THE PRINCETON UNIVERSITY STORE
(A Cooperative Organization)

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
AND INDEPENDENT ACCOUNTANTS' REVIEW REPORT
FOR THE FISCAL YEAR ENDED
JUNE 24 2023

THE PRINCETON UNIVERSITY STORE
(A Cooperative Organization)
FOR THE FISCAL YEAR ENDED
JUNE 24, 2023

CONTENTS

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

We have reviewed the accompanying financial statements of The Princeton University Store (A Cooperative Organization) (the "Store"), which comprise the balance sheet as of June 24, 2023, 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Store management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Store and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

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 basic 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 supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

Schulman Lobel LLP

Schulman Lobel LLP

Princeton, New Jersey

October 19, 2023

THE PRINCETON UNIVERSITY STORE
(A Cooperative Organization)
BALANCE SHEET
AS OF JUNE 24, 2023

ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$	1,155,592
Accounts receivable		88,311
Merchandise inventory, net		978,152
Prepaid expenses and other current assets		93,610
TOTAL CURRENT ASSETS		2,315,665
PROPERTY AND EQUIPMENT, NET		1,201,527
OTHER ASSETS:		
Right-of-use asset - operating lease		1,830,076
Deferred tax assets, net		632,000
TOTAL OTHER ASSETS		2,462,076
TOTAL ASSETS	$	5,979,268
LIABILITIES AND EQUITY		
LIABILITIES		
CURRENT LIABILITIES:		
Current maturities of long term debt	$	162,687
Accounts payable		425,512
Accrued vacation		118,985
Accrued expenses and other current liabilities		411,337
Short-term operating lease obligations		362,722
TOTAL CURRENT LIABILITIES		1,481,243
LONG-TERM LIABILITIES:		
Long-term operating lease obligations		1,514,546
Long-term debt, net of current maturities		1,015,858
TOTAL LONG-TERM LIABILITIES		2,530,404
TOTAL LIABILITIES		4,011,647
EQUITY		
Capital contribution		453,700
Members' contributions		288,961
Retained earnings		1,224,960
TOTAL EQUITY		1,967,621
TOTAL LIABILITIES AND EQUITY	$	5,979,268

See independent accountants' review report and notes to the financial statements

THE PRINCETON UNIVERSITY STORE
(A Cooperative Organization)
STATEMENT OF INCOME
FOR THE FISCAL YEAR ENDED JUNE 24, 2023

		Percent of Sales
NET SALES	$ 9,545,923	100.0%
COST OF MERCHANDISE SOLD	5,694,556	59.7%
GROSS PROFIT	3,851,367	40.3%
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	3,736,765	39.1%
INCOME FROM OPERATIONS	114,602	1.2%
OTHER INCOME (EXPENSES):		
Other income	184,694	1.9%
Employee Retention Tax Credit	322,905	3.4%
Other expense	(680)	0.0%
Interest expense	(56,922)	-0.6%
TOTAL OTHER INCOME, NET	449,997	4.7%
INCOME BEFORE PROVISION FOR INCOME TAXES	564,599	5.9%
PROVISION FOR INCOME TAXES		
Current state income taxes	2,000	0.0%
NET INCOME	$ 562,599	5.9%

See independent accountants' review report and notes to the financial statements

THE PRINCETON UNIVERSITY STORE
(A Cooperative Organization)
STATEMENT OF CHANGES IN EQUITY
FOR THE FISCAL YEAR ENDED JUNE 24, 2023

	Capital Contribution	Members' Contributions	Retained Earnings	Total Equity
Balance at June 25, 2022	453,700	288,629	662,361	$ 1,404,690
Members' investments	-	332	-	332
Net income	-	-	562,599	562,599
Balance at June 24, 2023	$ 453,700	$ 288,961	$ 1,224,960	$ 1,967,621

See independent accountants' review report and notes to the financial statements

THE PRINCETON UNIVERSITY STORE
(A Cooperative Organization)
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 24, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	$ 562,599
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	211,383
Bad debt	715
Changes in operating assets and liabilities:	
(Increase) in accounts receivable	(6,587)
(Increase) in merchandise inventory	(144,112)
Decrease in prepaid expenses and other current assets	7,430
Decrease in accounts payable	(195,500)
Increase in accrued expenses and other current liabilities	44,515
(Decrease) in accrued vacation	(9,567)
(Decrease) in deferred rent	(51,839)
NET CASH PROVIDED BY OPERATING ACTIVITIES	419,037
CASH USED IN INVESTING ACTIVITIES:	
Capital improvements and acquisition of property and equipment	(32,905)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Repayments on long term debt	(155,515)
Members' contributions	332
NET CASH USED IN FINANCING ACTIVITIES	(155,183)
NET INCREASE IN CASH	230,949
CASH AND CASH EQUIVALENTS, BEGINNING OF FISCAL YEAR	924,643
CASH AND CASH EQUIVALENTS, END OF FISCAL YEAR	$ 1,155,592
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:	
Cash paid during fiscal year for interest expense	$ 56,922

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 $1,017,136 for the fiscal year ended June 24, 2023 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 24, 2023, was comprised of 52 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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable and Allowance for Doubtful Accounts

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

The Store records a provision for doubtful receivables, if necessary, to allow for any amounts which may be unrecoverable, which is based upon historical collection experience and past transaction history, current economic trends and management's evaluation of outstanding accounts receivable. Accounts receivable are written off when they are deemed uncollectable. The Store does not require collateral from its customers. No allowance for doubtful accounts was required as of the fiscal year ended June 24, 2023.

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 24, 2023 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.

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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Advertising Costs

The Store expenses advertising costs as incurred. Advertising costs for the fiscal year ended June 24, 2023 was $2,927. The advertising costs are net of cooperative advertising reimbursements and credits the Store has received from various vendors amounting to $54,242 for the fiscal year ended June 24, 2023. The credits pertain to the Store achieving certain dollar or unit sales level as defined.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 24, 2023.

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 24, 2023, 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 24, 2023.

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 24, 2023, management has evaluated and concluded that there are no significant uncertain tax positions requiring recognition in the Store's financial statements.

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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentrations of Credit Risk (continued)

Major Vendors
During the fiscal year ended June 24, 2023, two vendors accounted for 30% of total cost of merchandise sold. One vendor accounted for 18% and the other vendor accounted for 12%. Major vendors are those who accounted for more than 10% of total cost of merchandise sold.

Adoption of New Accounting Pronouncement

In February 2016, FASB established ASC Topic 842, Leases, (ASC Topic 842) by issuing Accounting Standards Update (ASU) No. 2016-02, which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements.

The new standard establishes a right-of-use (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 income statement.

The Store adopted this new standard effective on June 26, 2022. A modified retrospective transition approach is required, applying the new standard to all leases existing at the date of initial application. An entity may choose to use either (1) its effective date or (2) the beginning of the earliest comparative period presented in the financial statements as its date of initial application. The Store adopted the new standard on June 26, 2022, and used the effective date as the date of initial application. Consequently, financial information will not be updated, and the disclosures required under the new standard will not be provided for dates and periods before June 26, 2022.

The new standard 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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of New Accounting Pronouncement (continued)

This new standard has a material effect on the Store's June 24, 2023 financial statements. While management continues to assess all of the effects of adoption, management currently believes the most significant effects relate to the recognition of a new RoU asset and a lease liability on the Store's balance sheet for its operating lease.

On adoption, the Store:

Recognized additional operating liabilities of $2,232,783 with corresponding RoU assets of $2,180,944 based on the present value of the remaining minimum rental payments under current leasing standards for existing operating leases.

The new standard also provides practical expedients for an entity's ongoing accounting. The Store elected the short-term lease recognition exemption for store facilities leases. This means, for those leases that qualify, the Store will not recognize RoU assets or lease liabilities, and this includes not recognizing RoU assets or lease liabilities for existing short-term leases of those assets in transition. The Store elected the practical expedient to not separate lease and non-lease components for all of our leases.

New Accounting Pronouncement Not Yet Adopted

FASB issued ASU 2016-13 Financial Instruments – Credit Losses (ASC Topic 326): *Measurement of Credit Losses on Financial Instruments*, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including loan receivables and held-to-maturity debt securities. It also applies to off-balance sheet credit exposures not accounted for as insurance (loan commitments, standby letters of credit, financial guarantees, and other similar instruments) and net investments in leases recognized by a lessor in accordance with ASC Topic 842 on leases. In addition, ASC Topic 326 made changes to the accounting for available-for-sale debt securities.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncement Not Yet Adopted (continued)

One such change is to require credit losses to be presented as an allowance rather than as a write-down on available-for-sale debt securities management does not intend to sell or believes that it is more likely than not they will be required to sell. The Company's management is still in the process of evaluating the impact of this new accounting standard on its financial statements.

Fair Values

The carrying amounts of cash, 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:

	June 24, 2023	Estimated Useful Life
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	84,677	10 years
	4,585,635	
Less: accumulated depreciation	(3,384,108)	
Property and equipment, net	$ 1,201,527	

Depreciation expense for the fiscal year ended June 24, 2023 amounted to $211,383.

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 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 $647,241 as of June 24, 2023.

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 will mature on December 21, 2028. The loan balance was $531,304 as of June 24, 2023.

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 future minimum loan repayments are as follows:

Fiscal Years Ending June,	Annual Repayment
2024	$ 162,687
2025	170,439
2026	178,424
2027	186,788
2028	195,505
Thereafter	284,702
Total	1,178,545
Less: current portion	(162,687)
Long-term debt, net	$ 1,015,858

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 24, 2023 the Store contributed $52,703 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.

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.

NOTE 8: COMMITMENTS (Continued)

Operating Lease – (University Place) (continued)

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 24, 2023 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 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 24, 2023. 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 24, 2023 were $277,502.

NOTE 8: COMMITMENTS (Continued)

For the fiscal year ended June 24, 2023, the Store recognized lease costs including common area maintenance and property taxes associated with their leases as follows:

Operating lease cost	$	415,199
Variable lease cost		177,233
Total lease cost	$	592,432

The weighted-average remaining lease terms and weighted-average discount rate for the Store's leases as of June 24, 2023, are as follows:

Weighted-average remaining lease term (in months)	59.54
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	$	350,868
Right-of-use assets obtained in exchange for new lease liabilities:		
Operating leases	$	2,180,944

NOTE 8: COMMITMENTS (Continued)

Maturities of lease liabilities are as follows:

Fiscal Years Ending June,	36 University Place	114 & 116 Nassau Street	Total
2024	$ 128,733	$ 283,560	$ 412,293
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
Thereafter	128,733	-	128,733
Total lease payments	772,398	1,245,903	2,018,301
Less imputed interest	(64,665)	(76,368)	(141,033)
Present value of lease liabilites	707,733	1,169,535	1,877,268
Less current lease liabilties	(109,525)	(253,197)	(362,722)
Long-term lease liabilites	$ 598,208	$ 916,338	$1,514,546

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.

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 $9,821 as of fiscal year ended June 24, 2023. 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 24, 2023, includes the following:

	June 24, 2023
Current state income taxes	$ 2,000
	$ 2,000

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

	June 24, 2023 Deferred Tax Asset
Inventory allowance	$ 3,000
Vacation accrual	36,000
Property and equipment and other	124,000
Federal and state net operating loss carryforward	469,000
Deferred tax asset	$ 632,000

As of the fiscal year ended June 24, 2023, the Store has approximately $1,815,000 in federal net operating loss carryforwards for tax purposes that will expire at various future dates. In addition, for fiscal year ended June 24, 2023, the Store has approximately $981,000 in state net operating loss carryforwards that will expire at various future dates, respectively.

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 $9,545,923 for the fiscal year ended June 24, 2023.

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 24, 2023.

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 6/25/22	$82,439
Balance 6/24/23	$88,311

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.

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: EMPLOYEE RETENTION TAX CREDITS

Under the provisions of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") signed into law on March 27, 2020 and the subsequent extension of the CARES act, the Store was eligible for a refundable employee retention credit subject to certain criteria. The Employee Retention Tax Credit ("ERTC") provides employers with less than 500 employees a refundable tax credit against the employer's share of social security taxes. The Store was eligible to claim this credit for certain quarters during 2020 and 2021 as a result of a reduction in revenues, in those quarters, as prescribed under the program. The Store submitted via its payroll service provider the amended payroll tax returns entitling it to a credit amounting to $322,905. The Store received those funds in July 2022 and has recorded this as other income in the accompanying financial statements.

NOTE 13: SUBSEQUENT EVENTS

The Store has evaluated all events and transactions occurring after June 24, 2023 through October 19, 2023, 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
(A Cooperative Organization)
SUPPLEMENTARY INFORMATION
SCHEDULE OF SELLING, GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 24, 2023

		Percent of Sales
Salaries and wages	$ 1,794,568	18.80%
Fringe benefits	371,985	3.90%
Advertising	2,927	0.03%
Supplies	66,753	0.70%
Utilities	89,553	0.94%
Services purchased	203,875	2.14%
Travel	1,073	0.01%
Communications	11,893	0.12%
Insurance	71,558	0.75%
Depreciation	211,383	2.21%
Professional fees	29,418	0.31%
Donations	4,064	0.04%
Bad debt	715	0.01%
Equipment rentals and maintenance	18,715	0.20%
Real property rentals	584,743	6.13%
Credit card processing charges	262,593	2.75%
Miscellaneous	10,949	0.11%
Total selling, general and administrative expenses	$ 3,736,765	39.15%

THE PRINCETON UNIVERSITY STORE
(A Cooperative Organization)
SUPPLEMENTARY INFORMATION
SCHEDULE OF OTHER INCOME
FOR THE FISCAL YEAR ENDED JUNE 24, 2023

		Percent of Sales
Lease income	$ 12,000	0.13%
Other Sources:		
Membership income	104,810	1.10%
Miscellaneous	67,884	0.71%
Total other sources	172,694	1.81%
Total other income	$ 184,694	1.93%