

**THE PRINCETON UNIVERSITY STORE**  
**(A Cooperative Organization)**

**FINANCIAL STATEMENTS**  
**WITH SUPPLEMENTARY INFORMATION**

**FOR THE FISCAL YEAR ENDED**  
**JUNE 29, 2024**

**THE PRINCETON UNIVERSITY STORE**  
**(A Cooperative Organization)**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 29, 2024**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees of  
The Princeton University Store  
Princeton, New Jersey

### **Opinion**

We have audited the accompanying financial statements of The Princeton University Store (A Cooperative Organization) (the "Store"), which comprise the balance sheet as of June 29, 2024, and the related statements of income, changes in equity, and cash flows for the fiscal year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Princeton University Store as of June 29, 2024, and the results of its operations and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Store and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

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

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

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in schedules of selling, general and administrative expenses and other income is presented for purposes of additional analysis and is 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.

*Schulman Lobel, LLP*

Schulman Lobel, LLP

Princeton, New Jersey

September 27, 2024

**THE PRINCETON UNIVERSITY STORE**  
**(A Cooperative Organization)**  
**BALANCE SHEET**  
**AS OF JUNE 29, 2024**

**ASSETS**

**CURRENT ASSETS:**

Cash and cash equivalents	\$ 1,355,226
Accounts receivable	64,793
Merchandise inventory, net	1,094,564
Prepaid expenses and other current assets	95,469

**TOTAL CURRENT ASSETS** 2,610,052

**PROPERTY AND EQUIPMENT, NET** 1,022,469

**OTHER ASSETS:**

Right-of-use asset - operating lease	1,474,289
Deferred tax assets, net	564,000

**TOTAL OTHER ASSETS** 2,038,289

**TOTAL ASSETS** \$ 5,670,810

**LIABILITIES AND EQUITY**

**LIABILITIES**

**CURRENT LIABILITIES:**

Current maturities of long-term debt	\$ 166,588
Accounts payable	684,744
Accrued vacation	94,568
Accrued expenses and other current liabilities	384,540
Short-term operating lease obligations	375,713

**TOTAL CURRENT LIABILITIES** 1,706,153

**LONG-TERM LIABILITIES:**

Long-term operating lease obligations	1,138,833
Long-term debt, net of current maturities	851,638

**TOTAL LONG-TERM LIABILITIES** 1,990,471

**TOTAL LIABILITIES** 3,696,624

**EQUITY**

Capital contribution	453,700
Members' contributions	288,961
Retained earnings	1,231,525

**TOTAL EQUITY** 1,974,186

**TOTAL LIABILITIES AND EQUITY** \$ 5,670,810

See notes to the financial statements

**THE PRINCETON UNIVERSITY STORE**  
**(A Cooperative Organization)**  
**STATEMENT OF INCOME**  
**FOR THE FISCAL YEAR ENDED JUNE 29, 2024**

		<u>Percent of Sales</u>
<b>NET SALES</b>	\$ 10,005,870	100.0%
<b>COST OF MERCHANDISE SOLD</b>	<u>5,994,539</u>	<u>59.9%</u>
<b>GROSS PROFIT</b>	4,011,331	40.1%
<b>SELLING, GENERAL AND ADMINISTRATIVE EXPENSES</b>	<u>4,133,857</u>	<u>41.3%</u>
<b>LOSS FROM OPERATIONS</b>	(122,526)	-1.2%
<b>OTHER INCOME (EXPENSES):</b>		
Other income	258,689	2.6%
Interest expense	<u>(53,442)</u>	<u>-0.5%</u>
<b>TOTAL OTHER INCOME, NET</b>	<u>205,247</u>	<u>2.1%</u>
<b>INCOME BEFORE PROVISION FOR INCOME TAXES</b>	<u>82,721</u>	<u>0.8%</u>
<b>PROVISION FOR INCOME TAXES</b>		
Current state income taxes	2,000	0.0%
Current federal income taxes	6,156	0.1%
Deferred federal and state income taxes	<u>68,000</u>	<u>0.7%</u>
<b>TOTAL PROVISION FOR INCOME TAXES</b>	<u>76,156</u>	<u>0.8%</u>
<b>NET INCOME</b>	<u><u>\$ 6,565</u></u>	<u><u>0.1%</u></u>

See notes to the financial statements

**THE PRINCETON UNIVERSITY STORE**  
**(A Cooperative Organization)**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FISCAL YEAR ENDED JUNE 29, 2024**

	<u>Capital Contribution</u>	<u>Members' Contributions</u>	<u>Retained Earnings</u>	<u>Total Equity</u>
<b>Balance at June 24, 2023</b>	\$ 453,700	\$ 288,961	\$ 1,224,960	\$ 1,967,621
<b>Net income</b>	-	-	6,565	6,565
<b>Balance at June 29, 2024</b>	<u>\$ 453,700</u>	<u>\$ 288,961</u>	<u>\$ 1,231,525</u>	<u>\$ 1,974,186</u>

See notes to the financial statements



**THE PRINCETON UNIVERSITY STORE**  
**(A Cooperative Organization)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED JUNE 29, 2024**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Net income	\$ 6,565
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	211,682
Bad debt	1,150
Changes in operating assets and liabilities:	
Decrease in accounts receivable	22,368
(Increase) in merchandise inventory, net	(116,412)
(Increase) in prepaid expenses and other current assets	(8,794)
Increase in accounts payable	259,232
(Decrease) in accrued expenses and other current liabilities	(26,797)
(Decrease) in accrued vacation	(24,417)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>392,577</u>

**CASH USED IN INVESTING ACTIVITIES:**

Capital improvements and acquisition of property and equipment	<u>(32,624)</u>
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**CASH FLOWS USED IN FINANCING ACTIVITIES:**

Repayments on long-term debt	<u>(160,319)</u>
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**NET INCREASE IN CASH** 199,634

**CASH AND CASH EQUIVALENTS, BEGINNING OF FISCAL YEAR** 1,155,592

**CASH AND CASH EQUIVALENTS, END OF FISCAL YEAR** \$ 1,355,226

**SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:**

Cash paid during fiscal year for interest expense	<u><u>\$ 53,442</u></u>
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See notes to the financial statements

**THE PRINCETON UNIVERSITY STORE**  
**(A Cooperative Organization)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 29, 2024**

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**NOTE 1: ORGANIZATION AND NATURE OF OPERATIONS**

The Princeton University Store (the “Store”) is considered to be a cooperative organization which was incorporated on October 20, 1905 and a retailer of Princeton University insignia items, school supplies, dormitory furnishings, food and other merchandise to students, faculty and alumni of Princeton University and to the general public. The Princeton University Store is located in Princeton, New Jersey. The Store generates sales through two locations at Princeton University and on its internet website.

The Store is a cooperative organization and is owned entirely by its members. A person is required to pay a one-time fee to become a member. The Store records any new lifetime or annual membership fees as income which is included in other income in the accompanying financial statements. Members receive discounts on their purchases and on sale prices that are unavailable to nonmember customers. The member discounts were \$1,114,129 for the fiscal year ended June 29, 2024 and are included in sales in the accompanying financial statements.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”) in compliance with the Accounting Standards Codification (“ASC”) of the Financial Accounting Standards Board (“FASB”).

**Fiscal Year**

The Store’s fiscal year-end is the Saturday nearest to June 30. The fiscal year ended June 29, 2024, was comprised of 53 weeks.

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and may have an impact on future periods.

**THE PRINCETON UNIVERSITY STORE**  
**(A Cooperative Organization)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 29, 2024**

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**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Accounts Receivable and Allowance for Credit Losses**

Accounts receivable consists of amounts due from credit card companies and customers which are presented net of the allowance for credit losses.

The Store records a provision for credit losses, if necessary, to allow for any amounts which may be unrecoverable, which is based upon historical collection experience and past transaction history, economic trends, reasonable and supportable forecasts, and management's evaluation of outstanding accounts receivable. Accounts receivable are written off when they are deemed uncollectible. The Store does not require collateral from its customers. No allowance for credit losses was required as of the fiscal year ended June 29, 2024.

**Merchandise Inventory**

Inventory consists solely of finished goods. Inventory is valued at the lower of cost or net realizable value with cost determined by the first-in first-out ("FIFO") method. The Store complies with guidance from Accounting Standards Update ("ASU") 2015-11, *Simplifying the Measurement of Inventory* ("ASU 2015-11"). The core principal of the guidance is that an entity should measure inventory at the "lower of cost or net realizable value." ASU 2015-11 defines net realizable value as the "estimated selling prices in the ordinary course of business less reasonably predictable cost of completion, disposal, and transportation. Inventory is presented net of any allowances for obsolete inventory; changes in the provision for obsolete inventory is included in cost of merchandise sold. Obsolete inventory items are written off against the allowance when identified. As of fiscal year ended June 29, 2024 inventory is reflected net of obsolescence reserves amounting to \$10,000, respectively.

**Property and Equipment**

Property and equipment are stated at cost, less accumulated depreciation. Maintenance and repair costs are charged to operations as incurred; renewals and betterments are charged to the appropriate asset account. Depreciation is provided for on a straight-line basis over the estimated useful lives of the assets as disclosed in Note 3.

**THE PRINCETON UNIVERSITY STORE**  
**(A Cooperative Organization)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 29, 2024**

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**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Property and Equipment (Continued)**

Upon retirement or sale of property and equipment, the respective property and equipment accounts are reduced by the cost of the property and equipment retired or sold and the accumulated depreciation thereon is eliminated, and the resulting gains and losses are credited or charged to operations.

**Revenue Recognition**

The Store complies with ASC Topic 606, *Revenue from Contracts with Customers* which provides a five-step model to determine when and how revenue is recognized and replaces most existing revenue recognition guidance in GAAP.

The Store determines revenue recognition by applying the following five-step model:

1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations; and
5. Recognize revenue as the performance obligations are satisfied.

See Note 11 for the detailed disclosures pertaining to ASC Topic 606, *Revenue from Contracts with Customers*.

**Impairment of Long-Lived Assets**

The Store reviews long-lived assets, primarily comprised of property and equipment, for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. The Store assesses recoverability by determining whether the net book value of the related asset will be recovered through the projected undiscounted future cash flows of the asset. If the Store determines that the carrying value of the asset may not be recoverable, it measures any impairment based on the asset's fair value as compared to the asset's carrying value.

**Cash Equivalents**

For the purpose of the statement of cash flows, the Store considers all highly liquid instruments with original maturities of three months or less when purchased to be cash equivalents.

**THE PRINCETON UNIVERSITY STORE**  
**(A Cooperative Organization)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 29, 2024**

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**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Advertising Costs**

The Store expenses advertising costs as incurred. Advertising costs for the fiscal year ended June 29, 2024, was \$3,977. The advertising costs are net of cooperative advertising reimbursements and credits the Store has received from various vendors amounting to \$61,187 for the fiscal year ended June 29, 2024. The credits pertain to the Store achieving certain dollar or unit sales level as defined.

**Income Taxes**

The Store operates as a nonexempt cooperative for federal income tax purposes and is subject to taxes on all income not paid or allocable to members as patronage dividends, if any. There were no patronage dividends for the fiscal year ended June 29, 2024.

Deferred income taxes have been provided for temporary differences between financial statement and income tax reporting under the liability method, using expected tax rates and laws that are expected to be in effect when the differences are expected to reverse. A valuation allowance is provided to reduce the deferred tax assets reported if based on the weight of the available positive and negative evidence, it is more likely than not some portion or all of the deferred tax assets will not be realized. As of the fiscal year ended June 29, 2024, management of the Store has concluded that no valuation allowance was necessary to reduce its deferred income tax assets.

The Store's policy is to classify income tax assessments, if any, for interest expense and for penalties in general and administrative expenses on unrecognized tax benefits. No such interest and penalties were recorded for the fiscal year ended June 29, 2024.

The Store's income tax returns are subject to examination by the taxing authority of the Internal Revenue Service and the state of New Jersey for three years after the income tax returns are filed.

As of June 29, 2024, management has evaluated and concluded that there are no significant uncertain tax positions requiring recognition in the Store's financial statements.

**THE PRINCETON UNIVERSITY STORE**  
**(A Cooperative Organization)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 29, 2024**

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**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Concentrations of Credit Risk**

**Cash**

The Store maintains its cash in bank deposit accounts with two financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). The balances, at times, may exceed current FDIC limits; however no known losses have been attributed to this risk. Management periodically reviews the stability of the financial institutions.

**Major Vendors**

During the fiscal year ended June 29, 2024, two vendors accounted for 31% of total cost of merchandise sold. One vendor accounted for 17% and the other vendor accounted for 14%. Major vendors are those who accounted for more than 10% of total cost of merchandise sold.

**Leases**

The Store complies with ASC Topic 842, Leases which established a Right-of-Use (“RoU”) model which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. This standard establishes RoU model that requires a lessee to recognize a RoU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statement of income.

ASC Topic 842, Leases provides a number of optional practical expedients in transition. The Store elected the package of practical expedients, which permits us not to reassess under the new standard our prior conclusions about lease identification, lease classification and initial direct costs.

**THE PRINCETON UNIVERSITY STORE**  
**(A Cooperative Organization)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 29, 2024**

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**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Adoption of New Accounting Pronouncement**

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (ASC Topic 326): Measurement of Credit Losses on Financial Instruments. This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (“CECL”) methodology. The core principle of the new guidance is that ASC Topic 326 requires an entity to reflect its current estimate of all expected credit losses at the inception of the financial asset (e.g., accounts receivable, auto loans, etc.). ASC Topic 326 is effective for annual and interim reporting periods beginning after December 15, 2022. The Store adopted ASC Topic 326 with a date of initial application of June 25, 2023 with no material impact on its financial statements beyond the increase in the level of disclosures.

**Fair Values**

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses and other current liabilities and accrued vacation approximate their fair value, due to the short-term nature of these instruments. The carrying amount of the Store’s borrowing arrangements under its bank debt agreements approximates their fair value since the loans bear interest at rates that approximate the Store’s incremental borrowing rates for similar types of borrowing arrangements.

**NOTE 3: PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

	<b><u>June 29, 2024</u></b>	<b>Estimated Useful Life</b>
Leasehold improvements	\$ 3,567,180	10 years
Data processing equipment	905,796	5 years
Delivery equipment and vehicles	22,184	5 years
Furniture and fixtures	5,798	5 years
Computer hardware and software	<u>117,301</u>	10 years
	4,618,259	
Less: accumulated depreciation	<u>(3,595,790)</u>	
Property and equipment, net	<u>\$ 1,022,469</u>	

**THE PRINCETON UNIVERSITY STORE**  
**(A Cooperative Organization)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 29, 2024**

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**NOTE 3: PROPERTY AND EQUIPMENT (Continued)**

Depreciation expense for the fiscal year ended June 29, 2024 amounted to \$211,682.

**NOTE 4: LINE OF CREDIT**

In December 2017, the Store entered into a commercial loan and security agreement with First Bank which consisted of three separate line of credit agreements not to exceed borrowings of \$2,500,000.

**\$1,000,000 Line of Credit Loan (“Nassau Street Store Loan”)**

**\$1,000,000 Line of Credit Loan (“University Place Store Loan”)**

**\$ 500,000 Line of Credit Loan (“Working Capital Loan”)**

Each of these lines of credit had a one-year drawdown period beginning at loan inception and expiring on the one-year anniversary of the loan in December 2018.

Advances were to be used for working capital, store improvements and equipment. During this one-year period interest was charged on the outstanding principal balance at a rate equal to the Prime Rate published in the Wall Street Journal and any borrowings were collateralized by all the assets of the Store.

After the drawdown period has concluded, any unpaid balances on these lines of credit will be converted to a term loan payable over ten years expiring on December 21, 2028. Interest will then accrue at a rate selected by the borrower. The rate options are as follows:

- 1) Floating rate equal to the Wall Street Journal’s publicly declared “prime rate”.
- 2) Five year daily US Treasury Yield Curve rate plus 235 basis points.
- 3) Seven year daily US Treasury Yield Curve rate plus 235 basis points.

At the end of the second year draw down period the Store had utilized two of the three lines of credit facilities. First Bank agreed to extend the drawdown period on the lines of credit to December 2020. In March 2020, First Bank changed the terms of the agreement by reducing the University Place Store Loan to \$750,000 and increasing the Working Capital Loan to \$750,000, all other terms remained the same.



**THE PRINCETON UNIVERSITY STORE**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 29, 2024**

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**NOTE 4: LINE OF CREDIT (Continued)**

The outstanding balance on the first and second lines of credit were converted to term loans effective December 2018 and December 2020. See Long-Term debt (Note 5) for additional provisions.

**NOTE 5: LONG-TERM DEBT**

On December 21, 2020 the Store converted an existing line of credit with First Bank to a term note in the amount of \$822,873. The terms of repayment include 120 principal and interest payments of \$8,354 with interest calculated at a rate of 4.0% per annum. The loan will mature on December 21, 2030. The loan balance was \$571,929 as of June 29, 2024.

On December 21, 2018 the Store converted an existing line of credit with First Bank to a term note in the amount of \$879,769. The terms of repayment include 120 principal and interest payments of \$9,350 with interest calculated at a rate of 4.97% per annum. The loan was subject to a rate change effective December 21, 2023, the first day of the sixth anniversary of the conversion date. The interest rate will be recalculated based upon the five-year daily US Treasury Yield Curve rate in effect two days prior to the sixth anniversary plus 235 basis points and will remain in effect through the maturity date. The amended payment terms include 60 principal and interest payments of \$9,570 with interest calculated at a rate of 6.49% per annum. The loan will mature on December 21, 2028. The loan balance was \$446,297 as of June 29, 2024.

The Store's term notes with First Bank contain a financial covenant which requires the Store to maintain a debt service coverage ratio of not less than 1.20 to 1.00 as defined in the Commercial Loan and Security Agreement (the "Agreement"). The Store is also required to comply with additional non-financial restrictions as defined in the Agreement.

**THE PRINCETON UNIVERSITY STORE**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 29, 2024**

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**NOTE 5: LONG-TERM DEBT (Continued)**

The future minimum loan repayments are as follows:

<u>Fiscal Years Ending June,</u>	<u>Annual Repayment</u>
2025	\$ 166,588
2026	175,806
2027	185,563
2028	195,845
2029	148,730
Thereafter	145,694
Total	1,018,226
Less: current portion	(166,588)
Long-term debt, net of current portion	<u>\$ 851,638</u>

**NOTE 6: RETIREMENT PLAN**

Since 1998, the Store has maintained a 401(k) salary reduction benefit plan (the “Plan”) for its eligible employees. The Store matches 100% of the first 3% of the employee contributions, and 50% of the next 2% of the employee contributions for a maximum Store contribution of 4%. The Store matching contributions are immediately fully vested. Eligible employees must be 21 years of age and have at least six months of service with the Store.

During the fiscal year ended June 29, 2024 the Store contributed \$57,546 to the Plan on behalf of the Plan’s participants.

**NOTE 7: RETAINED EARNINGS**

Although there is no intent to dissolve the Store, in the event of dissolution, the amended certificate of incorporation provides that after liquidation of all indebtedness, any assets remaining are to be transferred, pursuant to the direction of the Board of Trustees of the Store, to one or more domestic or foreign corporations engaged in activities substantially similar to those of the Store, or other non-profit, charitable, benevolent or educational corporations or institutions.

**THE PRINCETON UNIVERSITY STORE**  
**(A Cooperative Organization)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 29, 2024**

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**NOTE 8: COMMITMENTS**

**Operating Lease – (University Place)**

The Store entered into a lease agreement for the University Place location in July 2007. The lease was subsequently amended in July 2009 and July 2011. Rent and property taxes were reduced by 10% effective July 1, 2011 as a result of vacating approximately 1,000 square feet on the mezzanine. The lease expired on October 31, 2019 and contained two five-year renewal options for an additional ten-year term. In October 2019 the Store amended the lease agreement by extending the lease for the first five-year renewal option, resulting in a new expiration date of October 31, 2024. In connection with the same amendment the Store can further extend the lease for a second five-year renewal option with an expiration date of June 29, 2029.

Rental payments were fixed at \$165,000 annually for years one through two of the lease, \$120,000 annually for years three through four of the lease, \$108,000 for year five, \$127,636 annually for years six through twelve, \$86,341 for year thirteen, \$107,536 for year fourteen and \$128,732 annually for years fifteen through twenty-two of the lease.

In addition, the Store shall pay during the remaining term of the lease 24.47% of the real estate taxes, assessments and other public charges levied or imposed upon the building and including the Store's proportionate share of the parking area.

Total rental payments for the fiscal year ended June 29, 2024 were \$128,733.

**Operating Lease - (114 and 116 Nassau Street)**

The Store entered into a lease agreement for a location at 114 and a portion of 116 Nassau Street in August 2007. The lease provides for 4,052 square feet in 114 Nassau Street and 2,217 square feet in the adjacent 116 Nassau Street location. The lease terminated on October 31, 2017 and was renewed for an additional five-year term through October 31, 2022. The Store will then have the option to extend the lease for an additional five-year term for the 114 Nassau Street location and for the portion of the 116 Nassau Street location contingent upon the landlord having control of the property.

**THE PRINCETON UNIVERSITY STORE**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 29, 2024**

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**NOTE 8: COMMITMENTS (Continued)**

**Operating Lease - (114 and 116 Nassau Street) (Continued)**

The rental payments for the combined 114 and 116 store location were fixed at \$223,062 annually for the period of November 1, 2007 through March 31, 2012, then adjusted annually for the Consumer Price Index (“CPI”). On April 1, 2019, the combined annual rent is \$264,554 then adjusted annually for the CPI.

In addition, the Store will pay 6% of all gross sales in this location in excess of \$6,000,000 in a single year during years 1 to 10, and 6% of all gross sales in this location in excess of \$6,500,000 in a single year during years 11 to 20. The Store did not meet the sales requirement for the fiscal year ended June 29, 2024. In addition, the Store is responsible for its proportional share of taxes and common area maintenance expenses.

Total rental payments for the fiscal year ended June 29, 2024 were \$290,191.

For the fiscal year ended June 29, 2024, the Store recognized lease costs including common area maintenance and property taxes associated with their leases as follows:

Operating lease cost	\$	418,924
Variable lease cost		168,341
Total lease cost	\$	587,265

The weighted-average remaining lease terms and weighted-average discount rate for the Store’s leases as of June 29, 2024, are as follows:

Weighted-average remaining lease term (in months)	47.90
Weighted-average discount rate	2.90%

Cash flows arising from lease transactions were as follows:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash outflows from operating leases	\$	355,787
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**THE PRINCETON UNIVERSITY STORE**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 29, 2024**

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**NOTE 8: COMMITMENTS (Continued)**

Maturities of lease liabilities are as follows:

<b>Fiscal Years Ending June,</b>	<b>36 University Place</b>	<b>114 &amp; 116 Nassau Street</b>	<b>Total</b>
2025	\$ 128,733	\$ 285,890	\$ 414,623
2026	128,733	288,264	416,997
2027	128,733	290,682	419,415
2028	128,733	97,507	226,240
2029	128,733	-	128,733
Total lease payments	643,665	962,343	1,606,008
Less imputed interest	(45,457)	(46,005)	(91,462)
Present value of lease liabilities	598,208	916,338	1,514,546
Less current lease liabilities	(112,767)	(262,946)	(375,713)
Long-term lease liabilities	<u>\$ 485,441</u>	<u>\$ 653,392</u>	<u>\$1,138,833</u>

**NOTE 9: COLLECTIVE BARGAINING AGREEMENT**

The Store has entered into a collective bargaining agreement covering approximately 60% of the Store's labor force dated February 12, 2023 with the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America - UAW and Local 2326 AFL-CIO (the "Agreement"). The Store recognizes that the Union in accordance with the Agreement acts as the sole and exclusive bargaining agent for the Store employees covered under the Agreement.

The Agreement applies to full-time and part-time employees of the Store who are required to pay union dues ranging from \$6 to \$12 per bi-weekly payroll. The Agreement, which defines employee status, wages (subject to change based upon the minimum wage law), hours, seniority, grievances, arbitrations, lock-outs and strikes, leave of absences, benefits and certain other provisions, remains in effect through February 11, 2027 and will be renewed for the agreed-upon term based upon any negotiated changes.

**THE PRINCETON UNIVERSITY STORE**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 29, 2024**

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**NOTE 10: INCOME TAXES**

The Store operates as a cooperative and is subjected to federal and state corporate income taxes. The Store has recorded New Jersey prepaid income taxes amounting to \$1,665 as of fiscal year ended June 29, 2024. The Store does not anticipate any additional state taxes to be owed.

The provision for income taxes, which is included in continuing operations for the fiscal year ended June 29, 2024, includes the following:

	<b>June 29, 2024</b>
Current state income taxes	\$ 2,000
Current federal income taxes	6,156
Deferred federal and state income taxes	68,000
	\$ 76,156

Temporary differences, which give rise to deferred tax assets and liabilities, are summarized as follows:

	<b>Deferred Tax Asset</b>
Inventory allowance	\$ 3,000
Vacation accrual	28,000
Property and equipment and other	125,000
Federal and state net operating loss carryforward	408,000
Deferred tax asset	\$ 564,000

As of the fiscal year ended June 29, 2024, the Store has approximately \$1,584,000 in federal net operating loss carryforwards. In addition, for fiscal year ended June 29, 2024, the Store has approximately \$841,000 in state net operating loss carryforwards that will expire at various future dates, respectively.

**THE PRINCETON UNIVERSITY STORE**  
**(A Cooperative Organization)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 29, 2024**

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**NOTE 11 REVENUE FROM CONTRACTS WITH CUSTOMERS**

The Store engages in the sale of Princeton University insignia items, school supplies, dormitory furnishings, food and other merchandise to students, faculty and alumni of Princeton University and to the general public. The Princeton University Store is in Princeton, New Jersey. The Store generates sales through two locations at Princeton University and on its internet website. Goods are transferred at a point in time. Revenue from contracts with customers totaled \$10,005,870 for the fiscal year ended June 29, 2024.

The Store estimates credit losses on accounts receivable, if necessary, based on regularly evaluating individual customer receivables. Losses on accounts receivable are recognized when collection efforts are exhausted. The Store did not record a reserve for credit losses for the fiscal year ended June 29, 2024.

Revenue is recognized in two major segments – Insignia products and campus products. The timing for revenue recognition for these two product segments are both transferred at a point in time.

The following economic factors affect the nature, amount, timing, and uncertainty of the Store’s revenue and cash flows as indicated:

**Type of customer:** All the products sold by the Store are sold to customers who enter the physical store locations or shop on the website.

**Type of contract:** All contracts with customers are established at point of sale when inventory is exchanged, and payment is received.

The opening and closing balances for accounts receivable from contracts with customers is as follows:

**Accounts Receivable**

Balance 6/24/23	\$88,311
Balance 6/29/24	\$64,793

**Performance Obligations: Timing of Satisfaction**

The Store satisfies its performance obligations at point of sale when the product is transferred to the customer in exchange for payment.

**THE PRINCETON UNIVERSITY STORE**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 29, 2024**

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**NOTE 11 REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)**

**Performance Obligations: Significant Payment Terms**

Payments are received at the point the products are sold either by cash or by credit card. None of the Store's contracts have a significant financing component.

**Performance Obligation: Nature**

Products that the Store contracts to transfer to customers are purchased by the Store for resale. In no case does the Store act as an agent or provide a service of arranging for another party to transfer products to the customer.

**Performance Obligations: Returns, Refunds, Etc.**

Products that the customers purchase from the Store are accepted at time of purchase and customers are provided with a receipt. If a customer wishes to return any of the products later the Store will issue a refund if the products are in good condition, product labels/price tags attached and are accompanied by the receipt.

**NOTE 12: SUBSEQUENT EVENTS**

The Store has evaluated all events and transactions occurring after June 29, 2024 through September 27, 2024, the date these financial statements were available to be issued, to identify subsequent events which may need to be recognized or non-recognizable events which would need disclosure. The Store's management concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements.



**SUPPLEMENTARY INFORMATION**

**THE PRINCETON UNIVERSITY STORE**  
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**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF SELLING, GENERAL AND ADMINISTRATIVE EXPENSES**  
**FOR THE FISCAL YEAR ENDED JUNE 29, 2024**

		<u>Percent of Sales</u>
Salaries and wages	\$ 1,937,207	19.36%
Fringe benefits	437,030	4.37%
Advertising	3,977	0.04%
Supplies	78,339	0.79%
Utilities	84,300	0.84%
Computer related managed services	203,070	2.03%
Security services	3,817	0.04%
Payroll and 401k plan services fees	57,958	0.58%
Travel	8,312	0.08%
Communications	12,123	0.12%
Insurance	62,134	0.62%
Depreciation	211,682	2.12%
Professional fees	71,315	0.71%
Donations	625	0.01%
Bad debt	1,150	0.01%
Equipment rentals and maintenance	14,285	0.14%
Real property rentals	585,613	5.85%
Credit card processing charges	268,926	2.69%
Miscellaneous	91,994	0.92%
	<hr/>	<hr/>
Total selling, general and administrative expenses	<u>\$ 4,133,857</u>	<u>41.32%</u>

See independent auditors' report

**THE PRINCETON UNIVERSITY STORE**  
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**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF OTHER INCOME**  
**FOR THE FISCAL YEAR ENDED JUNE 29, 2024**

		<u>Percent of Sales</u>
Lease income	\$ 12,000	0.12%
Other Sources:		
Membership income	107,200	1.08%
Miscellaneous	<u>139,489</u>	<u>1.39%</u>
Total other sources	<u>246,689</u>	<u>2.47%</u>
Total other income	<u><u>\$ 258,689</u></u>	<u><u>2.59%</u></u>

See independent auditors' report