year 2021, the Organization received a second $2,000,000 Paycheck Protection Program ("PPP") loan that may be partially or completely forgiven based on the conditions set forth by the Small Business Administration ("SBA"). Loan forgiveness is further conditioned upon the Organization providing the lender, in a timely manner, all documentation required under the Forgiveness Guidelines, established by the CARES Act and administered by the SBA. The lender will determine what amount, if any, of the loan will be forgiven in accordance with, and to the extent not expressly prohibited by the forgiveness guidelines. The Organization's will recognize any gain contingencies from early extinguishment of debt once it becomes fully realized or realizable.

LOSS CONTINGENCY

The Organization has been named in an employment related lawsuit. The plaintiff has not stated any specific amounts of damage sought in their complaint. Management is vigorously investigating the claims and does not believe there will be a material adverse effect upon the Organization's financial position, operations or cash flows. At this time management cannot estimate any potential loss that maybe incurred from the lawsuit including its share of legal fees, if any, to defend against the claims since the case is in the preliminary stages.

ADDITIONAL INFORMATION

FORTY-NINER SHOPS, INC.
SCHEDULE OF ENTERPRISE ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2021

	TOTAL	GENERAL AND ADMINISTRATIVE	PROGRAMS: BOOKSTORE	PROGRAMS: CONVENIENCE STORE	PROGRAMS: ID CARD SERVICES	PROGRAMS: FOOD SERVICES: TOTAL	PROGRAMS: FOOD SERVICES: RESIDENCE HALL	PROGRAMS: FOOD SERVICES: VENDING	PROGRAMS: FOOD SERVICES: RETAIL DINING
ENTERPRISE OPERATING REVENUES									
Sales	$ 10,263,290	$ -	$ 5,858,041	$ 2,256,022	$ 542,161	$ 1,607,066	$ 1,511,863	$ -	$ 95,203
Contracted revenue and commissions	1,485,718	-	664,488	792,465	5,252	23,513	-	16,897	6,616
Other	4,853	-	-		-	4,853	-	4,853	-
	11,753,861	-	6,522,529	3,048,487	547,413	1,635,432	1,511,863	21,750	101,819
COST OF SALES	6,389,735	-	4,656,128	1,249,532	-	484,075	460,890	-	23,185
GROSS PROFIT	5,364,126	-	1,866,401	1,798,955	547,413	1,151,357	1,050,973	21,750	78,634
PROGRAM EXPENSES	7,836,789	-	2,707,588	773,641	436,895	3,918,665	2,592,527	-	1,326,138
SUPPORTING SERVICES EXPENSES	2,814,061	2,814,061	-	-	-	-	-	-	-
	10,650,850	2,814,061	2,707,588	773,641	436,895	3,918,665	2,592,527	-	1,326,138
ENTERPRISE OPERATING INCOME(LOSS)	$ (5,286,724)	$ (2,814,061)	$ (841,187)	$ 1,025,314	$ 110,518	$ (2,767,308)	$ (1,541,554)	$ 21,750	$ (1,247,504)

FORTY-NINER SHOPS, INC.
SCHEDULE OF ENTERPRISE ACTIVITIES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2021

			PROGRAMS						
						FOOD SERVICES			
	TOTAL	GENERAL AND ADMINISTRATIVE	BOOKSTORE	CONVENIENCE STORE	ID CARD SERVICES	TOTAL	RESIDENCE HALL	VENDING	RETAIL DINING
OPERATING EXPENSES									
Salaries and wages	$ 4,526,788	$ 1,143,105	$ 1,214,430	$ 422,715	$ 164,212	$ 1,582,326	$ 1,232,995	$ -	$ 349,331
Employee benefits	2,940,701	1,080,417	477,689	158,055	51,863	1,172,677	923,542	-	249,135
Advertising and promotions	23,802	2,150	5,359	14,202	-	2,091	1,605	-	486
Bad debts	5,285	-	5,215	3	-	67	54	-	13
Bank and credit card fees	107,586	6,998	88,876	2,568	872	8,272	424	-	7,848
Board	15,246	15,246	-	-	-	-	-	-	-
Discounts and markdowns	(15)	-	(15)	-	-	-	-	-	-
Employees' appreciation	825	81	709	-	-	35	25	-	10
Equipment rental	36,666	2,599	18,767	617	-	14,683	7,091	-	7,592
Freight out and postage	(71,144)	1,265	(72,552)	143	2	(2)	-	-	(2)
General expenses	21,021	579	(535)	2,908	1	18,068	10,437	-	7,631
Insurance	123,780	5,175	53,468	2,922	348	61,867	71	-	61,796
Professional services	108,366	108,066	-	300	-	-	-	-	-
R/H commissions	71,608	-	-	-	-	71,608	71,608	-	-
Rent	105,000	-	73,200	-	9,600	22,200	-	-	22,200
Repairs and maintenance	718,335	286,994	161,286	3,416	154,932	111,707	30,342	-	81,365
Royalties and commissions	51,522	-	16,177	35,345	-	-	-	-	-
Services	267,161	7,445	50,697	3,353	-	205,666	140,581	-	65,085
Subscriptions and dues	20,222	10,122	8,332	(206)	-	1,974	795	-	1,179
Supplies	358,159	26,772	135,285	5,823	53,092	137,187	156,726	-	(19,539)
Telephone and data lines	74,335	25,129	26,449	7,143	1,973	13,641	6,218	-	7,423
Training	7,914	5,225	996	-	-	1,693	1,280	-	413
Travel	2,341	809	926	114	-	492	160	-	332
Utilities	122,504	-	70,355	6,105	-	46,044	-	-	46,044
	9,638,008	2,728,177	2,335,114	665,526	436,895	3,472,296	2,583,954	-	888,342
DEPRECIATION									
Depreciation	1,012,842	85,884	372,474	108,115	-	446,369	8,573	-	437,796
	1,012,842	85,884	372,474	108,115	-	446,369	8,573	-	437,796
TOTAL EXPENSES	10,650,850	2,814,061	2,707,588	773,641	436,895	3,918,665	2,592,527	-	1,326,138
ENTERPRISE OPERATING INCOME(LOSS)	$ (5,286,724)	$ (2,814,061)	$ (841,187)	$ 1,025,314	$ 110,518	$ (2,767,308)	$ (1,541,554)	$ 21,750	$ (1,247,504)

Forty-Niner Shops, Inc. (Long Beach)

Schedule of Net Position

June 30, 2021

(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	4,904,009
Accounts receivable, net	1,460,585
Prepaid expenses and other current assets	1,082,712
Total current assets	**7,447,306**
Noncurrent assets:	
Other long-term investments	10,512,158
Capital assets, net	6,192,359
Other assets	13,331
Total noncurrent assets	**16,717,848**
Total assets	**24,165,154**
Liabilities:	
Current liabilities:	
Accounts payable	1,941,591
Accrued salaries and benefits	1,378,277
Long-term debt obligations, current portion	100,000
Total current liabilities	3,419,868
Noncurrent liabilities:	
Long-term debt obligations, net of current portion	4,957,531
Net pension liability	4,028,777
Total noncurrent liabilities	8,986,308
Total liabilities	12,406,176
Net position:	
Net investment in capital assets	3,134,828
Unrestricted	8,624,150
Total net position	**11,758,978**
	OK

Forty-Niner Shops, Inc. (Long Beach)

Schedule of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2021

(for inclusion in the California State University)

Revenues:	
Operating revenues:	
Sales and services of auxiliary enterprises, gross	11,753,861
Total operating revenues	**11,753,861**
Expenses:	
Operating expenses:	
Auxiliary enterprise expenses	16,027,743
Depreciation and amortization	1,012,842
Total operating expenses	**17,040,585**
Operating income (loss)	**(5,286,724)**
Nonoperating revenues (expenses):	
Investment income (loss), net	3,024,312
Interest expense	(122,716)
Other nonoperating revenues (expenses) - excl. interagency transfers	1,823,668
Net nonoperating revenues (expenses)	**4,725,264**
Income (loss) before other revenues (expenses)	**(561,460)**
Increase (decrease) in net position	**(561,460)**
Net position:	
Net position at beginning of year, as previously reported	12,320,438
Net position at beginning of year, as restated	**12,320,438**
Net position at end of year	**11,758,978**
	OK

Forty-Niner Shops, Inc. (Long Beach)
Other Information
June 30, 2021

1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments	
All other restricted cash and cash equivalents	
Noncurrent restricted cash and cash equivalents	-
Current cash and cash equivalents	4,904,009
Total	$ 4,904,009

2.1 **Composition of investments:**

Investment Type	Current	Noncurrent	Total
Money market funds			-
Repurchase agreements			-
Certificates of deposit			-
U.S. agency securities			-
U.S. treasury securities			-
Municipal bonds			-
Corporate bonds			-
Asset backed securities			-
Mortgage backed securities			-
Commercial paper			-
Mutual funds		3,519,017	3,519,017
Exchange traded funds			-
Equity securities		5,782,764	5,782,764
Alternative investments:			
Private equity (including limited partnerships)			-
Hedge funds			-
Managed futures			-
Real estate investments (including REITs)			-
Commodities			-
Derivatives			-
Other alternative investment		1,210,377	1,210,377
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:			
			-
			-
			-
			-
			-
Total Other investments	-	-	-
Total investments	-	10,512,158	10,512,158
Less endowment investments (enter as negative number)		-	-
Total investments, net of endowments	$ -	10,512,158	10,512,158

Forty-Niner Shops, Inc. (Long Beach)
Other Information
6/30/2021

2.2 Fair value hierarchy in investments:

Investment Type	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)	
Money market funds	$ -					-Agree with Note 2.1-
Repurchase agreements	-					-Agree with Note 2.1-
Certificates of deposit	-					-Agree with Note 2.1-
U.S. agency securities	-					-Agree with Note 2.1-
U.S. treasury securities	-					-Agree with Note 2.1-
Municipal bonds	-					-Agree with Note 2.1-
Corporate bonds	-					-Agree with Note 2.1-
Asset backed securities	-					-Agree with Note 2.1-
Mortgage backed securities	-					-Agree with Note 2.1-
Commercial paper	-					-Agree with Note 2.1-
Mutual funds	3,519,017	3,519,017				-Agree with Note 2.1-
Exchange traded funds	-					-Agree with Note 2.1-
Equity securities	5,782,764	5,782,764				-Agree with Note 2.1-
Alternative investments:						
Private equity (including limited partnerships)	-					-Agree with Note 2.1-
Hedge funds	-					-Agree with Note 2.1-
Managed futures	-					-Agree with Note 2.1-
Real estate investments (including REITs)	-					-Agree with Note 2.1-
Commodities	-					-Agree with Note 2.1-
Derivatives	-					-Agree with Note 2.1-
Other alternative investment	1,210,377	1,210,377				-Agree with Note 2.1-
Other external investment pools	-					-Agree with Note 2.1-
CSU Consolidated Investment Pool (formerly SWIFT)	-					-Agree with Note 2.1-
State of California Local Agency Investment Fund (LAIF)	-					-Agree with Note 2.1-
State of California Surplus Money Investment Fund (SMIF)	-					-Agree with Note 2.1-
Other investments:						
	-					-Agree with Note 2.1-
	-					-Agree with Note 2.1-
	-					-Agree with Note 2.1-
	-					-Agree with Note 2.1-
	-					-Agree with Note 2.1-
Total Other investments	$ -	-	-	-	-	
Total Investments	10,512,158	10,512,158	-	-	-	

2.3 Investments held by the University under contractual agreements:

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

Forty-Niner Shops, Inc. (Long Beach)
Other Information
6/30/2021

3.1 Composition of capital assets:

	Balance June 30, 2020	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2020 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2021
Non-depreciable/Non-amortizable capital assets:									
Land and land improvements					-				-
Works of art and historical treasures					-				-
Construction work in progress (CWIP)	$ 36,498	$ -	$ -	$ -	$ 36,498	$ 204,035	$ (927)	$ (116,876)	$ 122,730
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	$ 36,498	-	-	-	$ 36,498	204,035	(927)	(116,876)	$ 122,730
Depreciable/Amortizable capital assets:									
Buildings and building improvements	19,917,313				19,917,313		(603,698)		19,313,615
Improvements, other than buildings	37,664				37,664				37,664
Infrastructure					-				-
Leasehold improvements					-				-
Personal property:									
Equipment	7,416,963				7,416,963	54,848	(1,515,308)	116,876	6,073,379
Library books and materials					-				-
Intangible assets:									
Software and websites					-				-
Rights and easements					-				-
Patents, copyrights and trademarks					-				-
Licenses and permits					-				-
Other intangible assets:									
					-				-
					-				-
					-				-
					-				-
					-				-
Total Other intangible assets:	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	27,371,940	-	-	-	27,371,940	54,848	(2,119,006)	116,876	25,424,658
Total capital assets	$ 27,408,438	-	-	-	$ 27,408,438	258,883.0	(2,119,933.0)	-	$ 25,547,388
Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)									
Buildings and building improvements	(13,983,692)				(13,983,692)	(549,373)	603,698		(13,929,367)
Improvements, other than buildings	(37,664)				(37,664)				(37,664)
Infrastructure					-				-
Leasehold improvements					-				-
Personal property:									
Equipment	(6,352,538)				(6,352,538)	(463,469)	1,428,009		(5,387,998)
Library books and materials					-				-
Intangible assets:									
Software and websites					-				-
Rights and easements					-				-
Patents, copyrights and trademarks					-				-
Licenses and permits					-				-
Other intangible assets:									
					-				-
					-				-
					-				-
					-				-
					-				-
Total Other intangible assets:	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	(20,373,894)	-	-	-	(20,373,894)	(1,012,842)	2,031,707	-	(19,355,029)
Total capital assets, net	$ 7,034,544	-	-	-	$ 7,034,544	(753,959)	(88,226)	-	6,192,359

Forty-Niner Shops, Inc. (Long Beach)
Other Information
6/30/2021

3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense related to capital assets	$ 1,012,842
Amortization expense related to other assets	
Total depreciation and amortization	$ 1,012,842

4 Long-term liabilities:

	Balance June 30, 2020	Prior Period Adjustments/Reclassifications	Balance June 30, 2020 (Restated)	Additions	Reductions	Balance June 30, 2021	Current Portion	Noncurrent Portion	
1. Accrued compensated absences	$ -		-			$ -		$ -	-Agree with SNP-
2. Claims liability for losses and loss adjustment expenses	-		-			-		-	-Agree with SNP-
3. Capital lease obligations:									
Gross balance	-		-			-	-	-	
Unamortized net premium/(discount)	-		-			-	-	-	
Total capital lease obligations	$ -	-	-	-	-	-	-	-	-Agree with SNP-
4. Long-term debt obligations:									
4.1 Auxiliary revenue bonds (non-SRB related)	$ -		$ -	$ -		$ -	$ -	$ -	
4.2 Commercial paper	-		-			-		-	
4.3 Notes payable (SRB related)	2,845,000		2,845,000			2,845,000	100,000	2,745,000	
4.4 Others:									
	2,000,000		2,000,000	2,000,000	(2,000,000)	2,000,000		2,000,000	
	-		-			-		-	
	-		-			-		-	
	-		-			-		-	
Total others	2,000,000	-	2,000,000	2,000,000	(2,000,000)	2,000,000	-	2,000,000	
Sub-total long-term debt	$ 4,845,000	-	4,845,000	2,000,000	(2,000,000)	$ 4,845,000	100,000	4,745,000	
4.5 Unamortized net bond premium/(discount)	225,339		225,339		(12,808)	212,531	-	212,531	
Total long-term debt obligations	5,070,339	-	5,070,339	2,000,000	(2,012,808)	5,057,531	100,000	4,957,531	-Agree with SNP-
Total long-term liabilities	$ 5,070,339	$ -	$ 5,070,339	$ 2,000,000	$ (2,012,808)	$ 5,057,531	$ 100,000	$ 4,957,531	

Forty-Niner Shops, Inc. (Long Beach)
Other Information
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5 Capital lease obligations schedule:

	Capital lease obligations related to SRB			All other capital lease obligations			Total capital lease obligations			
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	
Year ending June 30:										
2022			-			-	-	-	-	
2023			-			-	-	-	-	
2024			-			-	-	-	-	
2025			-			-	-	-	-	
2026			-			-	-	-	-	
2027 - 2031			-			-	-	-	-	
2032 - 2036			-			-	-	-	-	
2037 - 2041			-			-	-	-	-	
2042 - 2046			-			-	-	-	-	
2047 - 2051			-			-	-	-	-	
Thereafter			-			-	-	-	-	
Total minimum lease payments	$ -	-	-	-	-	-	-	-	-	
Less: amounts representing interest										
Present value of future minimum lease payments									-	
Unamortized net premium/(discount)									-	
Total capital lease obligations									-	
Less: current portion									-	Agree with SNP
Capital lease obligations, net of current portion									$ -	Agree with SNP

6 Long-term debt obligations schedule:

	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:										
2022			-	100,000	131,400	231,400	100,000	131,400	231,400	
2023			-	2,105,000	126,275	2,231,275	2,105,000	126,275	2,231,275	
2024			-	110,000	120,900	230,900	110,000	120,900	230,900	
2025			-	115,000	115,275	230,275	115,000	115,275	230,275	
2026			-	125,000	109,275	234,275	125,000	109,275	234,275	
2027 - 2031			-	2,290,000	729,175	3,019,175	2,290,000	729,175	3,019,175	
2032 - 2036			-			-	-	-	-	
2037 - 2041			-			-	-	-	-	
2042 - 2046			-			-	-	-	-	
2047 - 2051			-			-	-	-	-	
Thereafter			-			-	-	-	-	
Total minimum payments	$ -	-	-	4,845,000	1,332,300	6,177,300	4,845,000	1,332,300	6,177,300	
Less: amounts representing interest									(1,332,300)	
Present value of future minimum payments									4,845,000	
Unamortized net premium/(discount)									212,531	
Total long-term debt obligations									5,057,531	
Less: current portion									(100,000)	Agree with SNP
Long-term debt obligations, net of current portion									4,957,531	Agree with SNP

Forty-Niner Shops, Inc. (Long Beach)
Other Information
6/30/2021

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	$	693,102.00
Payments received from University for services, space, and programs	$	3,415,586.00
Gifts-in-kind to the University from discretely presented component units	$	61,909.00
Gifts (cash or assets) to the University from discretely presented component units		
Accounts (payable to) University (enter as negative number)	$	(145,848.00)
Other amounts (payable to) University (enter as negative number)		
Accounts receivable from University (enter as positive number)	$	302,353.00
Other amounts receivable from University (enter as positive number)		

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

		Debit/(Credit)
Restatement #1	Enter transaction description	
		-
Restatement #2	Enter transaction description	
		-

Forty-Niner Shops, Inc. (Long Beach)
Other Information
6/30/2021

9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	-	-	-	-		-		-
Research	-	-	-	-		-		-
Public service	-	-	-	-		-		-
Academic support	-	-	-	-		-		-
Student services	-	-	-	-		-		-
Institutional support	-	-	-	-		-		-
Operation and maintenance of plant	-	-	-	-		-		-
Student grants and scholarships					-			-
Auxiliary enterprise expenses	4,526,788	2,940,701	-	-		8,560,254		16,027,743
Depreciation and amortization							1,012,842	1,012,842
Total operating expenses	$ 4,526,788	2,940,701	-	-	-	8,560,254	1,012,842	17,040,585

10 Deferred outflows/inflows of resources:

1. Deferred Outflows of Resources

Deferred outflows - unamortized loss on refunding(s)	
Deferred outflows - net pension liability	
Deferred outflows - net OPEB liability	
Deferred outflows - others:	
Sales/intra-entity transfers of future revenues	
Gain/loss on sale leaseback	
Loan origination fees and costs	
Change in fair value of hedging derivative instrument	
Irrevocable split-interest agreements	
Total deferred outflows - others	-
Total deferred outflows of resources	$ -

2. Deferred Inflows of Resources

Deferred inflows - service concession arrangements	
Deferred inflows - net pension liability	
Deferred inflows - net OPEB liability	
Deferred inflows - unamortized gain on debt refunding(s)	
Deferred inflows - nonexchange transactions	
Deferred inflows - others:	
Sales/intra-entity transfers of future revenues	
Gain/loss on sale leaseback	
Loan origination fees and costs	
Change in fair value of hedging derivative instrument	
Irrevocable split-interest agreements	
Total deferred inflows - others	-
Total deferred inflows of resources	$ -

11 Other nonoperating revenues (expenses)

Other nonoperating revenues	$ 2,000,000
Other nonoperating (expenses)	(176,332)
Total other nonoperating revenues (expenses)	$ 1,823,668

Guzman & Gray

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Forty Niner Shops, Inc.

We have audited, in accordance with the 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, the financial statements of Forty Niner Shops, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, 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 8, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Forty Niner Shops, Inc.'s internal control over financial reporting (internal control) to determine the 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 Forty Niner Shops, Inc.'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 entity'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 may exist that have not been identified.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS (Continued)*

Internal Control Over Financial Reporting (Continue)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Forty Niner Shop, Inc.'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 communication is not suitable for any other purpose.

Guzman & Gray

Guzman & Gray, CPAs
Long Beach, CA
September 8, 2021

THE CALIFORNIA STATE UNIVERSITY
DISCRETELY PRESENTED COMPONENT UNITS
FORTY-NINER SHOPS, INC.
GAAP Year-End Financial Reporting Checklist
June 30, 2021

#	Description	Completed?	Comments
	Independent Auditor's Report		
1.	Ensure independent auditors' report is unmodified opinion. Audit opinion other than unmodified was communicated to the Chancellor's Office.	Yes	
2.	Ensure independent auditors' report includes an "in relation to" opinion paragraph relating to the supplementary information required for inclusion to the CSU Consolidated Financial Statements.	Yes	
3.	Ensure independent auditors' report includes language that the audit is performed and conducted in accordance with the Government Auditing Standards.	Yes	
	Supplementary Information: General		
1.	***PBC018I*** *:* Ensure all checks are "AGREE", and no errors displayed. Do **NOT** add any rows, changes line items names, etc in PBC018I submitted to your respective campus. Do NOT delete any lines that zero values for consolidation purposes; you may leave them as blank amounts. If the note is not applicable with nothing to report, select "Nothing to report."	Yes	
2.	***PBC018 Audited Financial Statements and Supplemental Schedules (PDF)*** *:* For presentation of the PDF audited financial statements and supplemental schedules, component units have the option to insert "Nothing to report" only in the supplementary other information section if the note is not applicable with nothing to report. The section header will still need to be included to provide a description of the section. For example, "3.2 Detail of depreciation and amortization expense: Nothing to report."	Yes	
	Supplementary Information: Statement of Net Position (SNP)		
1.	Format of the SNP must conform exactly to the supplementary information format provided by the CO in GAAP Manual Chapter 8.3.1 Supplementary Information (PBC018I). Lines with blank amounts must NOT be deleted in order to maintain consistency in the reporting with the consolidated CSU financial statements.	Yes	
2.	All demand deposits and highly liquid investments with an original maturity date of three months or less should be classified as ***cash and cash equivalents*** .	Yes	
3.	Uninvested funds included in CSU Consolidated Investment Pool (formerly SWIFT) and the Common Fund Short Term Fund should be classified as ***short-term investments*** . The following are generally classified as short-term investments: • Local Agency Investment Funds (LAIF), • Surplus Money Investment Funds (SMIF), and • CSU Consolidated Investment Pool (formerly SWIFT).	N/A	
4.	Investments (including those previously listed) should be classified as ***long-term investments*** if they are: • restricted for withdrawal or use for other than current operations (i.e. endowments), • designated or restricted for the acquisition or construction of noncurrent assets, • designated or restricted for the liquidation of the noncurrent portion of long-term debt, or • restricted as to the liquidity of the investments (i.e. investments in the Common Fund).	Yes	
5.	Discretely presented component units' amounts due to and from other discretely presented component units must be appropriately reconciled (for instance, the only reconciling items should be for payments remitted just prior to year-end that the other discretely presented component units does not receive until after year-end).	Yes	
6.	Discretely presented component units' amounts due to and from the campus must be appropriately reconciled to the campus (for instance, the only reconciling items should be for payments remitted just prior to year-end that the campus does not receive until after year-end).	Yes	
7.	Loss on debt refunding is recorded as ***deferred outflows of resources*** .	N/A	
8.	***Capital lease and/or long-term debt obligations, current and noncurrent*** (due to the University) must agree to the related capital lease or note receivables, current and noncurrent reported on the financial statement of the campus or Chancellor's Office.	N/A	
9.	Amounts recorded for ***capital lease obligations*** must be classified into current and noncurrent and **must** agree to the respective amounts on the Other Information. **Note:** The carrying value of the asset related to the capital lease is generally NOT the same value as the capital lease obligations.	N/A	
10.	Amounts recorded for ***long-term debt obligations*** **must** be classified into current and noncurrent.	Yes	
11.	Depository accounts that are due in more than one year from fiscal year-end or other than the use for current operations should be classified as ***depository accounts*** under noncurrent liabilities. Depository accounts that are due within one year and use for current operation should be classified as ***depository accounts*** under current liabilities.	N/A	
12.	Net position category "***net investment in capital assets***" **must equal** the sum of capital assets, net of accumulated depreciation and amortization, less related expended outstanding debt and lease obligations and should not result in a negative number. Evaluate components of net position category balances causing the negative balance, if necessary, in order to determine any required adjustments. Note that the portion of the debt that is unspent at year-end should be excluded from this calculation. Unspent bond proceeds as well as the portion of outstanding debt that relates to these proceeds should be included in the ***restricted expendable - capital projects*** net position category.	Yes	
13.	Endowment net position should be reflected in the *restricted for nonexpendable-endowments* net position category. The related assets should be reflected as noncurrent endowment investments.	N/A	
	Supplementary Information: Statement of Revenues, Expenses and Changes in Net Position (SRECNP)		
1.	The format of the SRECNP must conform exactly to the format provided by the CO in GAAP Manual Chapter 8.3.1 Supplementary Information (PBC018I). Lines with blank amounts must NOT be deleted in order to maintain consistency in the reporting with CSU consolidated financial statements.	Yes	

THE CALIFORNIA STATE UNIVERSITY
DISCRETELY PRESENTED COMPONENT UNITS
FORTY-NINER SHOPS, INC.
GAAP Year-End Financial Reporting Checklist
June 30, 2021

#	Description	Completed?	Comments
2.	Investigate abnormal balances in the SRECNP. Expenses should not be reflected in the operating revenues section and revenues should not be reflected in the operating expenses.	Yes	
3.	Sales and services of auxiliary enterprises should be shown net of scholarship discounts and allowances. Scholarship allowance amounts must be indicated in the parenthetical reference.	Yes	
4.	Endowment earnings are shown separately from additions to endowments as endowment income (loss) within the nonoperating revenues (expenses) section.	N/A	
5.	Interest expense should equal the total interest paid on long-term debt, capital lease obligations, and any other applicable obligations during the year, plus the accrual of interest expense, other than those qualified to be capitalized. The amortization of net bond premium/discount and unamortized loss on debt refunding is recognized as an adjustment to interest expense.	Yes	
6.	Beginning net position must agree to ending net position per the prior year audited supplementary information submitted to the CO, unless there are restatements (refer to Note 8 Restatements/PPA in the "Supplementary Schedules- Other Information" section below for restatements). If there are restatements, ending net position per the prior year audited supplementary information plus the restatement adjustments must agree to beginning net position per the current year supplementary information SRECNP.	Yes	
7.	Ending net position must agree to total net position on the Supplementary Information SNP.	Yes	
	Supplementary Information: Other Information		
1.	The format of the Other Information must conform exactly to the format provided by the CO in GAAP Manual Chapter 8.3.1 Supplementary Information (PBC018I). Lines must NOT be deleted in order to maintain consistency in the reporting with CSU consolidated financial statements.	Yes	
2.	***Composition of investments at June 30, 20CY (Note 2.1):*** Carrying value of current and noncurrent investments **must** agree to the amount reflected on the SNP.	Yes	
3.	Composition of investments at June 30, 20CY (Note 2.1): Classify investments based on the prepopulated investment types and add descriptions of investments reported under "others" for those that do not belong to the identified investment types.	Yes	
4.	***Investments held by the University under contractual agreements at June 30, 20CY (Note 2.3):*** Investments held by the University under contractual agreements should agree with the amounts reported by the campus in their respective Wdesk campus GAAP Reporting Package (Note - Cash and Investments) held under contractual agreeements at June 30, 20CY under on behalf of Discretely Presented Component Units (DPCU recorded as investments).	N/A	
5.	***Composition of investments at June 30, 20CY (Note 2.1)*** *: Investments types should agree to the investment types amounts reported in note 2.2.*	Yes	
6.	***Fair value hierarchy in investments at June 30, 20CY (Note 2.2):*** Classify investments according to the fair value hierarchy (i.e., Level 1, Level 2, Level 3), except for investments measured at the net asset value (NAV). Identify the type of investment that uses NAV and the value of the investment as of June 30, 20CY. For DPCU that participates in CSU Consolidated Investment Pool (formerly SWIFT), enter investment portion in CSU Consolidated Investment Pool (formerly SWIFT) line and classify investments as NAV.	Yes	
7.	***Composition of capital assets (Note 3.1):*** a. The beginning and ending balances must agree with the amounts included in the preceding and current year's SNP, respectively. b. Additionally, the beginning balances for each capital assets category per the current year roll forward schedule must agree to the ending balances for each capital assets category per the prior year roll forward schedule included in the prior year audited supplementary information schedule. c. Restatements, if any, to capital assets must agree to FN8 Restatements/PPA.	Yes	
8.	***Composition of capital assets (Note 3.1):*** All transfers from CWIP into other asset categories **must be** included in the "Transfers of completed CWIP" column and the total of this column **must** net to zero. All transfers from PWIP into intangible asset categories must be included in the "Transfers of completed CWIP" column and the total of this column must net to zero.	Yes	
9.	***Composition of capital assets (Note 3.1):*** Reductions of assets, transfers out of CWIP, and additions to accumulated depreciation or amortization amounts, are entered as negative numbers. All other amounts (including reductions to accumulated depreciation or amortization) are entered as positive numbers.	Yes	
10.	***Detail of depreciation and amortization expense for the year ended June 30, 20CY (Note 3.2)*** : Total gross additions to accumulated depreciation and amortization in FN3.1 plus any noncapital amortization expense should agree with the depreciation and amortization expense as reflected on the SRECNP.	Yes	
11.	***Long-term liabilities activity schedule (Note 4):*** Additions to accrued compensated absences must be obtained from payroll reports for vacation hours earned during the year. Reductions to accrued compensated absences must be obtained from payroll reports detailing vacation amounts taken / paid out during the year.	Yes	
12.	***Long-term liabilities activity schedule (Note 4)*** : This schedule **only** includes those items listed in the table. The beginning and ending balances **must** agree with the amounts included in the preceding and current year's SNP, respectively. The long-term portion, as calculated, and the current portion of long-term liabilities **must** agree to the related current year SNP line items. Reductions are entered as negative numbers. Unamortized bond premium (capital leases and long-term debt) and unamortized loss on refunding (long-term debt) **does not** have a current portion; the entire amount is considered long-term.	Yes	

THE CALIFORNIA STATE UNIVERSITY
DISCRETELY PRESENTED COMPONENT UNITS
FORTY-NINER SHOPS, INC.
GAAP Year-End Financial Reporting Checklist
June 30, 2021

#	Description	Completed?	Comments
12.	*Long-term liabilities activity schedule (Note 4)* : This schedule **only** includes those items listed in the table. The beginning and ending balances **must** agree with the amounts included in the preceding and current year's SNP, respectively. The long-term portion, as calculated, and the current portion of long-term liabilities **must** agree to the related current year SNP line items. Reductions are entered as negative numbers. Unamortized bond premium (capital leases and long-term debt) and unamortized loss on refunding (long-term debt) **does not** have a current portion; the entire amount is considered long-term.	Yes	
13.	*Future minimum lease payments schedule - capital lease obligations (Note 5)* : The present value of future minimum lease payments **must** agree to total current and noncurrent amounts reflected as capital lease obligations on the SNP. The current portion amount **must** equal the "capital lease obligations, current portion" on the SNP and the noncurrent portion **must** equal the "capital lease obligations, net of current portion" on the SNP.	Yes	
14.	*Future minimum lease payments schedule - capitalized lease obligations (Note 5)* : The future minimum lease payments schedule related to Systemwide Revenue Bonds **must match exactly** to the campus' lease receivable future minimum lease payments to be received schedule.	N/A	
15.	*Long-term debt obligations schedule (Note 6) :* The long-term and current portion of the long-term debt obligation **must** agree to the current and noncurrent amounts reflected in the Statement of Net Position (SNP).	Yes	
16.	*Transactions with related entities (Note 7)* : All related entity transactions should be reconciled with the respective campus prior to the issuance of the component units' financial statements. Likewise, it is important that the component units reconcile inter-entity accounts and transactions among the component units.	Yes	
17.	*The nature and amount of the restatement(s)/prior period adjustment(s) recorded to beginning net position (Note 8)* : Include all necessary information to adequately describe the nature of the restatements, including the **exact** journal entries (debits and credits) for each financial statement line item affected (journal entry must be at the financial statement line item level and list the exact financial statement line items). **Each individual restatement entry must be listed separately.** If there are restatements, ending net position per the prior year audited supplementary information plus the restatement adjustments **must** agree to beginning net position per the current year SRECNP.	N/A	
18.	*Natural classifications of operating expenses (Note 9)* : In addition to functional categories of operating expenses (i.e. instructions, research, institutional support, etc) which are required to be disclosed in SRECNP, operating expenses must also be disclosed in the notes by natural classifications (i.e. salaries, benefits, scholarships, etc.). Total functional categories of operating expenses **must match exactly** to the amounts reflected in the SRECNP.	Yes	
19.	*Deferred outflows/inflows of resources (Note 10)* : The deferred outflows/inflows of resources by each type must agree to the amounts reflected in the Statement of Net Position (SNP). Breakdown the amounts by the categories in the note, otherwise add it under "others". The deferred outflows/inflows - Others must be disclosed to more details by adding descriptions.	N/A	

Juan C. Portillo/Audit Manager
Preparer's Printed Name/Title

Preparer's Signature

9/2/21
Date

Mark Gray / President
Reviewer's Printed Name/Title

Reviewer's Signature

9/20/21
Date