

**The Agricultural Foundation of
of
California State University, Fresno**

**2020-21
Annual Report**

**Approved
September 17, 2021**

**THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
JUNE 30, 2021 AND 2020**

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**THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
CORPORATE INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

BOARD OF DIRECTORS

Mr. William Bourdeau	Coalinga, California
Dr. Joseph I. Castro (thru 12/31/20)	Fresno, California
Dr. Saúl Jiménez-Sandoval (beginning 1/1/21)	Fresno, California
Mr. Joe Del Bosque	Los Banos, California
Mr. Daniel Errotabere	Riverdale, California
Mr. Richard Matoian	Fresno, California
Dr. Dennis Nef	Fresno, California
Ms. Dianne Nury	Fresno, California
Mr. Pat V. Ricchiuti	Clovis, California
Mr. Steve Shehadey (beginning 1/22/21)	Fresno, California
Ms. Sarah Woolf	Fresno, California

CORPORATE OFFICERS

Mr. Pat V. Ricchiuti	Chair
Vacant	Vice Chair
Mr. Daniel Errotabere	Treasurer
Dr. Joseph I. Castro (thru 12/31/20)	Secretary
Dr. Saúl Jiménez-Sandoval (beginning 1/1/21)	Secretary

AUDIT COMMITTEE

Mr. Richard Matoian, Chair	Fresno, California
Mr. Daniel Errotabere, Vice Chair	Fresno, California
Dr. Lynn D. Hemink	Fresno, California
Mr. William Bourdeau	Coalinga, California

EXECUTIVE STAFF

Ms. Deborah S. Adishian-Astone	Executive Director
Ms. Nicole Lane	Associate Executive Director

CORPORATE DATA

Executive Offices	2771 East Shaw Avenue Fresno, California 93710-8205 Telephone (559) 278-0800
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Auditors	Price Paige and Company 570 N. Magnolia Ave. Suite 100 Clovis, California 93611 Telephone (559) 299-9540
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
the Agricultural Foundation of California State University, Fresno
Fresno, California

We have audited the accompanying financial statements of the Agricultural Foundation of California State University, Fresno (the Agricultural Foundation), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agricultural Foundation of California State University, Fresno as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Additional Information for California State University, Fresno on pages 22-25 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2021, on our consideration of the Agricultural Foundation of California State University, Fresno'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 the Agricultural Foundation of California State University, Fresno's 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 the Agricultural Foundation of California State University, Fresno's internal control over financial reporting and compliance.



Clovis, California
September 9, 2021

THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
Current Assets:		
Cash and Cash Equivalents (Notes 3 and 4)	\$ 1,006,660	\$ 934,172
Accounts Receivable (Note 2)	436,247	466,917
Allowance for Doubtful Accounts (Note 2)	(3,500)	(3,500)
Inventories at Cost and Unit Livestock Method (Notes 2 and 6)	689,763	702,612
Investment in Growing Crops (Note 2)	407,336	363,086
Prepaid Expenses (Note 2)	30	1,764
Total Current Assets	2,536,536	2,465,051
Noncurrent Assets:		
Restricted:		
Restricted Cash (Notes 2 and 3)	190,620	219,703
Total Restricted Assets	190,620	219,703
Other Assets:		
Long-Term Receivables (Note 7)	55,081	49,751
Investments (Notes 5 and 8)	1,253,705	977,902
Total Other Assets	1,308,786	1,027,653
Fixed Assets: (Note 2)		
Breeding Herd	219,257	248,857
Equipment	2,682,906	2,780,340
Capitalized Development Costs	1,129,385	1,150,205
Construction in Progress	370,639	155,978
Total Fixed Assets	4,402,187	4,335,380
Less: Accumulated Depreciation	(3,128,471)	(3,110,583)
Total Fixed Assets, Net	1,273,716	1,224,797
Total Noncurrent Assets	2,773,122	2,472,153
Total Assets	\$ 5,309,658	\$ 4,937,204
LIABILITIES AND NET ASSETS		
Liabilities:		
Current Liabilities:		
Accounts Payable and Other Accrued Expenses	\$ 554,582	\$ 511,981
Deferred Revenue (Notes 2 and 9)	23,792	19,225
Total Current Liabilities	578,374	531,206
Net Assets:		
Without Donor Restrictions (Note 10)	4,540,664	4,186,295
With Donor Restrictions (Note 10)	190,620	219,703
Total Net Assets	4,731,284	4,405,998
Total Liabilities and Net Assets	\$ 5,309,658	\$ 4,937,204

See Independent Auditor's Report and Notes to the Financial Statements.

THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES			
Revenues and Other Support:			
Gross Sales	\$ 4,605,699	\$ -	\$ 4,605,699
Agricultural Operations Support	195,505	-	195,505
Contributions	670,451	60,000	730,451
Federal Subsidies	220,197	-	220,197
Interest Income	46,306	-	46,306
Net Assets Released from Restrictions	<u>89,083</u>	<u>(89,083)</u>	<u>-</u>
Total Revenues and Other Support	<u>5,827,241</u>	<u>(29,083)</u>	<u>5,798,158</u>
Expenses:			
Cost of Sales	1,194,821	-	1,194,821
Salaries/Wages (Note 14)	2,365,543	-	2,365,543
Employee Benefits (Note 14)	235,469	-	235,469
Advertising	6,153	-	6,153
Audit Fees	19,115	-	19,115
Awards/Premiums	-	-	-
Bad Debt	-	-	-
Capitalized Development Costs-Depreciation	62,268	-	62,268
Custom Harvesting	101,288	-	101,288
Depreciation	84,237	-	84,237
Donations	273	-	273
Equipment Rental/Repair	327,612	-	327,612
Insurance	57,609	-	57,609
Legal Fees	1,902	-	1,902
Licenses/Dues/Fees	68,104	-	68,104
Livestock Expense	143,713	-	143,713
Management Services Fee	161,385	-	161,385
Miscellaneous	56,341	-	56,341
Office Supplies/Duplicating	7,909	-	7,909
Postage/Freight	17,016	-	17,016
Supplies	703,652	-	703,652
Travel	-	-	-
Utilities	<u>134,265</u>	<u>-</u>	<u>134,265</u>
Total Expenses	<u>5,748,675</u>	<u>-</u>	<u>5,748,675</u>
Change in Net Assets from Operations	<u>78,566</u>	<u>(29,083)</u>	<u>49,483</u>
NON-OPERATING ACTIVITIES			
Gain (loss) on investment	<u>275,803</u>	<u>-</u>	<u>275,803</u>
Total Nonoperating Activities	<u>275,803</u>	<u>-</u>	<u>275,803</u>
Change in Net Assets	<u>354,369</u>	<u>(29,083)</u>	<u>325,286</u>
Net Assets, Beginning of Year	<u>4,186,295</u>	<u>219,703</u>	<u>4,405,998</u>
Net Assets, End of Year	<u>\$ 4,540,664</u>	<u>\$ 190,620</u>	<u>\$ 4,731,284</u>

See Independent Auditor's Report and Notes to the Financial Statements.

THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES			
Revenues and Other Support:			
Gross Sales	\$ 4,600,696	\$ 1,026	\$ 4,601,722
Agricultural Operations Support	521,531	23,974	545,505
Contributions	749,989	314,000	1,063,989
SBA PPP Revenue	75,800	-	75,800
Federal Subsidies	112,053	-	112,053
Interest Income	52,800	-	52,800
Net Assets Released from Restrictions	<u>231,760</u>	<u>(231,760)</u>	<u>-</u>
Total Revenues and Other Support	<u>6,344,629</u>	<u>107,240</u>	<u>6,451,869</u>
Expenses:			
Cost of Sales	1,082,610	-	1,082,610
Salaries/Wages (Note 14)	2,470,268	-	2,470,268
Employee Benefits (Note 14)	262,852	-	262,852
Advertising	13,205	-	13,205
Audit Fees	18,855	-	18,855
Awards/Premiums	33,901	-	33,901
Bad Debt	1,813	-	1,813
Capitalized Development Costs-Depreciation	53,607	-	53,607
Custom Harvesting	86,444	-	86,444
Depreciation	114,589	-	114,589
Donations	852	-	852
Equipment Rental/Repair	414,822	-	414,822
Insurance	59,218	-	59,218
Legal Fees	612	-	612
Licenses/Dues/Fees	68,850	-	68,850
Livestock Expense	157,679	-	157,679
Management Services Fee	169,563	-	169,563
Miscellaneous	52,114	-	52,114
Office Supplies/Duplicating	9,665	-	9,665
Postage/Freight	12,309	-	12,309
Supplies	640,634	-	640,634
Travel	3,152	-	3,152
Utilities	<u>107,826</u>	<u>-</u>	<u>107,826</u>
Total Expenses	<u>5,835,440</u>	<u>-</u>	<u>5,835,440</u>
Change in Net Assets from Operations	<u>509,189</u>	<u>107,240</u>	<u>616,429</u>
NON-OPERATING ACTIVITIES			
Gain (loss) on investment	<u>(16,534)</u>	<u>-</u>	<u>(16,534)</u>
Total Nonoperating Activities	<u>(16,534)</u>	<u>-</u>	<u>(16,534)</u>
Change in Net Assets	<u>492,655</u>	<u>107,240</u>	<u>599,895</u>
Net Assets, Beginning of Year	<u>3,693,640</u>	<u>112,463</u>	<u>3,806,103</u>
Net Assets, End of Year	<u>\$ 4,186,295</u>	<u>\$ 219,703</u>	<u>\$ 4,405,998</u>

See Independent Auditor's Report and Notes to the Financial Statements.

THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ 325,286	\$ 599,895
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) By Operating Activities:		
Depreciation	146,505	168,196
Unrealized (Gain) Loss on Investments	(275,803)	16,534
Donation Expense (Income) of Fixed Assets	(180,138)	(146,270)
Changes In:		
Accounts Receivable	30,670	3,819
Inventories	12,849	(8,845)
Investment in Growing Crops	(44,250)	(44,707)
Prepaid Expenses	1,734	-
Accounts Payable and Accrued Expenses	42,601	11,850
Deferred Revenue	4,567	(3,634)
Net Cash Provided (Used) in Operating Activities	64,021	596,838
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) Decrease in Long-Term Receivables	(5,330)	(886)
Net Change in Breeding Herd	19,236	30,905
Acquisition of Equipment and Capitalized Development Costs	(34,522)	(179,846)
Net Cash Provided (Used) in Investing Activities	(20,616)	(149,827)
Net Increase (Decrease) in Cash	43,405	447,011
Cash and Cash Equivalents, Beginning of Year	1,153,875	706,864
Cash and Cash Equivalents, End of Year	\$ 1,197,280	\$ 1,153,875
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Taxes	\$ -	\$ -
RECONCILIATION OF CASH TO STATEMENT OF FINANCIAL POSITION		
Cash and Cash Equivalents	\$ 1,006,660	\$ 934,172
Restricted Cash	190,620	219,703
Total Cash and Cash Equivalents	\$ 1,197,280	\$ 1,153,875

See Independent Auditor's Report and Notes to the Financial Statements.

THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1 – GENERAL INFORMATION

The Agricultural Foundation of California State University, Fresno (The Agricultural Foundation) was incorporated on December 3, 1954 as a nonprofit corporation. It is a tax-exempt corporation under section 501(c)(3) of the Internal Revenue Code.

The Agricultural Foundation was formed and is operated exclusively to receive, hold, invest, and administer property and to make expenditures to or for the benefit of California State University, Fresno (the University). The Agricultural Foundation is supported primarily by sales of products from the various operating units. For the year ended June 30, 2020, approximately 15% and 13% of the Agricultural Foundation's revenue was from sales by the Mature Orchard and Dairy, respectively. For the year ended June 30, 2021, approximately 17% and 14% of The Agricultural Foundation's revenue was from sales by the Mature Orchard and Dairy, respectively.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New Accounting Pronouncement

In May 2014, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 606, Revenue from Contracts with Customers) which provides a five-step analysis of contracts to determine when and how revenue is recognized and replaces most existing revenue recognition guidance in U.S. generally accepted accounting principles. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. ASC 606 is effective for annual reporting periods beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. The Agricultural Foundation adopted ASC 606 with a date of the initial application of July 1, 2020.

The Agricultural Foundation applied ASC 606 using the cumulative effect method, which resulted in recognizing the cumulative effect of initially applying the new guidance as an adjustment to the opening balance of net assets at July 1, 2020. The details of the significant changes and quantitative impact of the changes are discussed below.

As part of the adoption of ASC 606, The Agricultural Foundation elected to use the following transition practical expedients: (1) all contract modifications that occurred prior to the date of initial application when identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price have been reflected in the aggregate; and (2) ASC 606 is applied only to contracts that are not completed at the initial date of application. Because contract modifications are minimal, there is not a significant impact as a result of electing these practical expedients. There were no significant changes that resulted from the adoption of ASC 606.

The adoption of the new accounting policy did not have a significant impact on change in net assets, and therefore, there was no adjustment to the opening balance of net assets. The Agricultural Foundation does not expect the adoption of the new revenue standard to have a material impact on its change in net assets on an ongoing basis.

THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

The financial statements of The Agricultural Foundation have been prepared in accordance with US generally accepted accounting principles (US GAAP), which require The Agricultural Foundation to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of The Agricultural Foundation’s management and board of directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of The Agricultural Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Basis of Accounting

Basis of accounting refers to the timing of when various financial transactions are recognized in the accounts and reported in the financial statements. The accounting records of The Agricultural Foundation are maintained using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when goods or services are received.

Measure of Operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to The Agricultural Foundation’s ongoing farm laboratory services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposit accounts and money market funds with financial institutions. The Agricultural Foundation considers all highly liquid investments with maturities of three months or less, when purchased, to be cash equivalents. At June 30, 2021 and 2020, The Agricultural Foundation’s uninsured cash balances at Citibank totaled \$703,759 and \$529,851, respectively.

Concentrations of Credit Risk

Financial instruments that potentially subject The Agricultural Foundation to concentrations of credit risk consist principally of cash and cash equivalents. The Agricultural Foundation maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The Agricultural Foundation’s cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Agricultural Foundation has not experienced, nor does it anticipate, any losses with respect to such accounts.

See Independent Auditor’s Report.

THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Revenue Recognition

Revenue from the sales of products and livestock are recognized when the performance obligation of transferring the products is met. Sales of crops are recorded net of certain custom harvesting costs. All sales are transferred at a point in time.

The payment terms and conditions in customer contracts vary from 30-90 days from transfer of control. Unearned revenues represent stall deposits and gift certificates purchased that have not yet been redeemed at year end.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. The Agricultural Foundation has net assets with donor restrictions of \$190,620 and \$219,703 for the years ended June 30, 2021 and 2020, respectively.

Contributed fixed assets are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

In-Kind Donations

The Agricultural Foundation receives various donated services. The estimated fair values of donations in excess of \$1,000 are recorded as support and expense in the period received. The Agricultural Foundation has implemented Accounting Standards Update (ASU) 2013-06 which requires not-for-profit entities to record the fair value of regularly performed contributed services. California State University, Fresno contributed \$392,547 and \$473,830 during the years ended June 30, 2021 and 2020, respectively in salaries and benefits in support of the University Farm.

Advertising Costs

Advertising costs are expensed as incurred and totaled \$6,153 and \$13,205 during the years ended June 30, 2021 and 2020, respectively.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in Note 13 – Expenses by Natural/Functional Classification. Accordingly, certain costs have been allocated among programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

See Independent Auditor's Report.

THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Allowance for doubtful accounts at June 30, 2021 and 2020 were \$3,500 each year.

Inventories

Raised and donated inventory of animals held for sale is carried at maximum raised value established by the Board. Such values for all animal units were last reviewed in 2015. Inventory values are equivalent to average cost to raise to maturity. Purchased animals held for sale are valued at cost. Cost of supply inventories are determined using the first-in, first-out method (FIFO).

Investment in Growing Crops

The Agricultural Foundation accumulates all direct costs of growing crops and reports the growing crops on the Statements of Financial Position at the lower of cost or market.

Prepaid Deposits

Prepaid deposits are comprised of an amount on deposit with the State Compensation Insurance Fund.

Investments

Investments in marketable securities are recorded at cost when purchased and at market value, thereafter. Market value is based on quoted market prices.

Fixed Assets

Fixed assets represent milking livestock, breeding herds, and equipment. Raised and donated milking livestock and breeding herds are carried at maximum raised value established by the Board. Purchased milking livestock and breeding herds are carried at cost less accumulated depreciation. Depreciation of livestock and herds is computed using straight line rates established by the Board, and the costs are depreciated down to the maximum raised value.

Equipment is stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the lesser of the estimated useful lives of the assets or the lease term. The useful lives range from three to ten years. The Agricultural Foundation's policy is to capitalize renewals and betterments acquired for greater than \$5,000 and expense normal repairs and maintenance as incurred. Fully depreciated assets, which have economic value, are retained on the books although fully depreciated.

Capitalized development costs represent costs incurred for producing vineyards and orchards. The costs are depreciated over 10 years as the vineyards and orchards commence production.

Depreciation expense amounted to \$146,505 and \$168,196 during the years ended June 30, 2021 and 2020, respectively.

See Independent Auditor's Report.

THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Tax Status

The Agricultural Foundation is organized and operated exclusively for educational purposes and is thus allowed tax exempt status under provisions of section 501(c)(3) of the Internal Revenue Code and section 21701(d) of the California Revenue and Taxation Code.

Reclassification

Certain reclassifications were made to the 2020 financial statements in order to conform to the presentation shown. These reclassifications had no effect on the Agricultural Foundation's net assets at June 30, 2020.

NOTE 3 – AVAILABILITY AND LIQUIDITY

The following represents The Agricultural Foundation's financial assets at June 30:

	2021	2020
Financial Assets at Year End:		
Cash and Cash Equivalents	\$ 1,197,280	\$ 1,153,875
Accounts Receivable, Net	432,747	463,417
Investments	1,253,705	977,902
Total Financial Assets	2,883,732	2,595,194
Less Amounts Not Available to be Used Within One Year:		
Net Assets with Donor Restrictions	190,620	219,703
Quasi Endowment Established by the Board	1,253,705	977,902
	1,444,325	1,197,605
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	\$ 1,439,407	\$ 1,397,589

As part of its liquidity plan, excess cash is invested in short-term investments including money market and State of California Local Agency Investment Fund (LAIF) accounts.

On August 30, 2020, the Board of Directors approved a revised Reserve Policy reducing the amount of working capital reserve minimum to \$750,000 or 15% of budgeted operating expenses (less depreciation) for the next fiscal year whichever is greater. Of the minimum amount, \$250,000 in cash shall not be invaded for any purpose except in the case of extreme financial hardship with the authorization of both the University President and Chair of the Board of Directors. Fifteen percent of the budgeted operating expenses, net of depreciation are \$835,047 at June 30, 2020. Based on the available cash balances above, the Agricultural Foundation is meeting its minimum reserve requirements at June 30, 2021.

See Independent Auditor's Report.

**THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 4 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents at June 30 consisted of the following:

	2021	2020
Deposits:		
Cash in Bank	\$ 288,709	\$ 298,081
Money Market	619,680	569,304
Pooled Funds:		
Cash in State of California Local Agency Investment Fund	285,791	283,390
Change Funds	3,100	3,100
Total	\$ 1,197,280	\$ 1,153,875

The Agricultural Foundation maintains some of its cash in The State of California Local Agency Investment Fund. The State pools these funds with those of other organizations and invests the cash. These pooled funds are carried at cost which approximates market value. Interest earned is remitted quarterly to the Agricultural Foundation. Any investment losses are proportionately shared by all funds in the pool.

NOTE 5 – FAIR VALUE MEASUREMENTS

Generally accepted accounting principles define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant observable input (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 – Inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities. Valuations for assets and liabilities traded in active exchange markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Inputs other than quoted prices within Level 1 that are observable, either directly or indirectly. Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 – Inputs are unobservable. Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounts cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

See Independent Auditor's Report.

THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 5 – FAIR VALUE MEASUREMENTS (Continued)

2021	Fair Value	Level 1	Level 2	Level 3
Cash and Cash Equivalents	\$ 1,197,280	\$ 1,197,280	\$ -	\$ -
Investment	1,253,705	-	-	1,253,705
Total	<u>\$ 2,450,985</u>	<u>\$ 1,197,280</u>	<u>\$ -</u>	<u>\$ 1,253,705</u>

2020	Fair Value	Level 1	Level 2	Level 3
Cash and Cash Equivalents	\$ 1,153,875	\$ 1,153,875	\$ -	\$ -
Investment	977,902	-	-	977,902
Total	<u>\$ 2,131,777</u>	<u>\$ 1,153,875</u>	<u>\$ -</u>	<u>\$ 977,902</u>

NOTE 6 – INVENTORIES

Inventories consist of the following at June 30:

	2021	2020
Winery	\$ 233,159	\$ 264,328
Dairy	286,890	324,713
Beef	75,323	66,918
Others	94,391	46,653
Total	<u>\$ 689,763</u>	<u>\$ 702,612</u>

NOTE 7 – LONG-TERM RECEIVABLES

The Agricultural Foundation is a member of a milk cooperative known as the California Dairies Inc. Members of the cooperative must maintain a permanent capital fund to provide the necessary capital to finance the California Dairies' operation and growth. This equity account is refundable in five annual payments upon The Agricultural Foundation's withdrawal from the cooperative.

Long-Term Receivables are composed of the following at June 30:

	2021	2020
California Dairies Inc.	<u>\$ 55,081</u>	<u>\$ 49,751</u>

THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 8 – INVESTMENTS

Investment securities, stated at market value, are summarized as follows at June 30:

<u>2021</u>	<u>Original Investment</u>	<u>Market Value</u>	<u>Unrealized Cost</u>
Fresno State Foundation			
Endowment pool	\$ 737,645	\$ 1,253,705	\$ 516,060
Total	<u>\$ 737,645</u>	<u>\$ 1,253,705</u>	<u>\$ 516,060</u>
<u>2020</u>	<u>Original Investment</u>	<u>Market Value</u>	<u>Unrealized Cost</u>
Fresno State Foundation			
Endowment pool	\$ 737,645	\$ 977,902	\$ 240,257
Total	<u>\$ 737,645</u>	<u>\$ 977,902</u>	<u>\$ 240,257</u>

NOTE 9 – CONTRACTS WITH CUSTOMERS

Revenue from performance obligations satisfied at a point in time consists of livestock and product sales. Product sales are sold direct to customers and wholesalers. The total amount of revenue recognized from contracts with customers at a point in time during the years ended June 30, 2021 and 2020 was approximately \$4,902,000 and \$4,601,000, respectively.

Contract assets include accounts receivable arising from contracts from customers in the amount of \$436,247, \$466,917, and \$470,736 at June 30, 2021, 2020, and 2019, respectively.

The following table provides information about significant changes in the contract liabilities for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Deferred revenue, beginning of year	\$ 19,225	\$ 22,859
Revenue recognized that was included in deferred revenue at the beginning of year	(2,328)	(8,338)
Increase in deferred revenue due to cash received during the period	<u>6,895</u>	<u>4,704</u>
Deferred revenue, end of year	<u>\$ 23,792</u>	<u>\$ 19,225</u>

NOTE 10 – NET ASSETS

Net assets without donor restrictions were as follows for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Undesignated	\$ 3,286,959	\$ 3,208,393
Designated, Fresno State Foundation Endowment Pool	<u>1,253,705</u>	<u>977,902</u>
Total	<u>\$ 4,540,664</u>	<u>\$ 4,186,295</u>

See Independent Auditor's Report.

**THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 10 – NET ASSETS (Continued)

Endowment

The Board designated the Agricultural Foundation Endowment Fund to support the mission of the Agricultural Foundation. Since the fund resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions.

Endowment assets are invested with the California State University, Fresno Foundation (the Foundation) in their endowment Pool A, a well diversified fund that is intended to result in a consistent inflation-protected rate of return. Each year, the Foundation either approves an appropriation for distribution from its endowments or a reinvestment in the pool. For fiscal year 2021, the Board authorized a distribution.

The distribution or reinvestment is measured as a percentage of its endowment fund's average fair value over the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, The Agricultural Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, The Agricultural Foundation expects the current spending policy to allow its general endowment fund to grow consistent with its return objectives and risk parameters. The Agricultural Foundation expects its endowment assets, over time, to exceed the rate of inflation by approximately 4%. Actual returns in any given year may vary from this amount.

Composition of and changes in endowment net assets were as follows for the years ending June 30:

	<u>2021</u>	<u>2020</u>
Board-Designated Endowment Net Assets, July 1	\$ 977,902	\$ 994,436
Net Appreciation (Depreciation)	319,972	23,861
Amount Reinvested	-	-
Amounts Appropriated for Expenditures	<u>(44,169)</u>	<u>(40,395)</u>
Total	<u>\$ 1,253,705</u>	<u>\$ 977,902</u>

Net assets with donor restrictions were as follows for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Poultry Reserve	\$ 117,894	\$ 125,682
Capital Repairs and Replacement Reserve	<u>72,726</u>	<u>94,021</u>
Total	<u>\$ 190,620</u>	<u>\$ 219,703</u>

Poultry Reserve

In January 2012, an operating agreement was executed between Foster Farms, LLC and The Agricultural Foundation to maintain the proper facilities, conduct research and to raise and prepare broilers for processing. The agreement renewed in June 2021 for a 5-year term.

Capital Repairs and Replacement Reserve

In October 2020, a donation of \$250,000 was received from the Fresno State Foundation to provide for capital repair and replacement on the Farm. As of June 30, 2021, \$72,726 remains to be used.

See Independent Auditor's Report.

THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 11 – RELATED PARTIES

The Agricultural Foundation receives management services from the California State University, Fresno Association, Inc. (the Association). The Agricultural Foundation had the following transactions with the following entities during the years ended June 30, 2021 and 2020:

Administrative fees paid to the Association for management services were \$161,385 and \$169,563 for the years ended June 30, 2021 and 2020, respectively based on a flat fee arrangement. The amounts due the Agricultural Foundation from the Association at June 30, 2021 and 2020, were \$35 and \$0, respectively. The amounts due the Association from the Agricultural Foundation at June 30, 2021 and 2020, were \$17,709 and \$0, respectively.

The Agricultural Foundation operates the University Farm, which serves as an instructional laboratory. As such, the University is required to pay for certain operational expenses during the fiscal year. The amounts paid by the University were \$195,505 for the year ended June 30, 2021 and \$545,505 for year ended June 30, 2020. These payments were used to reduce farm operation expenses.

The amounts due from the Agricultural Foundation to the University at June 30, 2021 and 2020, were \$124,345 and \$123,469, respectively. The amounts due from the University to The Agricultural Foundation at June 30, 2021 and 2020, were \$3,373 and \$8,604, respectively.

The amounts due the Agricultural Foundation from California State University, Fresno Foundation at June 30, 2021 and 2020, were \$44,169 and \$61,947, respectively. The amounts due from the Agricultural Foundation to California State University, Fresno Foundation at June 30, 2021 and 2020, were \$4,712 and \$0, respectively.

The amounts due the Agricultural Foundation from Fresno State Programs for Children, Inc. at June 30, 2021 and 2020, were \$0 for both years.

The amounts due the Agricultural Foundation from Fresno State Athletics at June 30, 2021 and 2020, were \$937 and \$1,250, respectively.

NOTE 12 – LEASES

The Agricultural Foundation has entered into several leases and subleases as follows:

- Ground and Facility Lease between the Trustees of the CSU, expiring June 30, 2022.
- Land for grazing purposes (Millerton Lake), with the United States Department of the Interior Bureau of Reclamation, expiring June 30, 2025.
- Land for grazing purposes, sublease with Running T Ranch, expiring June 30, 2022.

See Independent Auditor's Report.

THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 13 – EXPENSES BY NATURAL/FUNCTIONAL CLASSIFICATION

The accompanying Statement of Activities reports certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable and systematic basis that is consistently applied by management in the preparation of its annual financial statements. All of the Agricultural Foundation's expenses are directly allocated to the functional categories by cost center. Such methodologies are deemed by management to be reasonable and appropriate and reflective of the functional purpose of each cost incurred for the respective reporting period.

The following is a detailed list of expenses by natural/functional classification for the years ended June 30:

	2021			2020		
	General			General		
	Program	Administrative	Total	Program	Administrative	Total
Cost of Sales	\$ 1,194,821	\$ -	\$ 1,194,821	\$ 1,082,610	\$ -	\$ 1,082,610
Salaries/Wages	2,365,543	-	2,365,543	2,470,268	-	2,470,268
Employee Benefits	235,469	-	235,469	262,852	-	262,852
Advertising/Publicity	6,153	-	6,153	13,205	-	13,205
Audit Fees	-	19,115	19,115	-	18,855	18,855
Awards/Premiums	-	-	-	33,901	-	33,901
Bad Debts	-	-	-	1,813	-	1,813
Capitalized Development				-		
Costs/Depreciation	62,268	-	62,268	53,607	-	53,607
Custom Harvesting	101,288	-	101,288	86,444	-	86,444
Depreciation	84,237	-	84,237	114,589	-	114,589
Donations	273	-	273	852	-	852
Equipment Rental/Repair	327,612	-	327,612	414,822	-	414,822
Insurance	34,467	23,142	57,609	32,100	27,118	59,218
Legal Fees	-	1,902	1,902	-	612	612
Licenses/Dues/Fees	63,211	4,893	68,104	64,936	3,914	68,850
Livestock Expense	143,713	-	143,713	157,679	-	157,679
Management Service Fee	-	161,385	161,385	-	169,563	169,563
Miscellaneous	55,936	405	56,341	50,977	1,137	52,114
Office Supplies	3,512	4,397	7,909	4,905	4,760	9,665
Postage/Freight	17,016	-	17,016	12,309	-	12,309
Supplies	703,652	-	703,652	640,634	-	640,634
Travel	-	-	-	3,152	-	3,152
Utilities	134,265	-	134,265	107,826	-	107,826
Total	<u>\$ 5,533,436</u>	<u>\$ 215,239</u>	<u>\$ 5,748,675</u>	<u>\$ 5,609,481</u>	<u>\$ 225,959</u>	<u>\$ 5,835,440</u>

Program expenses are incurred by various instructional farm laboratories, whose purpose is to provide students with hands-on experience in world-class agriculture. These enterprises provide students with opportunities in production, processing and marketing in crops and livestock.

The Agricultural Foundation provides support for the financial management of the enterprise units and student projects operated within the context of the Farm Laboratory. Responsibilities include ensuring prudent financial management of the enterprises and providing other related assistance to the Jordan College of Agricultural Sciences and Technology. The Agricultural Foundation comprises over 22 enterprises, which constitute the University Agricultural Laboratory.

**THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 14 – SALARIES/WAGES AND EMPLOYEE BENEFITS

Salaries/Wages are reflected on the Statements of Activities and consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Salaries/Wages	\$ 295,953	\$ 282,265
Salaries Reimbursed to the University	796,525	874,372
Salaries Donated by the University	260,694	313,559
Contract Labor – Outside	<u>1,012,371</u>	<u>1,000,072</u>
Total Salaries/Wages	<u>\$ 2,365,543</u>	<u>\$ 2,470,268</u>

Employee Benefits are reflected on the Statements of Activities and consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Employee Benefits	\$ 103,617	\$ 102,581
Employee Benefits Donated by the University	<u>131,852</u>	<u>160,271</u>
Total Employee Benefits	<u>\$ 235,469</u>	<u>\$ 262,852</u>

NOTE 15 – UNCERTAINTY

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus, COVID-19, a pandemic. Accordingly, some functions of The Agricultural Foundation's operations were limited to protect the health and safety of its employees. The financial impact that could occur as a result of the pandemic is unknown at this time.

NOTE 16 – SUBSEQUENT EVENTS

Management has evaluated and concluded that there were no subsequent events that have occurred from June 30, 2021 through the date the financial statements were available to be issued at September 9, 2021 that would require disclosure or adjustment.

NOTE 17 - UNCERTAIN TAX POSITIONS

Income Taxes

The Agricultural Foundation is exempt from Federal and State of California income tax under IRC section 501(c)(3) and California Revenue and Taxation Code Section 23701(d), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Agricultural Foundation has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Agricultural Foundation has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Generally accepted accounting principles provide accounting and disclosures guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Agricultural Foundation's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

See Independent Auditor's Report.



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
The Agricultural Foundation of California State University, Fresno
Fresno, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Agricultural Foundation of California State University, Fresno (the Agricultural Foundation), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 9, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agricultural Foundation's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agricultural Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agricultural Foundation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agricultural Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 the Agricultural Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agricultural Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Price Paige & Company". The signature is written in a cursive, flowing style.

Clovis, California
September 9, 2021

**ADDITIONAL INFORMATION FOR
CALIFORNIA STATE UNIVERSITY, FRESNO**

THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
SCHEDULE OF NET POSITION
JUNE 30, 2021
(for inclusion in the California State University)

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 101,189
Short-Term Investments	905,471
Accounts Receivable, Net	432,747
Prepaid Expenses and Other Current Assets	<u>1,097,129</u>
Total Current Assets	<u>2,536,536</u>

Noncurrent Assets:

Restricted Cash and Cash Equivalents	190,620
Accounts Receivable, Net	55,081
Endowment Investments	1,253,705
Capital Assets, Net	<u>1,273,716</u>
Total Noncurrent Assets	<u>2,773,122</u>

Total assets	<u>5,309,658</u>
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LIABILITIES

Current Liabilities:

Accounts Payable	540,317
Accrued Salaries and Benefits	9,010
Accrued Compensated Absences, Current Portion	1,000
Depository Accounts	<u>23,792</u>
Total Current Liabilities	<u>574,119</u>

Noncurrent Liabilities:

Accrued Compensated Absences, Net of Current Portion	<u>4,255</u>
Total Noncurrent Liabilities	<u>4,255</u>

Total Liabilities	<u>578,374</u>
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NET POSITION

Net Investment in Capital Assets Restricted for:

Capital Projects	72,726
Others	117,894
Unrestricted	<u>4,540,664</u>

Total Net Position	<u>\$ 4,731,284</u>
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See Independent Auditor's Report.

THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021
(for inclusion in the California State University)

REVENUES

Operating Revenues	
Sales and Services of Auxiliary Enterprises, Gross	\$ 4,605,699
Other Operating Revenues	<u>415,702</u>
Total Operating Revenues	<u>5,021,401</u>

EXPENSES

Operating Expenses	
Auxiliary Enterprise Expenses	5,602,170
Depreciation and Amortization	<u>146,505</u>
Total Operating Expenses	<u>5,748,675</u>
Operating Income (Loss)	<u>(727,274)</u>

NONOPERATING REVENUES (EXPENSES)

Gifts, Noncapital	730,451
Investment Income (Loss)	46,306
Endowment Income (Loss)	<u>275,803</u>
Net Nonoperating Revenues (Expenses)	<u>1,052,560</u>
Income (Loss) Before Other Revenues (Expenses)	<u>325,286</u>
Increase (Decrease) In Net Position	325,286

NET POSITION

Net Position at Beginning of Year	<u>4,405,998</u>
Net Position at End of Year	<u>\$ 4,731,284</u>

See Independent Auditor's Report.

THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
OTHER INFORMATION
JUNE 30, 2021
(for inclusion in the California State University)

1 Cash and cash equivalents:

All other restricted cash and cash equivalents	\$ 190,620
Noncurrent restricted cash and cash equivalents	<u>190,620</u>
Current cash and cash equivalents	101,189
Total	<u>\$ 291,809</u>

2.1 Composition of investments:

Investment Type	Current	Noncurrent	Fair Value
Money market funds	\$ 619,680	-	619,680
Equity securities	-	1,253,705	1,253,705
State of California Local Agency Investment Fund (LAIF)	285,791	-	285,791
Total investments	<u>905,471</u>	<u>1,253,705</u>	<u>2,159,176</u>
Less endowment investments (enter as negative number)	-	(1,253,705)	(1,253,705)
Total investments, net of endowments	<u>\$ 905,471</u>	<u>-</u>	<u>905,471</u>

2.2 Fair value hierarchy in investments:

Investment Type	Fair Value	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	\$ 619,680	619,680	-	-	-
Equity securities	1,253,705	-	-	1,253,705	-
State of California Local Agency Investment Fund (LAIF)	285,791	-	-	-	285,791
Total Investments	<u>\$ 2,159,176</u>	<u>619,680</u>	<u>-</u>	<u>1,253,705</u>	<u>285,791</u>

2.3 Investments held by the University under contractual agreements: Nothing to report

3.1 Composition of capital assets:

	Balance June 30, 2020	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2020 (Restated)	Additions	Retirements	Completed	Balance June 30, 2021
Non-depreciable/non-amortizable capital assets:									
Construction work in progress (CWIP)	\$ 155,978	-	-	-	155,978	214,661	-	-	370,639
Total non-depreciable/non-amortizable capital assets:	<u>155,978</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>155,978</u>	<u>214,661</u>	<u>-</u>	<u>-</u>	<u>370,639</u>
Depreciable/amortizable capital assets:									
Personal property:									
Equipment	2,780,340	-	-	-	2,780,340	-	(97,434)	-	2,682,906
Breeding herd	248,857	-	-	-	248,857	-	(29,600)	-	219,257
Capitalized development costs	1,150,205	-	-	-	1,150,205	-	(20,820)	-	1,129,385
Total depreciable/amortizable capital assets	<u>4,179,402</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,179,402</u>	<u>-</u>	<u>(147,854)</u>	<u>-</u>	<u>4,031,548</u>
Total capital assets	<u>4,335,380</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,335,380</u>	<u>214,661</u>	<u>(147,854)</u>	<u>-</u>	<u>4,402,187</u>
Less accumulated depreciation/amortization: (enter as negative number, except for reductions, enter as positive number)									
Personal property:									
Equipment	(2,412,568)	-	-	-	(2,412,568)	(84,236)	98,337	-	(2,398,467)
Breeding herd	(51,230)	-	-	-	(51,230)	-	9,460	-	(41,770)
Capitalized development costs	(646,785)	-	-	-	(646,785)	(62,269)	20,820	-	(688,234)
Total accumulated depreciable/amortization	<u>(3,110,583)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,110,583)</u>	<u>(146,505)</u>	<u>128,617</u>	<u>-</u>	<u>(3,128,471)</u>
Total capital assets, net	<u>\$ 1,224,797</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,224,797</u>	<u>68,156</u>	<u>(19,237)</u>	<u>-</u>	<u>1,273,716</u>

See Independent Auditor's Report.

**THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
OTHER INFORMATION (CONTINUED)
JUNE 30, 2021
(for inclusion in the California State University)**

3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense related to capital assets	\$ 146,505
Amortization expense related to other assets	-
Total depreciation and amortization	<u>\$ 146,505</u>

4 Long-term liabilities:

	Balance June 30, 2020	Prior Period Adjustments/ Reclassifications	Balance June 30, 2020 (Restated)	Additions	Reductions	Balance June 30, 2021	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ 7,635	-	7,635	8,370	(10,750)	5,255	1,000	4,255
Total long-term liabilities	<u>\$ 7,635</u>	<u>-</u>	<u>7,635</u>	<u>8,370</u>	<u>(10,750)</u>	<u>5,255</u>	<u>1,000</u>	<u>4,255</u>

5 Capital lease obligations schedule: Nothing to report

6 Long-term debt obligations schedule: Nothing to report

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants and other programs	506,513
Payments to University for other than salaries of University personnel	6,984
Accounts (payable to) University (enter as negative number)	(149,253)
Accounts receivable from University (enter as positive number)	2,340

8 Restatements: Nothing to report

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

9 Natural classifications of operating expense:

	Salaries	Benefits-Other	Benefits-Pension	Benefits-OPEBI	Scholarships and Fellowships	Supplies and Other Services	Depreciation and Amortization	Total Operating Expenses
Auxiliary enterprise expenses	\$ 2,365,543	235,469	-	-	-	3,001,158	-	5,602,170
Depreciation and amortizations	-	-	-	-	-	-	146,505	146,505
Total operating expenses	<u>\$ 2,365,543</u>	<u>235,469</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,001,158</u>	<u>146,505</u>	<u>5,748,675</u>

10 Deferred outflows/inflows of resources: Nothing to report

See Independent Auditor's Report.