

Spartan Shops, Inc.

**Financial Statements
(with Supplementary Information)
and Independent Auditor's Report**

**June 30, 2026
(with Summarized Totals for 2025)**

Spartan Shops, Inc.

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Independent Auditor's Report

To the Board of Directors
Spartan Shops, Inc.
(A California State University Auxiliary Organization)

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the aggregate remaining fund information of Spartan Shops, Inc., a component unit of California State University, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Spartan Shops, Inc.'s basic financial statements as listed in the index.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of Spartan Shops, Inc. as of June 30, 2026, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Spartan Shops, Inc. 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 opinions.

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 Spartan Shops, Inc.'s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Spartan Shops, Inc.'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 Spartan Shops, Inc.'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 Summarized Comparative Information

We have previously audited Spartan Shops, Inc.'s June 30, 2025 financial statements and we expressed unmodified audit opinions on those audited financial statements in our report dated September 15, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2025 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 to 10, Schedule of Changes in the Net OPEB Liability and Related Ratios on page 37, and the Schedule of OPEB Contributions on page 38 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Spartan Shops, Inc.'s basic financial statements. The accompanying supplementary information on pages 40 to 44 is presented for purposes of additional analysis as required by an Administrative Directive dated June 24, 2003, *Financial Reporting Requirements for Auxiliary Organizations*, from the California State University Office of the Chancellor, and is not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic 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 16, 2026, on our consideration of Spartan 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Spartan Shops, Inc.'s internal control over financial reporting and compliance.



Los Angeles, California
September 16, 2026

Spartan Shops, Inc.

Management's Discussion and Analysis Year Ended June 30, 2026 (Unaudited)

This section of Spartan Shops, Inc. of San José State University's ("Spartan Shops") annual financial statements includes management's discussion and analysis of the financial performance of Spartan Shops' business type activities and the fiduciary activities for the fiscal year ended June 30, 2026. This discussion should be read in conjunction with the financial statements and notes.

Management has prepared this Management's Discussion and Analysis (MD&A) in accordance with the Governmental Accounting Standards Board Statement No. 103, *Financial Reporting Model Improvements* (GASB 103). Consistent with GASB 103, this MD&A focuses on significant current-year financial activities, explains the reasons for material changes from the prior year, discusses significant capital asset and long-term financing activity, and describes currently known facts, decisions, or conditions expected to have a material effect on Spartan Shops' financial position or results of operations. The discussion emphasizes significant matters affecting the current reporting period rather than repeating information that has not materially changed.

Introduction to Spartan Shops, Inc.

Spartan Shops, Inc. is a nonprofit auxiliary organization established in 1956 to support the San José State University (SJSU) community, pursuant to an operating agreement between the California State University and Spartan Shops through June 30, 2036. Its primary operations include dining services, bookstore services, and faculty/staff housing.

Dining Services: Dining services are provided through a long-term management agreement with Chartwells Higher Education, the University's exclusive food service provider since 2018. The agreement was extended through June 30, 2038 and includes capital investment commitments that support dining facilities and operations.

University Bookstore: Effective May 23, 2026, Spartan Shops entered into a 10-year bookstore management agreement with Follett Higher Education Group, Inc., replacing the prior Barnes & Noble College Booksellers agreement.

Real Estate Services: Spartan Shops owns 13 below-market rental units for eligible SJSU faculty and staff. Property management services are provided by Cal-Western Property Management under an agreement currently extending through June 30, 2027.

Introduction to the Basic Financial Statements

Spartan Shops' financial statements include business-type activities and fiduciary fund statements. The business-type activities statements include: the statement of net position, statement of revenues, expenses and changes in net position, and statement of cash flows. The fiduciary fund statements include the Other Post-Employment Benefit ("OPEB") trust fund statement of fiduciary net position and statement of changes in fiduciary net position. These statements are supported by notes to the financial statements and management's discussion and analysis. All sections must be considered together to obtain a complete understanding of the financial picture of Spartan Shops.

Spartan Shops, Inc.

Management's Discussion and Analysis Year Ended June 30, 2026 (Unaudited)

Business-Type Activities Statements

Statement of net position: The statement of net position includes all assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position, and are reported on an accrual basis as of the statement date.

Statement of revenues, expenses and changes in net position: The statement of revenues, expenses and changes in net position presents the revenues earned and expenses incurred during the years on an accrual basis. Operating revenues and expenses are reported separately from non-operating revenues and expenses.

Statement of cash flows: The statement of cash flows presents the inflows and outflows of cash for the year and is summarized by operating, noncapital financing, capital and related financing, and investing activities. These statements are prepared using the direct method of cash flows and, therefore, present gross rather than net amounts for the year's activities.

Fiduciary Statements

Statement of fiduciary net position: The statement of fiduciary net position presents the assets, liabilities and net position on an accrual basis that Spartan Shops holds in trust for OPEB health care benefits.

Statement of changes in fiduciary net position: The statement of changes in fiduciary net position presents the additions and deductions made during the year on an accrual basis to the OPEB plan.

Summary

The following discussion highlights the most significant changes in Spartan Shops' financial position and results of operations for the fiscal year ended June 30, 2026, compared with fiscal year 2025. In accordance with GASB Statement No.103, the analysis focuses on material changes, the reason for those changes, significant capital asset and long-term financial activities, and currently known facts, decisions or conditions expected to affect future operations.

Spartan Shops, Inc.

**Management's Discussion and Analysis
Year Ended June 30, 2026
(Unaudited)**

Business-Type Activities

Condensed Summary of Net Position

Spartan Shops' condensed summary of net position as of June 30 is as follows:

	2026	2025	Change
Assets			
Current assets	\$ 11,399,148	\$ 10,309,208	\$ 1,089,940
Capital assets, net	9,609,643	10,248,185	(638,542)
Noncurrent assets	1,287,908	1,227,949	59,959
Total assets	22,296,699	21,785,342	511,357
Deferred outflows of resources			
Deferred outflows - differences between projected and actual investment earnings	-	10,410	(10,410)
Total deferred outflows of resources	-	10,410	(10,410)
Liabilities			
Current liabilities	3,758,429	3,532,570	225,859
Noncurrent liabilities	17,032,437	18,265,437	(1,233,000)
Total liabilities	20,790,866	21,798,007	(1,007,141)
Deferred inflows of resources			
Deferred inflows - differences between projected and actual investment earnings	92,338	105,096	(12,758)
Total deferred inflows of resources	92,338	105,096	(12,758)
Net position			
Net investment in capital assets	9,609,643	10,248,185	(638,542)
Unrestricted - Auxiliary Enterprises	(8,196,148)	(10,355,536)	2,159,388
Total net position	\$ 1,413,495	\$ (107,351)	\$ 1,520,846

Total assets increased by \$511 thousand from fiscal year 2025 to fiscal year 2026. The major changes included a \$525 thousand increase in cash, primarily due to higher commission income received during the year, a \$3.9 million increase in short-term investments, and a \$52 thousand increase in OPEB assets resulting from changes in actuarial assumptions. These increases were partially offset by a \$3.3 million decrease in receivables and a \$639 thousand decrease in capital assets. The decrease in capital assets primarily reflected \$909 thousand in depreciation expense, partially offset by \$270 thousand in capital asset additions.

Total liabilities decreased by \$1 million during the same period. This decrease was primarily attributable to a \$1.3 million net reduction in unearned revenue related to contributed capital assets and capital investments from Chartwells, offset by a \$321 thousand increase in related party accounts payable.

Deferred outflows of resources and deferred inflows of resources represent amounts associated with Spartan Shops' obligations under GASB Statement No. 75 related to other postemployment benefits (OPEB). These amounts are recognized systematically over future reporting periods. From fiscal year 2025 to fiscal year 2026, deferred outflows of resources decreased by \$10 thousand, while deferred inflows of

Spartan Shops, Inc.

**Management's Discussion and Analysis
Year Ended June 30, 2026
(Unaudited)**

resources decreased by \$13 thousand, primarily due to differences between projected and actual investment earnings.

Total net position increased by \$1.5 million from fiscal year 2025 to fiscal year 2026, primarily because total revenues of \$6.2 million, consisting of \$6.0 million in operating revenues and \$225 thousand in nonoperating revenues, exceeded total expenses of \$4.7 million.

Condensed Summary of Revenues, Expenses and Changes in Net Position

Spartan Shops' condensed summary of revenues, expenses and changes in net position for the years ended June 30 is as follows:

	2026	2025	Change
Operating revenues:			
Auxiliary enterprise revenues:			
Commercial services - rental revenue	\$ 376,619	\$ 342,233	\$ 34,386
Total auxiliary enterprise revenues	376,619	342,233	34,386
Other operating revenues:			
Dining contract management	527,748	511,353	16,395
Commission income - dining services	2,720,184	2,221,121	499,063
Contributed assets - bookstore and dining services	705,542	617,285	88,257
Commission income - bookstore	555,551	533,143	22,408
Rent revenue	794,000	729,000	65,000
Other income	244,226	59,345	184,881
Unused meal plan revenue	55,024	39,568	15,456
Total other operating revenues	5,602,275	4,710,815	891,460
Total operating revenues	5,978,894	5,053,048	925,846
Operating expenses:			
Operating - bookstore, dining and commercial services	3,009,132	2,420,361	588,771
Administrative	820,478	1,019,451	(198,973)
OPEB (benefit) expense	(53,865)	(116,909)	63,044
Depreciation and amortization	909,280	1,001,273	(91,993)
Total operating expenses	4,685,025	4,324,176	360,849
Total operating income	1,293,869	728,872	564,997
Noncapital subsidies			
Other income	1,608	68	1,540
Total noncapital subsidies	1,608	68	1,540
Operating income and noncapital subsidies	1,295,477	728,940	566,537
Other nonoperating revenues (expenses):			
Interest income from notes receivable	8,659	8,659	-
Investment income	298,067	294,159	3,908
Interest expense	(81,357)	-	(81,357)
Total other nonoperating revenues (expenses)	225,369	302,818	(77,449)
Increase in net position	1,520,846	1,031,758	489,088
Net position:			
Beginning of year	(107,351)	(1,139,109)	1,031,758
End of year	\$ 1,413,495	\$ (107,351)	\$ 1,520,846

Spartan Shops, Inc.

Management's Discussion and Analysis Year Ended June 30, 2026 (Unaudited)

Total operating revenues increased by \$925 thousand from fiscal year 2025 to fiscal year 2026. This increase was primarily attributable to a \$515 thousand increase in Chartwells related revenue, consisting of a \$499 thousand increase in Chartwells commissions and a \$16 thousand increase in dining contract management revenue. Other increases included \$22 thousand in bookstore commissions, \$65 thousand in Chartwells rental revenue, \$88 thousand in revenue related to contributed assets from Chartwells and the bookstore, \$185 thousand in revenue recognized from bookstore investment funds, \$34 thousand in commercial services revenue, and \$16 thousand in revenue from unused meal plans.

Total operating expenses increased by \$361 thousand during the same period. The increase was primarily attributable to a \$589 thousand increase in operating expenses associated with dining services, bookstore operations, and commercial services, including higher utility and facility fees and costs relating to the dining project, as well as a \$63 thousand increase in OPEB expense. These increases were partially offset by a \$199 thousand decrease in administrative expenses, primarily due to lower IT fees, and a \$92 thousand decrease in depreciation and amortization expenses.

Total nonoperating revenues decreased by \$77 thousand from fiscal year 2025 to fiscal year 2026, primarily due to a \$81 thousand increase in interest expense, offset by \$4 thousand increase in investment income.

Fiduciary Statements

Condensed Statement of Fiduciary Net Position-Other Post Employment Benefit Trust Fund

Total net position decreased by \$17 thousand from fiscal year 2025 to fiscal year 2026, primarily reflecting the net impact of retiree benefits costs, administrative expenses and investment earnings.

The plan's impact on the net position on the measurement date can be summarized as follows:

	2026	2025	Change
Assets	\$ 2,426,219	\$ 2,451,033	\$ (24,814)
Liabilities	100,338	108,191	(7,853)
Net position	<u>\$ 2,325,881</u>	<u>\$ 2,342,842</u>	<u>\$ (16,961)</u>

Condensed Statement of Changes in Fiduciary Net Position-Other Post Employment Benefit Trust Fund

The fiduciary net position decreased by \$17 thousand from fiscal year 2025 to fiscal year 2026, primarily due to a \$25 thousand decrease in investment earnings. This decrease was partially offset by a \$6 thousand increase in member contributions and a \$2 thousand decrease in medical insurance expenses.

Spartan Shops, Inc.

**Management's Discussion and Analysis
Year Ended June 30, 2026
(Unaudited)**

	2026	2025	Change
Additions	\$ 97,225	\$ 119,895	\$ (22,670)
Deductions	114,186	116,537	(2,351)
Change in fiduciary net position	(16,961)	3,358	(20,319)
Fiduciary net position - beginning	2,342,842	2,339,484	3,358
Fiduciary net position - end	<u>\$ 2,325,881</u>	<u>\$ 2,342,842</u>	<u>\$ (16,961)</u>

Significant Capital Asset and Long-Term Financing Activity

Following the conclusion of Barnes and Noble's bookstore management services on May 23, 2026, Spartan Shops removed \$784 thousand of fully depreciated capital assets from the statement of net position as of June 30, 2026. Because these assets were fully depreciated, their disposal had no impact on the financial statements or Spartan Shops' net position.

Currently Known Facts, Decisions, or Conditions

At this time, there are no pending agreement renewals or new legislation expected to have a material impact on Spartan Shops' financial position or operations.

Looking ahead, SJSU anticipates constructing a new dining hall, which is expected to require additional capital investment from Chartwells Higher Education (CHE) and Spartan Shops. If the project proceeds, the additional investment would likely result in an extension of the existing agreement with CHE. The timing, scope, and funding of the project have not yet been determined and are expected to be evaluated as part of the housing and dining feasibility study.

Other than this potential future project, management is not aware of any currently known facts, decisions, conditions, or subsequent events that are expected to have a material effect on Spartan Shops' financial position or results of operations.

The accompanying financial statements and notes should be read in conjunction with this MD&A.

Basic Financial Statements

Spartan Shops, Inc.

Statement of Net Position-Business-Type Activities
June 30, 2026
(With Summarized Totals at June 30, 2025)

	<u>Assets</u>	
	2026	2025
Current assets		
Cash and cash equivalents	\$ 1,506,097	\$ 980,778
Short-term investments	9,441,504	5,536,280
Receivables	451,547	3,792,150
Total current assets	11,399,148	10,309,208
Noncurrent assets		
Other Post-Employment Benefits (OPEB) asset	1,087,494	1,035,977
Notes receivable, net	200,414	191,972
Capital assets, net	9,609,643	10,248,185
Total noncurrent assets	10,897,551	11,476,134
Total assets	\$ 22,296,699	\$ 21,785,342
Deferred outflows of resources		
OPEB Deferred outflows - differences between projected and actual investment earnings	\$ -	\$ 10,410
<u>Liabilities and Net Position</u>		
Current liabilities		
Accounts payable	\$ 76,913	\$ 79,738
Related party accounts payable	2,176,903	1,855,427
Accrued salaries and benefits payable	1,679	1,344
Unearned revenue, current portion	1,210,949	1,310,845
Other liabilities	291,985	285,216
Total current liabilities	3,758,429	3,532,570
Noncurrent liabilities		
Unearned revenue, net of current portion	17,032,437	18,265,437
Total noncurrent liabilities	17,032,437	18,265,437
Total liabilities	20,790,866	21,798,007
Deferred inflows of resources		
OPEB Deferred inflows - differences between projected and actual investment earnings	92,338	105,096
Net position		
Net investment in capital assets	9,609,643	10,248,185
Unrestricted	(8,196,148)	(10,355,536)
Total net position	\$ 1,413,495	\$ (107,351)

See Notes to Financial Statements.

Spartan Shops, Inc.

Statement of Revenues, Expenses and Changes in Net Position-Business-Type Activities
Year Ended June 30, 2026
With Summarized Totals for the Year Ended June 30, 2025

	2026	2025
Operating revenues		
Auxiliary enterprise revenues		
Commercial services-rental revenue	\$ 376,619	\$ 342,233
Total auxiliary enterprise revenues	376,619	342,233
Other operating revenues		
Dining contract management	527,748	511,353
Commission income - dining services	2,720,184	2,221,121
Contributed assets - bookstore and dining services	705,542	617,285
Commission income - bookstore	555,551	533,143
Rent revenue	794,000	729,000
Other income	244,226	59,345
Unused meal plan revenue	55,024	39,568
Total other operating revenues	5,602,275	4,710,815
Total operating revenues	5,978,894	5,053,048
Operating expenses		
Operating-bookstore, dining and commercial services	3,009,132	2,420,361
Administrative	820,478	1,019,451
OPEB benefit	(53,865)	(116,909)
Depreciation and amortization	909,280	1,001,273
Total operating expenses	4,685,025	4,324,176
Operating income	1,293,869	728,872
Noncapital subsidies		
Other income	1,608	68
Total noncapital subsidies	1,608	68
Operating income and noncapital subsidies	1,295,477	728,940
Other nonoperating revenues (expenses)		
Interest income from notes receivable	8,659	8,659
Investment income	298,067	294,159
Interest expense	(81,357)	-
Net other nonoperating revenues	225,369	302,818
Increase in net position	1,520,846	1,031,758
Net position, beginning of year	(107,351)	(1,139,109)
Net position, end of year	\$ 1,413,495	\$ (107,351)

See Notes to Financial Statements.

Spartan Shops, Inc.

Statement of Cash Flows-Business-Type Activities
Year Ended June 30, 2026
(With Summarized Totals for the Year Ended June 30, 2025)

	2026	2025
Cash flows from operating activities		
Cash received from sales	\$ 192,222	\$ 440,779
Payments to suppliers	(3,584,995)	(3,420,822)
Other operating receipts	7,543,621	3,417,253
Net cash provided by operating activities	4,150,848	437,210
Cash flows from noncapital financing activities		
Other income	1,608	68
Net cash provided by noncapital financing activities	1,608	68
Cash flows from capital and related financing activities		
Purchase of capital assets	(19,980)	(11,344)
Net cash used in capital and related financing activities	(19,980)	(11,344)
Cash flows from investing activities		
Purchases of investments	(1,049,491)	(106,090)
Sales of investments	1,049,412	49,063
Additions to the CSU Investment Pool	(27,659,718)	(22,017,140)
Withdrawals from the CSU Investment Pool	23,985,447	22,020,162
Investment income	67,193	79,461
Net cash (used in) provided by investing activities	(3,607,157)	25,456
Net increase in cash and cash equivalents	525,319	451,390
Cash and cash equivalents, beginning	980,778	529,388
Cash and cash equivalents, end	<u>\$ 1,506,097</u>	<u>\$ 980,778</u>

Spartan Shops, Inc.

Statement of Cash Flows-Business-Type Activities
Year Ended June 30, 2026
(With Summarized Totals for the Year Ended June 30, 2025)

	2026	2025
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 1,293,869	\$ 728,872
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	909,280	1,001,273
Bad debt expense	216	216
Amortization of signing and partnership bonus	(527,748)	(511,353)
Amortization of contributed assets - bookstore and dining services	(705,542)	(617,285)
Amortization of advance commissions	(167,000)	(167,000)
Amortization of unspent investment	(183,467)	-
Change in assets and liabilities		
Receivables	3,340,603	98,546
OPEB asset	(51,517)	(158,710)
Accounts payable and related party accounts payable	237,294	8,417
Accrued salaries and benefits payable and other liabilities	7,104	10,358
Unearned revenue	104	2,075
Deferred inflows/outflows - OPEB liability	(2,348)	41,801
Net cash provided by operating activities	<u>\$ 4,150,848</u>	<u>\$ 437,210</u>
Noncash investing activities		
Contributed capital assets	<u>\$ 250,758</u>	<u>\$ 810,411</u>
Imputed interest on notes receivable	<u>\$ 8,659</u>	<u>\$ 8,659</u>
Commitment received for capital investment	<u>\$ -</u>	<u>\$ 3,525,000</u>

See Notes to Financial Statements.

Spartan Shops, Inc.

Statement of Fiduciary Net Position-Other Post-Employment Benefit Trust Fund

June 30, 2026

(With Summarized Totals at June 30, 2025)

	<u>Assets</u>	
	<u>2026</u>	<u>2025</u>
Assets		
Investments	\$ 2,424,540	\$ 2,449,689
Accounts receivable	1,679	1,344
	<u>2,426,219</u>	<u>2,451,033</u>
Total assets		
	<u>2,426,219</u>	<u>2,451,033</u>
	<u>Liabilities and Net Position</u>	
Liabilities		
Accounts payable	98,659	106,847
Other liabilities	1,679	1,344
	<u>100,338</u>	<u>108,191</u>
Total liabilities		
	<u>100,338</u>	<u>108,191</u>
Net position		
Restricted		
Post-employment benefits other than pensions	2,325,881	2,342,842
	<u>2,325,881</u>	<u>2,342,842</u>
Total net position		
	<u>\$ 2,325,881</u>	<u>\$ 2,342,842</u>

See Notes to Financial Statements.

Spartan Shops, Inc.

Statement of Changes in Fiduciary Net Position-Other Post-Employment Benefit Trust Fund
Year Ended June 30, 2026
(With Summarized Totals for the Year Ended June 30, 2025)

	2026	2025
Additions		
Contributions		
Members	\$ 15,528	\$ 9,690
Investment earnings		
Interest, dividends and other	92,933	120,999
Less: investment costs	(11,236)	(10,794)
Net investment earnings	81,697	110,205
Total additions	97,225	119,895
Deductions		
Medical premiums for retirees	114,079	116,251
Administrative expense	107	286
Total deductions	114,186	116,537
Net (decrease) increase in fiduciary net position	(16,961)	3,358
Net position, beginning of year	2,342,842	2,339,484
Net position, end of year	\$ 2,325,881	\$ 2,342,842

See Notes to Financial Statements.

Spartan Shops, Inc.

Notes to Financial Statements June 30, 2026

Note 1 - Nature of the Organization

Spartan Shops, Inc. ("Spartan Shops") was incorporated in 1956. Spartan Shops serves as an auxiliary organization and is a component unit of California State University ("CSU" or the "University") to provide and manage the campus bookstore, dining services and certain real estate properties. Spartan Shops has an agreement with Follett Higher Education Group ("Follett") for the daily operation of the Spartan Bookstore. Follett replaced Barnes & Noble College Booksellers ("Barnes & Noble") as the bookstore service provider in May 2026. Spartan Shops also has an agreement with Chartwells Higher Education ("Chartwells") to provide all dining services to the San José State University ("SJSU") campus. Spartan Shops holds and administers assets for the organization's Other Post-Employment Benefits ("OPEB") plan in a fiduciary fund.

Note 2 - Summary of Significant Accounting Policies

Basis of presentation

The accompanying financial statements have been prepared using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), as promulgated by the Governmental Accounting Standards Board ("GASB"). For purposes of financial reporting, Spartan Shops is considered a special purpose government. Spartan Shops is a component unit of California State University and is included in their financial statements as a discretely presented component unit.

Spartan Shops' financial statements include a single proprietary fund/business-type activities and fiduciary fund statements. The business-type activities statements include: the statements of net position, statements of revenues, expenses and changes in net position, and statements of cash flows. The fiduciary fund statements include the OPEB trust fund statements of fiduciary net position and statements of changes in fiduciary net position.

Spartan Shops considers assets to be current, which can be reasonably expected as part of its normal business operations, to be converted to cash and available for liquidation of current liabilities within 12 months of the statement of net position date. Liabilities that are considered to be current can be reasonably expected as part of its normal business operation to be liquidated within 12 months of the statement of net position date. All other assets and liabilities are considered to be noncurrent.

Operating revenues and expenses for Spartan Shops are those revenues and expenses that result from providing services and producing and delivering goods in connection with the Spartan Shops' principal ongoing operations. Operating revenues generally consist of charges to customers for services provided. Operating expenses include the cost of sales and services, administrative expenses, depreciation and amortization, and other expenses associated with the operation and maintenance of Spartan Shops.

Nonoperating revenues and expenses are revenues and expenses that do not result from the Spartan Shops' principal ongoing operations. Nonoperating revenues and expenses include investment income, interest expense and other financing-related costs, gains and losses on the disposal of capital assets, noncapital subsidies, contributions to term or permanent endowments, and other activities that meet the definition of nonoperating revenues and expenses under generally accepted accounting principles for state and local governments.

Spartan Shops, Inc.

Notes to Financial Statements June 30, 2026

Net position

The financial statements report net position in the following classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net investment in capital assets

Capital assets, net of accumulated depreciation, outstanding debt or liabilities attributable to the acquisition, construction, or improvement of those assets.

Restricted-nonexpendable

The component of net position that is subject to externally imposed conditions that Spartan Shops retains in perpetuity. Net assets in this category consist of endowments. There were no restricted nonexpendable components of net position as of June 30, 2026.

Restricted-expendable

The component of net position subject to externally imposed conditions that can be fulfilled by the actions of Spartan Shops or by the passage of time. The Other Post Employment Benefit Trust Fund has restricted net position for payment of post-employment benefits other than pensions.

Unrestricted

All other categories of net position. In addition, the unrestricted component of net position may be designated by the board of directors of Spartan Shops.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain amounts of assets and liabilities in the financial statements and accompanying notes, as well as revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

For the purposes of the statement of cash flows, Spartan Shops considers all highly-liquid debt instruments purchased with an original maturity from the date of purchase of three months or less to be cash equivalents.

Investments

Investments are carried at fair market value, as determined by quoted market prices, with realized and unrealized gains and losses included on the statement of revenues, expenses and changes in net position as investment income. Dividend and interest income are accrued when earned. Investments in the CSU Investment Pool are carried at amortized cost.

Receivables

Receivables are stated at net realizable value. Spartan Shops recognizes bad debt expenses at the time the account is deemed worthless by analyzing the creditworthiness of the customers. No allowance for doubtful accounts was recorded as of June 30, 2026 as Spartan Shops' receivables are considered fully collectible due to the trusted payment sources such as campus partners, government, merchant services, benefit and contracted vendors.

Spartan Shops, Inc.

Notes to Financial Statements June 30, 2026

Capital assets and depreciation

Spartan Shops' policy is to capitalize all asset additions greater than \$5,000. Capital assets, including intangible assets, are recorded at cost when purchased and their estimated acquisition value, on the date donated, when donated. Real estate costs have been allocated to individual building units based on a specific-identification method. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from three to 30 years. Amortization of leasehold improvements is computed using the straight-line method over the shorter of the useful life of the related asset or the term of the lease, which ranges from five to 15 years. The University is committed to purchasing Spartan Shops' leasehold improvement assets, at full book value, should the lease or operating agreement not be extended. Spartan Shops classifies computer software as intangible assets, which are depreciated using the straight-line method over the estimated useful life of five years. As part of the agreement with Chartwells, Spartan Shops retains title to items funded by Chartwells' capital improvement and pre-opening/transition expenses. Spartan Shops records these authorized investment additions as equipment, leasehold improvements and construction work in progress as capital assets and food service investment unearned revenue. The contribution of these capital improvements is recorded as unearned revenue and recorded as contributed assets-bookstore and dining services revenue over the term of the contract period.

Impairment of long-lived assets

Spartan Shops accounts for impairment of long-lived assets in accordance with GASB 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. Under this statement, management reviews events or changes in circumstances such as physical damage, economic factors, technological changes or other signs of obsolescence that would cause a significant decline in service and a circumstance outside the normal life cycle of the asset. During the year ended June 30, 2026, no impairment loss was recorded.

Deferred outflows and deferred inflows

Deferred outflows and deferred inflows of resources related to the effects of changes in assumptions, differences in actual and expected return on plan assets and changes in experience on Spartan Shops' other post-employment benefit plan are to be recognized in future periods to other postemployment benefit plan expense.

Revenue recognition

Bookstore and dining services commission are exchange transactions and are recorded at the end of each month based on contracted percentages of sales as reported by third-party contractors. Rental revenue is recorded monthly at the end of each month based on the lease contract with the tenant. Unused meal plan revenue is a voluntary nonexchange transaction and is recorded when Spartan Shops has legal claim on the funds, which is at the end of the fiscal year when the unused meals are forfeited. Dining contract management revenue is an exchange transaction and is recorded at the end of each month based on contracted percentages of sales and other contractual fee arrangements as reported by the third-party dining services contractor.

Unearned revenue consists of an upfront payment for signing bonus, partnership bonus, advanced commissions from Chartwells, and Chartwells' contributed capital investment through the term of the contract. The contract signing bonuses are unearned revenue and are being recognized as other operating revenue over the life of the contract. The contributed capital investment is being recorded as contributed assets and amortized on a straight-line basis from the date the projects start through the end of the contract term. Spartan Shops records contributed assets-bookstore and dining services revenue according to the

Spartan Shops, Inc.

Notes to Financial Statements June 30, 2026

amortization schedule in the contract. These amounts are not recorded as revenue when the assets are constructed due to amounts having to be repaid to Chartwells if the contract is terminated early.

Tax-exempt status and income taxes

Spartan Shops is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code"), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. Spartan Shops has also been recognized by the California Franchise Tax Board as an organization that is exempt from California franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code.

Spartan Shops has evaluated its tax positions and the certainty as to whether those tax positions will be sustained in the event of an audit by taxing authorities at the federal and state levels. The primary tax positions evaluated are related to Spartan Shops' continued qualification as a tax-exempt organization and whether there are unrelated business income activities conducted that would be taxable. Management has determined that all income tax positions will more likely than not be sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required.

Comparative totals

The financial statements include certain prior year summarized comparative information in total but not by net position class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with Spartan Shops' financial statements as of and for the year ended June 30, 2025, from which the summarized information was derived.

Recently Adopted Accounting Pronouncements

Effective for the fiscal year beginning July 1, 2025, Spartan Shops, Inc. implemented the provisions of GASB Statement No. 103, *Financial Reporting Model Improvements* ("GASB 103"). This Statement establishes improvements to the financial reporting model, including changes related to management's discussion and analysis and the presentation of unusual or infrequent items. As a result, Spartan Shops revised the presentation of its financial statements, including its management's discussion and analysis and the classification and display of noncapital subsidies, to conform to the new requirements. The adoption of GASB 103 did not have a material impact on Spartan Shops' financial statements.

Effective for the fiscal year beginning July 1, 2025, Spartan Shops, Inc. implemented the provisions of GASB Statement No. 104, *Disclosure of Certain Capital Assets* ("GASB 104"). This Statement requires additional disclosures of certain capital assets, including separate disclosures of certain-right-to-use assets, subscription assets, intangible assets, and capital assets held for sale, when applicable. The adoption of GASB 104 did not have a material impact on Spartan Shops' financial statements. Spartan Shops had no right-to-use assets, subscription assets, or capital assets held for sale requiring separate disclosure as of June 30, 2026. Existing intangible assets did not require separate disclosure under GASB 104.

Spartan Shops, Inc.

Notes to Financial Statements
June 30, 2026

Note 3 - Liquidity and availability

Spartan Shops regularly monitors liquidity required to meet its operating needs and other contractual commitments. Spartan Shops has various sources of liquidity at its disposal, including cash and cash equivalents, receivables and investments. At June 30, 2026, Spartan Shops had the following financial assets and liquidity resources available over the next 12 months:

Cash and cash equivalents	\$ 1,506,097
Short-term investments	9,441,504
Receivables	451,547
	<u>\$11,399,148</u>

Note 4 - Deposits, Investments and Fair Value

Spartan Shops categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are quoted prices in active markets for similar assets; Level 3 inputs are significant unobservable inputs.

Spartan Shops is a voluntary participant in the Local Agency Investment Fund ("LAIF") that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The Local Investment Advisory Board has oversight responsibility for the LAIF. The Board consists of five members as designated by state statute. The fair value of Spartan Shops' investment in this pool is reported in the accompanying financial statements at amounts based upon Spartan Shops' pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio).

The value of the pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the pooled treasury's portion in the pool. Withdrawals from LAIF are done on a dollar-for-dollar basis.

LAIF is a voluntary program created by statute as an alternative for California's local governments and special districts that allows them to participate in a major investment portfolio. It is under the administration of the California State Treasurer's Office. There are no significant interest rate risks or credit risks to be disclosed in accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures-an amendment of GASB Statement No. 3*.

Spartan Shops, Inc.

**Notes to Financial Statements
June 30, 2026**

Spartan Shops has the following recurring fair value measurements in its business-type and fiduciary fund statements as of June 30, 2026:

Business-type activities	
Investment type	
CSU Investment Pool	\$ 3,739,249
Local Agency Investment Fund	3,360,008
Money market funds	<u>2,342,247</u>
Total investments	<u><u>\$ 9,441,504</u></u>
Fiduciary fund	
Investment type	
Money market funds	<u>\$ 2,424,540</u>
Total investments	<u><u>\$ 2,424,540</u></u>

Money market funds and mutual funds in business-type activities and fiduciary funds are valued using quoted market prices of identical assets and are classified at Level 1 investments. Funds invested in the CSU Investment Pool and LAIF are recorded at net asset value and thus are not required to be categorized in the fair value hierarchy table.

Business-Type Activities

Investment policy

The Spartan Shops investment policy sets forth the guidelines for the investments of Spartan Shops. Spartan Shops' primary source of funds for investment is its working capital fund. The working capital fund shall be invested in short-term investments.

Interest rate risk

Interest rate risk is the risk changes in the market interest rate that will adversely affect the fair value of an investment. In accordance with the policy, Spartan Shops manages the risk of market value fluctuations due to overall changes in general levels of interest rates by limiting the average maturity of investments within the portfolios, which is less than one year on average. At June 30, 2026, all of Spartan Shops' investments had maturities of less than one year.

Credit risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Spartan Shops' investment policy permits investments in certificates of deposit, U.S. Government obligations, U.S. Government bonds, corporate bonds, publicly traded investments, SJSU investment funds, SJSU Foundation investment funds, other investments that meet security, liquidity and yield requirements as approved by the finance committee and mutual funds. The CSU Investment Pool and LAIF are not rated. Spartan Shops' investments in money market funds were rated A-1 by Standard & Poor's.

Custodial credit risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, Spartan Shops will not be able to recover the value of its investments or collateral securities that are in the possession of the outside

Spartan Shops, Inc.

Notes to Financial Statements June 30, 2026

party. To minimize this risk, Spartan Shops has identified investments that they have determined to have a low risk of failure by the counterparty. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities.

Custodial credit risk disclosures do not apply to indirect investment in securities through the use of mutual funds and government investment pools.

Custodial credit risk for deposits is the risk that Spartan Shops will not be able to recover its deposits in the event of a failure of a depository institution. In the ordinary course of Spartan Shops' operations, deposit balances in checking accounts can exceed the Federal Deposit Insurance Corporation insured limit of \$250,000. At June 30, 2026, Spartan Shops' bank balances exceed the federally insured amount by \$1,256,097, which is uninsured and collateralized by securities held by the pledging financial institution.

Fiduciary Activities

Investment policy

The board of directors of Spartan Shops approved the OPEB assets to be invested in money market funds for the year ended June 30, 2026.

Note 5 - Capital Assets

Capital assets consist of the following at June 30, 2026:

	2025	Additions	CIP Transfers	Retirements and Other	2026
Capital assets not being depreciated					
Land	\$ 2,310,000	\$ -	\$ -	\$ -	\$ 2,310,000
Construction in progress	28,273	-	(11,344)	-	16,929
Total capital assets not being depreciated	2,338,273	-	(11,344)	-	2,326,929
Capital assets being depreciated					
Buildings	1,763,726	-	-	-	1,763,726
Improvements, other than buildings	-	19,980	11,344	-	31,324
Leasehold improvements	9,434,614	159,237	-	(651,127)	8,942,724
Equipment, furniture and fixtures	8,499,681	91,521	-	(241,478)	8,349,724
Intangible assets - computer software	120,037	-	-	(34,608)	85,429
Total capital assets being depreciated	19,818,058	270,738	11,344	(927,213)	19,172,927
Total capital assets	22,156,331	270,738	-	(927,213)	21,499,856
Less accumulated depreciation					
Buildings	(1,406,677)	(62,288)	-	-	(1,468,965)
Improvements, other than buildings	-	(2,039)	-	-	(2,039)
Leasehold improvements	(3,508,327)	(527,013)	-	651,127	(3,384,213)
Equipment, furniture and fixtures	(6,873,105)	(317,940)	-	241,478	(6,949,567)
Intangible assets - computer software	(120,037)	-	-	34,608	(85,429)
Total accumulated depreciation	(11,908,146)	(909,280)	-	927,213	(11,890,213)
Net capital assets being depreciated	7,909,912	(638,542)	11,344	-	7,282,714
Net capital assets	\$ 10,248,185	\$ (638,542)	\$ -	\$ -	\$ 9,609,643

Depreciation and amortization expense was \$909,280 for the year ended June 30, 2026.

Spartan Shops, Inc.

**Notes to Financial Statements
June 30, 2026**

Note 6 - Notes Receivable

Effective August 20, 2007, Spartan Shops entered into a memorandum of understanding with the city of San José (the "City") to provide a homebuyer program (the "Program") for the University in order to attract and retain University faculty and staff. The City and Spartan Shops each committed \$500,000 on an annual basis to fund loans under the Program. The City underwrites and funds all loans and then provides Spartan Shops with an invoice for its portion of funded loans. Each loan was limited to \$60,000 and was typically recorded as a second mortgage. Effective February 2009, each loan was limited to \$50,000. The loans are due to the City in 30 or 45 years, or upon transfer of title, whichever comes first. Effective June 2008, all loans issued are for a term of 45 years to match the 45-year term of the state-mandated affordability restriction. The loans are noninterest-bearing. To be eligible for the Program, properties must be located within the City's municipal boundaries. There is a 45-year affordability restriction, which requires that either the property be sold only to an income-qualified household or the City and Spartan Shops share in any net increase in equity that accrues between the date of the original purchase and the date of sale. This sharing of equity is based on the proportionate share of the equity increase at the time the property is sold by the homeowner, prior to the maturing of the note receivable. Any such equity shares of gain or loss, as well as any loan defaults, would be shared by the City and Spartan Shops in proportion to their funding of the loans. As of June 30, 2026, there were six loans funded by the City. At June 30, 2026, the Spartan Shops receivable portion was \$360,000, less a present value discount of \$154,447. Spartan Shops used the weekly conventional mortgage rates, which were ranged from 4.78% to 6.68% from the Federal Reserve when the notes were issued to calculate the present value of the notes. At June 30, 2026, an allowance for doubtful accounts of \$5,139 was recorded assuming a 2.5% default rate of a loan. Spartan Shops recorded bad debt expense of \$216 in fiscal year 2026. Due to the difficult budget realities for Spartan Shops and the City, both entities have agreed to suspend funding of loans under the Program until the parties agree to extend the Program for future years.

Notes receivable consist of the following as of June 30, 2026:

Notes receivable	\$ 360,000
Less discount on notes receivable	<u>(154,447)</u>
Total notes receivable	205,553
Less allowance for doubtful accounts	<u>(5,139)</u>
Total notes receivable, net	<u><u>\$ 200,414</u></u>

Spartan Shops, Inc.

Notes to Financial Statements June 30, 2026

As of June 30, 2026, the amount of principal of notes receivable for future fiscal years is as follows:

	Principal
Years ending June 30:	
2027-2031	\$ -
2032-2036	-
2037-2041	180,000
2042-2046	-
2047-2051	-
Thereafter	180,000
	<u>\$ 360,000</u>

Note 7 - Lease Commitments

Spartan Shops entered into an operating and lease agreement with SJSU from July 1, 2020, through June 30, 2026, to provide campus bookstore and food service for students, faculty and staff of the University at one or more campus locations as directed by the University. The lease covers the premises which includes Spartan Bookstore, Residential Dining Commons, Student Union Food Facilities, MacQuarrie Retail and Administration Spaces, Student Residential Market, South Campus and CEFCU Stadium Catering and Concession Services, and Other Commercial Spaces as determined by the University's campus (the "Campus"). Under the lease agreement, Spartan Shops and the Campus negotiate the facility use fee on an annual basis after the reconciliation of year-end revenue and as such, this lease did not qualify as a lease under GASB 87. Should adverse economic conditions occur, which could jeopardize the profitability of Spartan Shops, both parties will confer and take appropriate actions to restore Spartan Shops' fiscal health while allowing SJSU to meet its requirements and obligations. There are no future minimum or fixed lease payments. During the year ended June 30, 2026, Spartan Shops recorded a facility fee payment of \$1,253,124.

Note 8 - Self-Insured Workers' Compensation Plan

Spartan Shops participated in a self-insured workers' compensation plan with certain other California State University Auxiliary Organizations that was established as a separate entity risk pool to manage workers' compensation claims and risks. The plan was called the California State University Risk Management Authority ("CSURMA"), a Joint Powers Authority ("JPA"), to form the Auxiliary Organizations Risk Management Alliance ("AORMA") Workers' Compensation Coverage Program. AORMA Workers' Compensation Coverage Program members share risk among themselves. The workers' compensation program has been integrated with the CSURMA program, with assets and risk handled separately through the AORMA Workers' Compensation Coverage Program.

CSURMA-AORMA has assumed liability for all historical AO-COMP claims and, with the permission of the State of California, all claims will be managed and paid for through the JPA. Effective January 1, 2015, CSURMA-AORMA joined the Public Risk Innovation, Solution, and Management ("PRISM"), (previously named CSAC Excess Insurance Authority) Excess Workers' Compensation Program. PRISM is responsible for all covered losses within the self-insured retention layer, which results in reducing AORMA's outstanding liabilities. The pooled retention for each claim was increased from \$500,000 to \$750,000 effective July 1,

Spartan Shops, Inc.

Notes to Financial Statements June 30, 2026

2017. Members of CSURMA-AORMA and the JPA are jointly and severally liable; currently, the program is fully funded and has sufficient funds to cover all costs.

As Spartan Shops does not currently have paid employees, premiums allocated to Spartan Shops will be based on the program's required minimum premium. The premium for the current year was allocated to Spartan Shops by applying individual class code rates determined by an independent actuary to Spartan Shops' payroll and modified by further application of Spartan Shops' experience modification (ex-mod) factor. The ex-mod is calculated using Spartan Shops' loss history and payroll from the three prior policy years. The premium includes an estimate of the amount for incurred, but yet not reported claims. At June 30, 2026, Spartan Shops has no liability reserves accrued, as there were no unfunded workers' compensation claims as of that date. Although considerable variability is inherent in such estimates, Spartan Shops believes its premiums are reasonably adequate to cover future claims. Funds in excess of those needed to maintain a conservative funding of liabilities are returned to members on an annual basis. Spartan Shops received a refund distribution of \$1,608 during the year ended June 30, 2026.

At June 30, 2026, there were 51 members in the CSURMA - AORMA workers' compensation program. The workers' compensation individual classification codes have been revised to better fit the auxiliary members' exposures and this change may affect premiums in future years. Spartan Shops was removed from the CSURMA - AORMA workers' compensation program effective July 1, 2026.

Note 9 - Related-Party Transactions

Spartan Shops' board of directors consists of five voting members. The majority of the voting members of Spartan Shops are appointed by the president of the University.

Spartan Shops leases certain properties from the University, a related party (see Note 7). Amounts payable to and from the University and related organizations are recorded on the statement of net position as accounts receivable and accounts payable. Receivables and payables due to and from related parties were as follows as of June 30, 2026:

Receivable from Tower Foundation	\$ 2,300
Total related-party accounts receivable	\$ 2,300
Payable to SJSU	\$ 2,176,903
Total related-party accounts payable	\$ 2,176,903

For the year ended June 30, 2026, the related party transactions included:

Payments to SJSU for salaries of SJSU personnel working on contracts, grants, and other programs	\$ 655,038
Payments to SJSU for other than salaries of SJSU personnel	\$ 2,426,509
Payments received from SJSU for services, space, and programs	\$ 19,016,937
Gifts (cash or assets) to the University from discretely presented component units	\$ 207,353

Spartan Shops, Inc.

Notes to Financial Statements June 30, 2026

Note 10 - Employee Benefits and Compensation Plan

Retirement plan

Spartan Shops has an established defined contribution pension plan (the "Plan") funded through employer contributions. Regular benefited salaried and hourly employees become eligible participants in the Plan following the completion of specified age and service requirements. The Plan provides for discretionary matching contributions of up to 3% of the participant's compensation. Participants are not fully vested in the employer matching until completion of five years of service and an employee must be employed with Spartan Shops for a minimum of two years in order to be vested at all. Spartan Shops did not make any contributions to the Plan during the year ended June 30, 2026.

Post-retirement health care benefits

Plan description

Plan assets are held in an institutional trust with Principal Trust. As of June 30, 2026, the fair value measurements of the plan assets was \$2,424,540, in money market funds, which are categorized as Level 1 inputs. Spartan Shops paid \$114,186 in medical costs to CalPERS for retirees and received \$15,527 in retiree copayment and medical part D refunds during the year ended June 30, 2026. Spartan Shops accrued benefit reimbursements of \$98,659 from VEBA Health Savings Trust for retiree benefits paid for the year ended June 30, 2026.

Benefits

Spartan Shops provides eligible retired participants with certain post-retirement health benefits as a single-employer plan under the Other Post-Employment Benefit Program of Spartan Shops, Inc. Eligible retirees include participants hired prior to June 30, 1992, who have attained age 59 1/2 and who have at least five years of service at the time of retirement from Spartan Shops. Those participants hired after June 30, 1992, are eligible to retire at the age of 59 1/2 with at least 10 years of service.

As of September 17, 1999, participants who reach the age of 55 with at least 20 years of service are eligible to retire. Spouses of covered retirees are eligible. Coverage continues after the death of the retiree for the surviving spouse's lifetime. For fiscal year 2026, a maximum monthly employer contribution was \$350 for employees or \$700 for the employee plus one covered person.

The following employees are included in the plan for the year ended June 30, 2026:

Retirees or beneficiaries currently receiving benefit payments	21
Inactive employees entitled to but not receiving benefits	4
	25

An implicit subsidy was included in plan liabilities for the pre-65 retirees. The implicit subsidy measures the amount of subsidy transferred from active members of a group to retirees because retirees are older and generally utilize more medical services. Spartan Shops determines the implicit subsidy for pre-Medicare retirees as the projected difference between (a) retiree medical claim costs by age, and (b) premiums charged for retiree coverage. Since Spartan Shops does not have any active employees, there would not be any implicit subsidy transfers from active members to the retiree members. There were no implicit benefit payments for the year ended June 30, 2026.

Spartan Shops, Inc.

**Notes to Financial Statements
June 30, 2026**

Spartan Shops contributions to the plan occur as benefits are paid to retirees and/or to the OPEB trust. Benefit payments may occur in the form of direct payments for premiums and taxes (explicit subsidies) and/or indirect payments to retirees in the form of higher premiums for active employees (implicit subsidies). Benefits paid by the trust were \$98,659 for the year ended June 30, 2026.

Total OPEB liability, fiduciary net position and net OPEB liability

In accordance with the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB that are required to be reported by an employer primarily result from changes in the components of the net OPEB liability; that is, changes in the total OPEB liability and in the OPEB plan's fiduciary net position.

The net OPEB liability is determined based on the results of an actuarial valuation, and the effects of certain other changes in the net OPEB liability are required to be included in OPEB expense over the current and future periods. The effects on the total OPEB liability of (1) changes of economic and demographic assumptions or of other inputs, and (2) differences between expected and actual experience are required to be included in OPEB expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the OPEB plan (active employees and inactive employees), beginning in the current period. Deferred inflows and outflows of resources include the net difference between projected and actual earnings on OPEB plan investments, which are amortized over five years.

For the fiscal year ended June 30, 2026, Spartan Shops' valuation date was June 30, 2025, and measurement date was June 30, 2026.

Spartan Shops, Inc.

**Notes to Financial Statements
June 30, 2026**

The following is Spartan Shops' change in total OPEB liability, plan fiduciary net position and net OPEB liability (asset) for the year ended June 30, 2026:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a)-(b)
Balance at July 1, 2025	\$ 1,306,865	\$ 2,342,842	\$ (1,035,977)
<i>Measurement date June 30, 2025</i>			
Expected changes during the period			
Interest cost	30,181	-	30,181
Expected investment income	-	55,044	(55,044)
Benefit payments	(98,659)	(98,659)	-
Total expected changes during the period	(68,478)	(43,615)	(24,863)
	1,238,387	2,299,227	(1,060,840)
Unexpected changes during the period			
Change due to investment experience	-	26,654	(26,654)
Total unexpected changes during the period	-	26,654	(26,654)
Balance at June 30, 2026			
<i>Measurement date June 30, 2026</i>	<u>\$ 1,238,387</u>	<u>\$ 2,325,881</u>	<u>\$ (1,087,494)</u>

The following are the components of OPEB expense (benefit) for the year ended June 30, 2026:

Interest cost	\$ 30,181
Expected earnings on assets	(55,044)
Deferred (inflows) outflows of resources	
Investment experience	(29,002)
OPEB benefit	<u>\$ (53,865)</u>

The following are the reasons for the changes in deferred outflows and inflows for the year ended June 30, 2026:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	\$ -	\$ 92,338
Total	<u>\$ -</u>	<u>\$ 92,338</u>

Spartan Shops, Inc.

**Notes to Financial Statements
June 30, 2026**

Spartan Shops will recognize deferred outflows (inflows) in expense in future periods as shown below:

Years ending June 30:	
2027	\$ (39,413)
2028	(31,196)
2029	(16,399)
2030	<u>(5,330)</u>
Total	<u>\$ (92,338)</u>

The discount rate used for the fiscal year ended June 30, 2026 was 2.4%. Health care cost trend rate was assumed to start at 6.0% fluctuating down to 3.9% by 2075. The impact of a 1% increase or decrease in these assumptions at June 30, 2026 is shown in the chart below:

Change in discount rate	1% Decrease 1.40 %	Current 2.40 %	Current + 1% 3.40 %
Net OPEB asset	<u>\$ 985,891</u>	<u>\$ 1,087,494</u>	<u>\$ 1,175,236</u>

Change in health care cost trend rate	1% Decrease 5.0 %	Current 6.0 %	Current + 1% 7.0 %
Net OPEB asset	<u>\$ 1,101,229</u>	<u>\$ 1,087,494</u>	<u>\$ 1,056,502</u>

Methods and assumptions

Spartan Shops uses the entry age normal cost method with normal cost determined on a level percent of pay basis to determine the benefit obligations. Under this method, the actuarial present value of projected benefits is the value of benefits expected to be paid for current actives and retirees and is calculated based on the assumptions and census data.

The following assumptions were used in actuarial valuation:

Discount rate

A discount rate of 2.4% was used based on the money market rate of return on the assets held as of June 30, 2026.

Inflation rate

An inflation rate of 2.5% was used for 2026.

Long-term return on assets

Since Spartan Shops has prefunded over 188%, as of June 30, 2026, of the total OPEB liability and anticipates no further contributions to the plan, Spartan Shops held its plan assets in a money market fund with the long-term expected rate of return of 2.4% as of June 30, 2026.

Spartan Shops, Inc.

**Notes to Financial Statements
June 30, 2026**

Investment Class	Target Allocation	Long-Term Expected Real Rate of Return
Money market fund	100.0 %	2.40 %
Total	100.0 %	

Participants valued

Only retired and/or fully vested inactive participants and their covered dependents are valued. No future entrants are considered in this valuation.

Mortality

Basic mortality rates were taken from those published in the CalPERS 2021 experience study using data from 1997 to 2019, adjusted to back out 15 years of Scale MP 2016 to central year 2015.

Health care cost trend rate

Medical plan premiums and claims costs by age are assumed to increase once each year. Increases over the prior year's levels are assumed to be 7.0% in 2027, 5.4% in 2028, and 5.3% in 2029.

Participation rate

Vested terminated participants

One hundred percent of these participants are assumed to maintain their current plan election in retirement and continue coverage for their lifetime. Those not currently enrolled in CalPERS medical coverage are assumed to elect coverage in the Kaiser Bay Area plan.

Retired participants

Existing medical plan elections for currently covered retirees are assumed to be continued until the retiree's death. If a retiree is known to us to be eligible but currently waiving coverage, we assumed a 75% probability that such retiree will elect to re-enroll in coverage at age 65.

Employer cost sharing

With the rise in future medical costs and inflation, and the over-funded status of the OPEB plan, Spartan Shops will be evaluating the possibility of increasing the monthly caps on Spartan Shops' contributions towards retiree medical premiums.

Projected cash flows

Spartan Shops anticipates no further contributions to the Plan and, at present, based on the assumptions used in the current-year valuation, the trust is projected to have sufficient assets to pay all future plan benefits. As such, Spartan Shops intends to take annual disbursement from the Plan as reimbursement for retiree medical expenses paid by Spartan Shops each year.

Spartan Shops, Inc.

Notes to Financial Statements June 30, 2026

Note 11 - Noncurrent Liabilities

Schedule of changes in noncurrent liabilities for the year ended June 30, 2026 is shown below:

	2026				
	Beginning of Year	Additions	Reductions	End of Year	Amount Due in One Year
Unearned revenue - food services investment - SVOP	\$ 3,344,651	\$ -	\$ 196,744	\$ 3,147,907	\$ 196,744
Unearned revenue - food services investment	8,529,017	159,237	514,022	8,174,232	514,022
Unearned revenue - signing bonuses	5,910,539	-	614,471	5,296,068	331,004
Unearned revenue - rental payment	2,075	2,179	2,075	2,179	2,179
Unearned revenue - prepaid commission	1,790,000	-	167,000	1,623,000	167,000
Total unearned revenue	<u>\$ 19,576,282</u>	<u>\$ 161,416</u>	<u>\$ 1,494,312</u>	<u>\$ 18,243,386</u>	<u>\$ 1,210,949</u>

Note 12 - Bookstore Contract Management

Spartan Shops contracted with Barnes & Noble College Booksellers, LLC to manage the daily operations of the Spartan Bookstore from March 2011 through May 22, 2026. Under the agreement, Barnes & Noble paid commissions based on bookstore sales and provided annual unrestricted contributions and capital funding for bookstore facility improvements. For the fiscal year ended June 30, 2026, Spartan Shops recognized bookstore commission revenue of \$555,551 from Barnes & Noble. Upon the expiration of the agreement, the remaining deferred revenue related to Barnes & Noble's prior capital contributions of \$183,467 was recognized as operating revenue. In addition, Spartan Shops recognized the final \$100,000 of contributed assets revenue associated with the bookstore facility investment. As of June 30, 2026, the related facility improvements had been fully depreciated, and the Barnes & Noble-funded assets were removed, except for store fixtures, from Spartan Shops' financial statements.

Effective May 23, 2026, Spartan Shops entered into a new Bookstore Management Services Agreement with Follett Higher Education Group, Inc. to manage bookstore operations. The agreement has an initial ten-year term through June 30, 2036, with one optional five-year renewal period. Under the agreement, Follett pays commissions based on specified categories of bookstore sales, subject to a minimum annual guarantee of \$800,000 in the first contract year and, thereafter, the greater of 90% of commissionable sales of the calculated commission for the prior year. Follett is also responsible for bookstore operating costs, including rent, utilities, staffing, technology, and approved facility improvements, and has committed to provide capital investments, scholarships, annual contributions, and other financial support totaling approximately \$2.7 million over the initial contract term, subject to certain contractual conditions.

Note 13 - Dining Services Contract Management

Spartan Shops entered into an agreement with Chartwells, a division of Compass Group USA, to provide the entirety of the food service programming on the SJSU campus. This includes catering, food vending, residential dining, concessions and/or all food preparation, serving dining and storage on the main and south campus, as well as catering services to our offsite Hammer Theatre.

The agreement is effective from July 5, 2018 through June 30, 2038. For the period from July 2018 through June 30, 2022, Spartan Shops retained all revenue from operation and reimbursed Chartwells for the cost

Spartan Shops, Inc.

**Notes to Financial Statements
June 30, 2026**

of business (referred to as a cost of business model). Cost of business included all Chartwells' labor, cost of all products, merchandise, materials, supplies, and the cost of all other operating expenses including depreciation for the first three years and excluding depreciation for year four. Management fee of \$400,000 was paid on year two and year three only.

Effective July 1, 2022, the services transitioned from a cost of business model to a profit loss basis. Chartwells then began paying commissions to Spartan Shops based on gross sales in accordance with the established commission rates below:

Meal plans	11.00%
Retail food sales	7.00%
Catering internal and external	10.00%
Conference	10.00%
Spartan Stadium	10.00%
Hammer Theater	10.00%
Event Center	10.00%
Subcontractor Sales	2.50%

Effective July 1, 2023, Chartwells shall pay a commission to Spartan Shops based on a flat rate for all gross sales as described in the tiered rate structure below:

Gross Sales	Fiscal/Academic Year 23/24	All Subsequent Years
\$0 - \$22,500,000	4.75%	6.00%
\$22,500,001 - \$25,000,000	15.50%	15.50%
\$25,000,001 - \$100,000,000	20.50%	20.50%

Spartan Shops received \$2,720,184 in commission from Chartwells for the fiscal year ended June 30, 2026.

Spartan Shops distributed weekly meal plan funds to Chartwells based on daily rates and usage and recorded \$55,024 as unused meal plan revenue at the end of the 2026 academic year.

In addition to the commission structure above, Chartwells is also committed to fund capital improvements, signing bonus payments, and pre-opening/transition expenses in a total sum not to exceed \$23,011,148 starting from July 2018 through June 2038. The investments will be made throughout the agreement term and amortized on a straight-line basis from when the project is placed in service through June 30, 2042, with the exception of a few investment items with a shorter amortization schedule. Spartan Shops shall hold title to items funded by the investment. Due to there being no fixed payment portion of the contract each year, GASB 87 and GASB 94 are not applicable.

If the agreement expires or is terminated for any reason prior to the full amortization of the investment, Spartan Shops is liable for and promises to pay Chartwells the unamortized portion of the capital investment immediately upon expiration or termination. For this reason, Spartan Shops has recorded unearned revenue in the amount of the contributed capital assets each year and is amortizing the contributed assets over the remaining agreement term when the project is placed in service. In the event the agreement expires or is terminated before any disbursements are scheduled to be made, Chartwells will not advance such

Spartan Shops, Inc.

**Notes to Financial Statements
June 30, 2026**

additional disbursements. Spartan Shops received a total of \$7,375,000 in signing and partnership bonuses and recorded the amortization of \$331,004 as revenue through June 30, 2026. Spartan Shops received \$1,500,000 in advance commission in March 2021 and \$840,000 in advance commission in July 2023. \$167,000 of the advance commission amount was offset with the annual commission payment received for the year ended June 30, 2026. Annual commission amounts of \$107,000 and \$60,000 shall be offset with the annual commission payments to be received for fiscal years starting from June 30, 2022 to June 30, 2035 and from June 30, 2024 to June 30, 2037, respectively.

During the year ended June 30, 2026, Chartwells contributed \$159,237 in capital assets which summed to a total of \$11,996,035 in the capital asset investment. Of this total investment of \$11,996,035, Spartan Shops amortized \$3,821,803 of contributed capital assets through June 30, 2026, resulting in unearned revenue remaining of \$8,174,232. During the fiscal year ended June 30, 2026, \$514,022 of unearned revenue related to Chartwells' capital investments was recorded as contributed assets-bookstore and dining services based on the remaining term of the contract agreement.

During the year ended June 30, 2025, Spartan Shops recorded \$3,525,000 as a receivable which will be used to fund an investment in the Residential Dining Commons Project ("SVOP"). This receivable was received during the year ended June 30, 2026. Of this total \$3,525,000 SVOP investment, Spartan Shops amortized \$377,093 through June 30, 2026, resulting in unearned revenue remaining of \$3,147,907.

As part of the agreement, Chartwells shall provide in-kind contribution of food services with annual retail value of \$160,000. The SJSU campus received \$159,349 of retail food services as a result of the aforementioned in-kind contribution for the fiscal year ended June 30, 2026.

Required Supplementary Information

Spartan Shops, Inc.

**Schedule of Changes in the Net OPEB Liability and Related Ratios
June 30, 2026**

	2026	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability									
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59,490	\$ 57,617
Interest	30,181	33,811	22,050	24,355	25,727	32,175	38,328	25,231	25,600
Changes of benefit terms	-	-	357,776	-	-	-	-	-	-
Differences between expected and actual experience	-	(83,452)	-	(78,051)	-	(180,926)	-	(201,421)	-
Changes in assumptions	-	1,136	(61,866)	19,831	-	(245,681)	54,046	(298,414)	-
Benefit payments	(98,659)	(106,847)	(95,299)	(86,184)	(113,503)	(101,690)	(130,513)	(133,652)	(110,302)
Net change in total OPEB liability	(68,478)	(155,352)	222,661	(120,049)	(87,776)	(496,122)	(38,139)	(548,766)	(27,085)
Total OPEB liability - beginning	1,306,865	1,462,217	1,239,556	1,359,605	1,447,381	1,943,503	1,981,642	2,530,408	2,557,493
Total OPEB liability - ending (a)	\$ 1,238,387	\$ 1,306,865	\$ 1,462,217	\$ 1,239,556	\$ 1,359,605	\$ 1,447,381	\$ 1,943,503	\$ 1,981,642	\$ 2,530,408
Plan fiduciary net position									
Contributions - employer	\$ -	\$ -	\$ -	\$ -	\$ 27,048	\$ 12,616	\$ 36,465	\$ 37,962	\$ 110,302
Net investment income	81,698	110,205	116,049	72,600	(7,834)	(8,353)	33,820	50,076	213,821
Benefit payments	(98,659)	(106,847)	(94,937)	(85,816)	(113,208)	(101,376)	(130,155)	(133,652)	(110,302)
Administrative expense	-	-	(4,765)	(368)	(4,818)	(314)	(1,858)	(1,525)	(2,061)
Net change in plan fiduciary net position	(16,961)	3,358	16,347	(13,584)	(98,812)	(97,427)	(61,728)	(47,139)	211,760
Plan fiduciary net position - beginning	2,342,842	2,339,484	2,323,137	2,336,721	2,435,533	2,532,960	2,594,688	2,641,827	2,430,067
Plan fiduciary net position - ending (b)	\$ 2,325,881	\$ 2,342,842	\$ 2,339,484	\$ 2,323,137	\$ 2,336,721	\$ 2,435,533	\$ 2,532,960	\$ 2,594,688	\$ 2,641,827
Net OPEB liability (asset) - ending (a)-(b)	\$ (1,087,494)	\$ (1,035,977)	\$ (877,267)	\$ (1,083,581)	\$ (977,116)	\$ (988,152)	\$ (589,457)	\$ (613,046)	\$ (111,419)
Plan fiduciary net position as a percentage of the total OPEB liability	188 %	179 %	160 %	187 %	172 %	168 %	130 %	131 %	104 %
Covered payroll	NA	NA	NA	NA	NA	NA	NA	NA	\$ 265,697
Net OPEB liability as a percentage of covered payroll	NA	NA	NA	NA	NA	NA	NA	NA	-41.93 %

Information presented prospectively beginning with 2018 due to implementation of GASB 75.

Covered payroll is N/A in 2026, 2025, 2024, 2023, 2022, 2021, 2020, 2019, and 2018 due to no active members being included in the plan for those years.

No actuarially determined contributions as the plan was prefunded.

Spartan Shops, Inc.

Schedule of OPEB Contributions June 30, 2026

	2026	2025	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	-	-	-	-	27,048	12,616	36,465	37,962	110,302
Contribution deficiency (excess)	-	-	-	-	(27,048)	(12,616)	(36,465)	(37,962)	(110,302)
Covered payroll	NA	NA	NA	NA	NA	NA	NA	NA	265,697
Contributions as a percentage of covered payroll	NA	NA	NA	NA	NA	NA	NA	NA	41.51

Information presented prospectively beginning with 2018 due to implementation of GASB 75.

Covered payroll is N/A in 2026, 2025, 2024, 2023, 2022, 2021, 2020, 2019, and 2018 due to no active members being included in the plan for those years.

No actuarially determined contributions as the plan was prefunded.

Notes to schedule:

Valuation date:	6/30/2025
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Amortization method	N/A; fully funded
Amortization period	N/A; fully funded
Asset valuation method	Market value of assets as of the measurement date
Inflation	2.50 %
Health care cost trend rates at June 30, 2025	6.0% in 2026 fluctuating down to 3.9% by 2075
Salary increases	N/A; no actives
Investment rate of return	2.40 %
Retirement age	N/A; all retired
Mortality	The mortality rates used in this valuation are those used in the most recent 2021 CalPERS experience study (CalPERS 2021 for June 30, 2025-2023, CalPERS 2017 for June 30, 2022-2019, and CalPERS 2014 for June 30, 2018)
Mortality Improvement	MW Scale 2022 generational
Benefit changes	None
Changes in actuarial assumptions and methods	None

Supplementary Information

Spartan Shops, Inc.

Schedule of Net Position

June 30, 2026

(For Inclusion in the California State University Financial Statements)

Assets:	
Current assets:	
Cash and cash equivalents	1,506,097
Short-term investments	9,441,504
Accounts receivable, net	451,547
Lease receivable, current portion	—
P3 receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net, current portion	—
Prepaid expenses and other current assets	—
Total current assets	11,399,148
Noncurrent assets:	
Restricted cash and cash equivalents	—
Accounts receivable, net	—
Lease receivable, net of current portion	—
P3 receivable, net of current portion	—
Notes receivable, net of current portion	200,414
Student loans receivable, net	—
Pledges receivable, net	—
Endowment investments	—
Other long-term investments	—
Capital assets, net	9,609,643
Other assets	1,087,494
Total noncurrent assets	10,897,551
Total assets	22,296,699
Deferred outflows of resources:	
Unamortized loss on debt refunding	—
Net pension liability	—
Net OPEB liability	—
Leases	—
P3	—
Others	—
Total deferred outflows of resources	—
Liabilities:	
Current liabilities:	
Accounts payable	2,253,816
Accrued salaries and benefits payable	1,679
Accrued compensated absences - current portion	—
Unearned revenues	1,210,949
Lease Liabilities - current portion	—
SBITA liabilities - current portion	—
P3 liabilities - current portion	—
Long-term debt obligations - current portion	—
Claims liability for losses and loss adjustment expenses, current portion	—
Depository accounts - current portion	—
Other liabilities, current	291,985
Total current liabilities	3,758,429
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	—
Unearned revenues	17,032,437
Grants refundable	—
Lease liabilities, net of current portion	—
SBITA liabilities, net of current portion	—
P3 liabilities, net of current portion	—
Long-term debt obligations, net of current portion	—
Claims liability for losses and loss adjustment expenses, net of current portion	—
Depository accounts	—
Net other postemployment benefits liability	—
Net pension liability	—
Other liabilities	—
Total noncurrent liabilities	17,032,437
Total liabilities	20,790,866
Deferred inflows of resources:	
Service concession arrangements	—
Net pension liability	—
Net OPEB liability	92,338
Unamortized gain on debt refunding(s)	—
Nonexchange transactions	—
Leases	—
P3	—
Others	—
Total deferred inflows of resources	92,338
Net position:	
Net investment in capital assets	9,609,643
Restricted for:	
Endowments	—
Expendable:	
Scholarships and fellowships	—
Research	—
Loans	—
Capital projects	—
Debt service	—
Others	—
Unrestricted	(8,196,148)
Total net position	1,413,495

Spartan Shops, Inc.

Schedules of Revenues, Expenses and Changes in Net Position Year Ended June 30, 2026 (For Inclusion in the California State University Financial Statements)

Revenues:	
Operating revenues:	
Student Tuition & Fees, gross	—
Scholarship allowances, enter as negative	—
Student Financial Aid Grants:	
Federal Financial Aid Grants	—
State Financial Aid Grants	—
Local Financial Aid Grants	—
Nongovernmental and Other Financial Aid Grants	—
Grants and contracts, noncapital:	
Federal	—
State	—
Local	—
Nongovernmental	—
Sales and services of Educational Activities	—
Sales and services Auxiliary Enterprises, gross	376,619
Scholarship allowances for sales of auxiliary enterprises	—
Other operating revenues	5,602,275
Total operating revenues	5,978,894
Expenses:	
Operating expenses:	
Instruction	—
Research	—
Public service	—
Academic support	—
Student services	—
Institutional support	—
Operation and maintenance of plant	—
Student grants and scholarships	—
Auxiliary enterprise expenses	3,775,745
Depreciation and amortization	909,280
Total operating expenses	4,685,025
NonCapital Subsidies:	
State appropriations	—
Gifts	—
Other Noncapital Subsidies received/(provided)	1,608
Federal Noncapital Subsidies received/(provided)	—
Total NonCapital Subsidies Received:	1,608
Operating Income (Loss) and NonCapital Subsidies:	1,295,477
Nonoperating revenues (expenses):	
Federal Subsidies, capital received/(provided)	—
State appropriations, capital	—
Capital Subsidies received/(provided)	—
Grants and gifts, capital	—
Investment income (loss), net	298,067
Endowment income (loss), net	—
Interest Revenue	8,659
Interest Expense	(81,357)
Gains or losses on capital assets	—
Additions/reductions to permanent endowments	—
Total nonoperating revenues (expenses)	225,369
Increase (decrease) in net position	1,520,846
Net position:	
Net position at beginning of year, as previously reported	(107,351)
Restatements	—
Net position at beginning of year, as restated	(107,351)
Net position at end of year	1,413,495

Spartan Shops, Inc.

Other Information

June 30, 2026

(For Inclusion in the California State University Financial Statements)

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		1,506,097			
Total		\$ 1,506,097			
2.1 Composition of investments					
Investment Type	Current	Noncurrent	Total		
Money market funds	\$ 2,342,247	\$ -	2,342,247		
CSU Consolidated Investment Pool (formerly SWIFT)	3,739,249	-	3,739,249		
State of California Local Agency Investment Fund (LAIF)	3,360,008	-	3,360,008		
Total investments	9,441,504	-	9,441,504		
Less endowment investments (enter as negative number)	-	-	-		
Total investments, net of endowments	\$ 9,441,504	\$ -	\$ 9,441,504		
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	\$ 2,342,247	\$ 2,342,247	\$ -	\$ -	\$ -
CSU Consolidated Investment Pool (formerly SWIFT)	3,739,249	-	-	-	3,739,249
State of California Local Agency Investment Fund (LAIF)	3,360,008	-	-	-	3,360,008
Total investments	\$ 9,441,504	\$ 2,342,247	\$ -	\$ -	\$ 7,099,257
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):	\$ 3,739,249		\$ 3,739,249		

Spartan Shops, Inc.

Other Information June 30, 2026

(For Inclusion in the California State University Financial Statements)

3.1 Capital Assets									
Composition of capital assets, excluding ROU assets:									
	Balance June 30, 2025	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2025 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2026
Non-depreciable/Non-amortizable capital assets:									
Land and land improvements	\$ 2,310,000	\$ -	\$ -	\$ -	\$ 2,310,000	\$ -	\$ -	\$ -	\$ 2,310,000
Construction work in progress (CWIP)	28,273	-	-	-	28,273	-	-	(11,344)	16,929
Total non-depreciable/non-amortizable capital assets	2,338,273	-	-	-	2,338,273	-	-	(11,344)	2,326,929
Depreciable/Amortizable capital assets:									
Buildings and building improvements	1,763,726	-	-	-	1,763,726	-	-	-	1,763,726
Improvements, other than buildings	-	-	-	-	-	19,980	-	11,344	31,324
Leasehold improvements	9,434,614	-	-	-	9,434,614	159,237	(651,127)	-	8,942,724
Personal property:									
Equipment	8,499,681	-	-	-	8,499,681	91,521	(241,478)	-	8,349,724
Intangible assets:									
Software and websites	108,021	-	-	-	108,021	-	(30,492)	-	77,529
Licenses and permits	12,016	-	-	-	12,016	-	(4,116)	-	7,900
Total intangible assets	120,037	-	-	-	120,037	-	(34,608)	-	85,429
Total depreciable/amortizable capital assets	19,818,058	-	-	-	19,818,058	270,738	(927,213)	11,344	19,172,927
Total capital assets	22,156,331	-	-	-	22,156,331	270,738	(927,213)	-	21,499,856
Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)									
Buildings and building improvements	(1,406,677)	-	-	-	(1,406,677)	(62,288)	-	-	(1,468,965)
Improvements, other than buildings	-	-	-	-	-	(2,039)	-	-	(2,039)
Leasehold improvements	(3,508,327)	-	-	-	(3,508,327)	(527,013)	651,127	-	(3,384,213)
Personal property:									
Equipment	(6,873,105)	-	-	-	(6,873,105)	(317,940)	241,478	-	(6,949,567)
Intangible assets:									
Software and websites	(108,021)	-	-	-	(108,021)	-	30,492	-	(77,529)
Licenses and permits	(12,016)	-	-	-	(12,016)	-	4,116	-	(7,900)
Total intangible assets	(120,037)	-	-	-	(120,037)	-	34,608	-	(85,429)
Total accumulated depreciation/amortization	(11,908,146)	-	-	-	(11,908,146)	(909,280)	927,213	-	(11,890,213)
Total capital assets, net excluding ROU assets	10,248,185	-	-	-	10,248,185	(638,542)	-	-	9,609,643
3.2 Detail of depreciation and amortization expense									
Depreciation and amortization expense related to capital assets	\$ 909,280								
Total depreciation and amortization	\$ 909,280								

Spartan Shops, Inc.

Other Information

June 30, 2026

(For Inclusion in the California State University Financial Statements)

4. Long-term liabilities	Nothing to report							
5. Future minimum payments schedule - leases, SBITA, P3	Nothing to report							
6. Future minimum payments schedule - Long-term debt obligations	Nothing to report							
7. Transactions with related entities:								
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$	655,038						
Payments to University for other than salaries of University personnel		2,426,509						
Payments received from University for services, space, and programs		19,016,937						
Gifts (cash or assets) to the University from discretely presented component units		207,353						
Accounts (payable to) University (enter as negative number)		(2,176,903)						
8. Restatements	Nothing to report							
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
Auxiliary enterprise expenses	\$ -	\$ -	\$ -	\$ (53,865)		\$ 3,829,610	\$ -	\$ 3,775,745
Depreciation and amortization	-	-	-	-	-	-	909,280	909,280
Total operating expenses	\$ -	\$ -	\$ -	\$ (53,865)	\$ -	\$ 3,829,610	\$ 909,280	\$ 4,685,025
No pension plan reported	N/A							
10. Deferred outflows/inflows of resources:								
1. Deferred Outflows of Resources								
Deferred outflows - net OPEB liability	\$	-						
Total deferred outflows of resources	\$	-						
2. Deferred Inflows of Resources								
Deferred inflows - net OPEB liability		92,338						
Total deferred inflows of resources	\$	92,338						

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*

To the Board of Directors
Spartan Shops, Inc.
(A California State University Auxiliary Organization)

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities and the aggregate remaining fund information of Spartan Shops, Inc. ("Spartan Shops") as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Spartan Shops' basic financial statements, and have issued our report thereon dated September 16, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Spartan Shops' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Spartan Shops' internal control. Accordingly, we do not express an opinion on the effectiveness of Spartan Shops' 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 Spartan Shops' financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Spartan Shops' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Spartan Shops' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Spartan Shops' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CohnReznick LLP

Los Angeles, California
September 16, 2026



Independent Member of Nexia

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