

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

**2025-26
Annual Report**

**Approved by the Board of Directors
September 18, 2026**

**THE AGRICULTURAL FOUNDATION OF
CALIFORNIA STATE UNIVERSITY, FRESNO
JUNE 30, 2026 AND 2025**

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**THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY,
FRESNO - UNAUDITED
CORPORATE INFORMATION
For the Fiscal Year Ended June 30, 2026**

BOARD OF DIRECTORS

William Bourdeau	Fresno, California
Daniel Errotabere	Riverdale, California
Dr. Saúl Jiménez-Sandoval	Fresno, California
Richard Matoian	Fresno, California
Dianne Nury	Fresno, California
Pat V. Ricchiuti	Clovis, California
Steve Shehadey	Fresno, California
Dr. Rolston St. Hilaire	Fresno, California
Sarah Woolf	Fresno, California

CORPORATE OFFICERS

Pat V. Ricchiuti	Chair
Sarah Woolf	Vice Chair
Daniel Errotabere	Treasurer
Dr. Saúl Jiménez-Sandoval	Secretary

AUDIT COMMITTEE

Richard Matoian, Chair	Fresno, California
Daniel Errotabere, Vice Chair	Riverdale, California
Larry Layne	Sanger, California
William Bourdeau	Fresno, California

EXECUTIVE STAFF

Nicole Lane	Executive Director
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CORPORATE DATA

Executive Offices	2771 East Shaw Avenue Fresno, California 93710-8205 Telephone (559) 278-0800
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Auditors	Baker Tilly US, LLP 255 East River Park Circle, Suite 220 Fresno, California 93720 Telephone (559) 389-5700 bakertilly.com
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Report of Independent Auditors

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

Report on the Audit of the Financial Statements

Opinion

We have audited the 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, 2026 and 2025, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Agricultural Foundation as of June 30, 2026 and 2025, 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.

Basis for Opinion

We conducted our audits 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 (Government Auditing Standards)*, issued by the Comptroller General of the United States. 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 the Agricultural Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agricultural Foundation'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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 the Agricultural Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agricultural Foundation'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Agricultural Foundation's financial statements. The schedule of net position, schedule of revenues, expenses, and changes in net position, and other information (collectively supplementary information) are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary 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 18, 2026 on our consideration of the Agricultural Foundation'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'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's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Fresno, California
September 18, 2026

THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2026 AND 2025

	<u>2026</u>	<u>2025</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents (Notes 3 and 4)	\$ 652,204	\$ 724,974
Short-Term Investments (Notes 3 and 4)	684,969	662,621
Accounts Receivable, Net (Note 2)	415,633	417,606
Pledges Receivable	-	34,000
Due From - California State University, Fresno Foundation	57,562	52,070
Inventories at Cost and Unit Livestock Method (Notes 2 and 6)	970,631	968,457
Investment in Growing Crops (Note 2)	443,078	444,792
Prepaid Expenses (Note 2)	<u>1,711</u>	<u>674</u>
Total Current Assets	<u>3,225,788</u>	<u>3,305,194</u>
Other Assets:		
Long-Term Receivables (Note 7)	39,330	39,330
Investments (Note 5 and 8)	<u>1,637,949</u>	<u>1,468,019</u>
Total Other Assets	<u>1,677,279</u>	<u>1,507,349</u>
Fixed Assets: (Note 2)		
Breeding Herd	158,310	152,405
Equipment	6,011,449	5,479,895
Capitalized Development Costs	1,440,344	1,311,149
Construction In Progress	<u>302,362</u>	<u>389,859</u>
Total Fixed Assets	<u>7,912,465</u>	<u>7,333,308</u>
Less: Accumulated Depreciation	<u>(5,392,938)</u>	<u>(4,736,019)</u>
Total Fixed Assets, Net	<u>2,519,527</u>	<u>2,597,289</u>
Total Noncurrent Assets	<u>4,196,806</u>	<u>4,104,638</u>
Total Assets	<u><u>\$ 7,422,594</u></u>	<u><u>\$ 7,409,832</u></u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Current Liabilities:		
Accounts Payable and Other Accrued Expenses (Note 2)	\$ 1,818,112	\$ 1,278,331
Deferred Revenue (Note 2)	<u>42,337</u>	<u>41,481</u>
Total Current Liabilities	<u>1,860,449</u>	<u>1,319,812</u>
Noncurrent Liabilities:		
Accounts Payable and Other Accrued Expenses (Note 2)	<u>7,076</u>	<u>6,491</u>
Total Noncurrent Liabilities	<u>7,076</u>	<u>6,491</u>
Net Assets:		
Without Donor Restrictions (Note 11)	5,201,708	5,753,050
With Donor Restrictions (Note 11)	<u>353,361</u>	<u>330,479</u>
Total Net Assets	<u>5,555,069</u>	<u>6,083,529</u>
Total Liabilities and Net Assets	<u><u>\$ 7,422,594</u></u>	<u><u>\$ 7,409,832</u></u>

See accompanying notes

THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities			
Revenues and Other Support:			
Gross Sales (Note 2)	\$ 3,846,234	\$ -	\$ 3,846,234
Contributions:	73,970	110,000	183,970
In-Kind Agricultural Operations Contributions (Note 10)	250,000	-	250,000
Nonfinancial Assets (Note 10)			
Other Nonfinancial Assets (Note 10)	1,188,591	-	1,188,591
Campus Pointe	265,539	-	265,539
Interest Income	79,597	-	79,597
Net Assets Released from Restrictions	87,118	(87,118)	-
	<u>5,791,049</u>	<u>22,882</u>	<u>5,813,931</u>
Total Operating Revenues and Other Support			
	<u>5,791,049</u>	<u>22,882</u>	<u>5,813,931</u>
Expenses:			
Cost of Sales	964,008	-	964,008
Salaries/Wages (Note 15)	2,268,622	-	2,268,622
Employee Benefits (Note 15)	218,116	-	218,116
Advertising	17,404	-	17,404
Audit Fees	29,550	-	29,550
Capitalized Development Costs-Depreciation	100,763	-	100,763
Credit Losses	1,249	-	1,249
Custom Harvesting	89,849	-	89,849
Depreciation	868,059	-	868,059
Donations	214	-	214
Equipment Rental/Repair	414,449	-	414,449
Insurance	82,652	-	82,652
Legal Fees	443	-	443
Licenses/Dues/Fees	68,855	-	68,855
Livestock Expense	73,086	-	73,086
Management Services Fee	186,823	-	186,823
Miscellaneous	32,955	-	32,955
Office Supplies/Duplicating	10,949	-	10,949
Postage/Freight	15,083	-	15,083
Supplies	873,283	-	873,283
Utilities	163,759	-	163,759
	<u>6,480,171</u>	<u>-</u>	<u>6,480,171</u>
Total Expenses			
	<u>6,480,171</u>	<u>-</u>	<u>6,480,171</u>
Change in Net Assets from Operations	(689,122)	22,882	(666,240)
	<u>(689,122)</u>	<u>22,882</u>	<u>(666,240)</u>
Nonoperating Activities			
Loss on Disposal of Assets	(32,150)	-	(32,150)
Investment Income, Net	169,930	-	169,930
	<u>137,780</u>	<u>-</u>	<u>137,780</u>
Total Nonoperating Activities			
	<u>137,780</u>	<u>-</u>	<u>137,780</u>
Change in Net Assets	(551,342)	22,882	(528,460)
	<u>(551,342)</u>	<u>22,882</u>	<u>(528,460)</u>
Net Assets, Beginning of Year	<u>5,753,050</u>	<u>330,479</u>	<u>6,083,529</u>
Net Assets, End of Year	<u>\$ 5,201,708</u>	<u>\$ 353,361</u>	<u>\$ 5,555,069</u>

See accompanying notes

THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities			
Revenues and Other Support:			
Gross Sales	\$ 4,038,438	\$ -	\$ 4,038,438
Contributions	79,780	60,000	139,780
In-Kind Contributions: (Note 10)			
Agricultural Operations Support (Note 10)	250,000	-	250,000
Nonfinancial Assets (Note 10)			
Other Nonfinancial Assets (Note 10)	1,322,058	-	1,322,058
Interest Income	77,471	-	77,471
Net Assets Released from Restrictions	53,446	(53,446)	-
	<u>5,821,193</u>	<u>6,554</u>	<u>5,827,747</u>
Total Operating Revenues and Other Support			
Expenses:			
Cost of Sales	742,430	-	742,430
Salaries/Wages (Note 15)	2,289,384	-	2,289,384
Employee Benefits (Note 15)	209,380	-	209,380
Advertising	13,605	-	13,605
Audit Fees	38,595	-	38,595
Capitalized Development Costs-Depreciation	99,746	-	99,746
Custom Harvesting	102,142	-	102,142
Depreciation	552,355	-	552,355
Donations	335	-	335
Equipment Rental/Repair	385,802	-	385,802
Insurance	80,246	-	80,246
Legal Fees	649	-	649
Licenses/Dues/Fees	65,447	-	65,447
Livestock Expense	82,336	-	82,336
Management Services Fee	177,927	-	177,927
Miscellaneous	33,612	-	33,612
Office Supplies/Duplicating	10,009	-	10,009
Postage/Freight	9,837	-	9,837
Supplies	657,649	-	657,649
Utilities	192,597	-	192,597
	<u>5,744,083</u>	<u>-</u>	<u>5,744,083</u>
Total Expenses			
Change in Net Assets from Operations	<u>77,110</u>	<u>6,554</u>	<u>83,664</u>
Nonoperating Activities			
Gain on Sale of Assets	31,000	-	31,000
Investment Income, Net	108,542	-	108,542
	<u>139,542</u>	<u>-</u>	<u>139,542</u>
Total Nonoperating Activities			
Change in Net Assets	<u>216,652</u>	<u>6,554</u>	<u>223,206</u>
Net Assets, Beginning of Year	<u>5,536,398</u>	<u>323,925</u>	<u>5,860,323</u>
Net Assets, End of Year	<u>\$ 5,753,050</u>	<u>\$ 330,479</u>	<u>\$ 6,083,529</u>

See accompanying notes

THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2026 AND 2025

	<u>2026</u>	<u>2025</u>
Cash Flows From Operating Activities		
(Decrease) Increase in Net Assets	\$ (528,460)	\$ 223,206
Adjustments to Reconcile (Decrease) Increase in Net Assets to		
Net Cash Provided By Operating Activities:		
Depreciation	968,822	652,101
Interest Income	(22,035)	(25,401)
Loss (Gain) on Investment in Growing Crops, Net	1,714	(59,425)
Unrealized Gain on Investments	(227,805)	(160,573)
Noncash Contribution of Donated Fixed Assets	(861,694)	(944,508)
Loss (Gain) on Disposal of Fixed Assets	32,150	(31,000)
Changes In:		
Accounts Receivable	30,481	17,722
Inventories	(2,174)	(264,640)
Prepaid Expenses	(1,037)	(644)
Accounts Payable and Accrued Expenses	540,366	764,633
Deferred Revenue	856	3,760
	<u>(68,816)</u>	<u>175,231</u>
Net Cash (Used in)/Provided By Operating Activities		
Cash Flows from Investing Activities		
Collection of Cash on Long-Term Receivables	-	10,881
Endowment Investment Income Distribution	57,562	52,070
Purchases of Fixed Assets and Development of Crops, net		
Capitalized Development Costs	(61,516)	(83,348)
	<u>(3,954)</u>	<u>(20,397)</u>
Net Cash Provided by/(Used) in Investing Activities		
Net (Decrease) Increase in Cash	(72,770)	154,834
Cash and Cash Equivalents at Beginning of Year	724,974	570,140
	<u>724,974</u>	<u>570,140</u>
Cash and Cash Equivalents at End of Year	<u>\$ 652,204</u>	<u>\$ 724,974</u>

Noncash Investing and Financing Activities

For the year ended June 30, 2025, the Agricultural Foundation exchanged equipment with a fair value of \$138,540 for equipment with a fair value of \$107,540, resulting in a gain of \$31,000. No cash was exchanged in the transaction.

See accompanying notes

THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2026 and 2025

NOTE 1 – GENERAL INFORMATION

The Agricultural Foundation of California State University, Fresno (The Agricultural Foundation) was incorporated on December 2, 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. The Agricultural Foundation operates a number of agricultural enterprises through the University Farm, including the Mature Orchard and Quarter Horse operations. Sales generated by the Mature Orchard and Quarter Horse operations represented approximately 18% and 15%, respectively, of gross sales for the year ended June 30, 2026, and approximately 14% and 15%, respectively, for the year ended June 30, 2025. Accordingly, the Agricultural Foundation's operating results are subject to concentration risk associated with the performance of these enterprises, including changes in market prices, production volumes, and demand.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of The Agricultural Foundation have been prepared in accordance with US generally accepted accounting principles (US GAAP), which requires 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 amounts include quasi-endowments and reserves. 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. The Agricultural Foundation has net assets with donor restrictions of \$353,361 and \$330,479 for the years ended June 30, 2026 and 2025, respectively.

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. Restricted assets are used before unrestricted assets, whenever possible.

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.

THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2026 and 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measure of Operations

The statements of activities report 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, such as money market funds or LAIF. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature. These can include items such as investment endowment returns or gains and losses from disposal of assets.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits. The Agricultural Foundation considers highly liquid investments that are readily convertible to known amounts of cash and that have original maturities of three months or less when acquired to be cash equivalents

Short-Term Investments

Short-Term Investments include money market funds and amounts deposited in the State of California Local Agency Investment Fund (LAIF).

Concentrations of Credit Risk

Financial instruments that potentially subject the Agricultural Foundation to concentrations of credit risk consist principally of cash and cash equivalents and investments. At June 30, 2026 and 2025, The Agricultural Foundation's uninsured cash balances at Citibank totaled \$374,899 and \$507,467, respectively. The Agricultural Foundation maintains its cash deposits with financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC) up to applicable limits. The Agricultural Foundation also maintains funds in the State of California Local Agency Investment Fund (LAIF). Amounts invested in LAIF are not insured by the FDIC. LAIF is administered by the California State Treasurer as part of the Pooled Money Investment Account and is subject to statutory protections under California law. The Agricultural Foundation's cash and cash equivalent and investment 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.

Revenue and Revenue Recognition

Gross sales are generated from agricultural enterprises, including crop and orchard sales, livestock and dairy operations, winery operations, and retail sales through the Farm Market. Sales are affected by agricultural commodity prices, production yields, seasonality, and customer demand. Revenue from the sales of products and livestock is recognized at the point in time when the performance obligation to transfer control of the products or livestock to the customer is satisfied, which generally occurs upon delivery or sale to the customer

Gross sales from crop operations are reported as revenue in the accompanying statement of activities, with related costs of crops sold reported separately as cost of sales. For the year ended June 30, 2026, gross crop sales were \$3,846,234 and the related cost of sales was \$964,008.

THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2026 and 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The payment terms and conditions in customer contracts vary from 30-90 days from transfer of control. Customer contracts do not include significant financing components. Consideration is generally fixed. Variable consideration, if any, consists of relevant changes in market conditions and is recognized only to the extent that it is probable that a significant reversal will not occur. Deferred 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.

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 contributions are recorded at fair value at the date of donation.

Campus Pointe – Campus Pointe revenue consists of revenue received from California State University, Fresno Association Inc. The revenue originates from agreements regarding the transference of University owned land from usage by The Agricultural Foundation to California State University, Fresno Association Inc. for retail use. Revenue is recognized within the period the revenue has been earned and is considered earned over time.

Contributed Nonfinancial Assets

The Agricultural Foundation recognized contributed nonfinancial assets within revenue, including donated livestock, feed, crops, supplies, equipment, and professional services. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Livestock was contributed to various programs within the Agricultural Foundation. The Agricultural Foundation will determine whether to utilize or sell the livestock based on the current needs of the program. The Agricultural Foundation assigns values based on appraised value. If the value is determined to be over \$5,000, a qualified, independent appraisal must be conducted.

Livestock feed was used in the Dairy program. The Agricultural Foundation estimates the fair value based on wholesale values that would be paid for similar feed products in the Central Valley.

Growing crops consist of various types of crops for various programs within the Agricultural Foundation. The Agricultural Foundation estimates the value based on the fair value that would be paid for similar crops in the Central Valley.

Supplies and equipment were used in various programs within the Agricultural Foundation. The Agricultural Foundation estimates the value based on the fair value that would be paid for similar items in the Central Valley.

THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2026 and 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed services recognized consist of professional services varying from farm management to engineering and design. Contributed services are valued and reported at the estimated fair value based on current rates for similar services. California State University, Fresno contributed \$589,536 and \$627,550 during the years ended June 30, 2026 and 2025, respectively in salaries and benefits in support of the University Farm.

Advertising Costs

Advertising costs are expensed as incurred and totaled \$17,404 and \$13,605 for the years ended June 30, 2026 and 2025, respectively.

Accounts Receivable and Credit Losses

Accounts receivable primarily consist of unconditional amounts due from customer for sales of agricultural products and livestock for which the Foundation has satisfied its performance obligations. Customer payment terms generally range from 30 to 90 days. The Agricultural Foundation does not have significant contract assets because its right to consideration generally becomes unconditional when control of the related product or livestock transfers to the customer.

Accounts receivable are unsecured, non-interest bearing, and reported at the amount expected to be collected, net of an allowance for expected credit losses. Management estimates expected credit losses based on historical collection experience, the aging and specific characteristics of outstanding balances, current economic conditions, and reasonable and supportable forecasts, as applicable. Balances are written off when determined to be uncollectible. Allowance for credit losses totaled \$1,247 and \$1,247 at June 30, 2026 and 2025 respectively.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in Note 14 – Expenses by Natural Classification/Functional Classification. Accordingly, certain costs have been allocated among programs and supporting services benefited. Such allocations are determined by management on an equitable basis. The costs have been allocated among the program and general and administrative based upon management's estimate of time and effort recorded on functions related to specific activity, or in the case of shared expenses, using an allocation based on usage or other relevant bases.

Inventories

Raised inventory of animals held for sale is carried at maximum raised value established by the Board. Donated inventory of animals held for sale is carried at fair value. 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 net realizable value. It is the policy of Agricultural Foundation to charge-off investment in growing crops when there is damage or obsolete crops. There were no charge offs for the year ended June 30, 2026 and 2025, respectively.

THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2026 and 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments in marketable securities are recorded at cost when purchased and at fair value, thereafter.

Fixed Assets

Fixed assets represent breeding herds, capitalized development costs, construction in progress, and equipment. Raised breeding herds are carried at maximum raised value established by the Board, while donated breeding herds are recorded at fair value at the date of the donation. Purchased breeding herds are carried at cost less accumulated depreciation. Depreciation of livestock and herds is computed using straight line rates established by the Board.

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 twenty years. The Agricultural Foundation's policy is to capitalize renewals and betterments acquired for greater than or equal to \$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.

Construction in progress costs represent ongoing fixed asset projects. These vary in usage and are depreciated once moved out of this category, based upon the category they are moved into.

Depreciation and amortization of fixed assets is computed using the straight-line method over the following estimated useful lives:

Breeding herd	3-16 years
Equipment	3-20 years
Capitalized development costs	10 years

Depreciation expense amounted to \$968,822 and \$652,101 for the years ended June 30, 2026 and 2025, respectively. This includes capitalized development costs of \$100,763 and \$99,746, as well as breeding herd and equipment depreciation of \$868,059 and \$552,355 for the years ended June 30, 2026 and 2025, respectively.

Impairment of Long Lived Assets

The long-lived assets are reviewed by management for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable through the estimated undiscounted cash flows expected to result from the use and eventual disposition of that asset. Whenever any such impairment is determined, these assets are written down to fair value. No impairments were found for the years ended June 30, 2026 and 2025.

Accounts Payable and Other Accrued Expenses

Accounts payable and accrued expenses consist of amounts owed to vendors and other third parties for goods and services received, as well as obligations for expenses incurred but not yet paid or invoiced. Accounts payable and accrued expenses are recognized when the related goods or services are received and are recorded at the amounts expected to be paid.

THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2026 and 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accrued Compensated Absences

The Agricultural Foundation recognizes a liability for employees' earned but unused vacation and other qualifying compensated absences when the obligation is attributable to services already rendered, the employees' rights vest or accumulate, payment is probable, and the amount can be reasonably estimated.

The liability is calculated based on accumulated eligible leave balances and applicable employee compensation rates at the reporting date, including related payroll costs, if applicable. The liability is reduced for estimated forfeitures, when applicable. The portion of the liability expected to be paid within one year is included in accounts payable and accrued expenses. The remaining balance is reported as a long-term liability.

Non-vesting sick leave benefits that are payable only upon a future illness are not accrued unless recognition is required based on the terms of the employee benefit plan or The Agricultural Foundation's established practices.

Accrued compensated absences represent earned but unused employee leave benefits that are expected to be paid when the leave is used or when otherwise payable under The Agricultural Foundation's employee leave policies.

Current accrued compensated absences were \$1,000 for the years ended June 30, 2026 and 2025. Total non-current accrued absences were \$7,076 and \$6,491 for the years ended June 30, 2026 and 2025, respectively. The current portions are included in accounts payable and accrued expenses, while the non-current portions are reported as non-current accounts payable and accrued expenses in the accompanying statement of financial position.

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.

Change in Allocation Methodology and Reclassifications

Certain amounts in the 2025 financial statements have been reclassified to conform to the 2026 presentation. These reclassifications affected the presentation of cash and cash equivalents, short-term investments, certain receivables, liabilities, operating and nonoperating activities, cash-flow classifications, and functional expense classifications. The reclassifications had no effect on previously reported total net assets or the change in net assets.

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 23701(d) of the California Revenue and Taxation Code.

THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2026 and 2025

NOTE 3 – LIQUIDITY AND AVAILABILITY

The following represents The Agricultural Foundation’s financial assets at June 30, 2026 and 2025:

Financial assets at year end:	2026	2025
Cash and cash equivalents	\$ 652,204	\$ 724,974
Short-Term Investments	684,969	662,621
Accounts receivable, net	473,195	469,676
Pledge receivable	-	34,000
Investments	1,637,949	1,468,019
Total financial assets	<u>3,448,317</u>	<u>3,359,290</u>

Less amounts not available to be used within one year:

Board designated working capital reserve	794,923	830,574
Quasi endowment established by the board	1,637,949	1,468,019
	<u>2,432,872</u>	<u>2,298,593</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,015,445</u>	<u>\$ 1,060,697</u>

As part of its liquidity plan, The Agricultural Foundation maintains financial assets available to meet general expenditures over the next twelve months. The Board designated working capital reserve is not subject to donor restrictions and may be made available for general expenditures upon action of the Board. Excess cash is invested in cash equivalents such as 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 is \$794,923 at June 30, 2026. Based on the available cash balances above, the Agricultural Foundation is meeting its minimum reserve requirements at June 30, 2026 and 2025.

NOTE 4 – CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

	2026	2025
Cash and Cash Equivalents		
Cash in Bank	\$ 649,104	\$ 721,874
Change Funds	3,100	3,100
Total Cash and Cash Equivalents	<u>652,204</u>	<u>724,974</u>
Investments		
Money Market	354,594	345,844
Local Agency Investment Fund (LAIF)	330,375	316,777
Total Investments	<u>684,969</u>	<u>662,621</u>
Total Cash, Cash Equivalents, and Investments	<u>\$ 1,337,173</u>	<u>\$ 1,387,595</u>

THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2026 and 2025

NOTE 4 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)

The Agricultural Foundation participates in the State of California Local Agency Investment Fund (LAIF), a voluntary investment pool administered by the California State Treasurer. LAIF invests participants' funds as part of the State's Pooled Money Investment Account. Interest earnings are allocated to participants based on their proportionate participation 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 unobservable 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, discounted 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.

Net Asset Value (NAV) – Investments whose fair value is measured at NAV are excluded from the fair value hierarchy. Investments measured at NAV include hedge funds, private equity investments and commingled funds.

Techniques and inputs – Level 1 assets include investment in money market and short-term investments for which quoted prices for identical assets are readily available. Level 3 assets include investment held in the University's endowment fund for which quoted prices are not readily available. The Agricultural Foundation investments are pooled with other endowments and the fair values are estimated using an allocation based on the proportionate share of the University's endowment.

There have been no changes in the techniques and inputs used as of June 30, 2026.

THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2026 and 2025

NOTE 5 – FAIR VALUE MEASUREMENTS (continued)

The table below presents the balance of assets measured at fair value on a recurring basis at June 30:

<u>2026</u>	Fair Value	Level 1	Level 2	Level 3	NAV
Money Market	\$ 354,594	\$ 354,594	\$ -	\$ -	\$ -
Endowment Investment	1,637,949	-	-	-	1,637,949
Local Agency Investment Fund (LAIF)	330,375	-	-	-	330,375
Totals	<u>\$2,322,918</u>	<u>\$ 354,594</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,968,324</u>

<u>2025</u>	Fair Value	Level 1	Level 2	Level 3	NAV
Money Market	\$ 345,844	\$ 345,844	\$ -	\$ -	\$ -
Endowment Investment	1,468,019	-	-	-	1,468,019
Local Agency Investment Fund (LAIF)	316,777	-	-	-	316,777
Totals	<u>\$2,130,640</u>	<u>\$ 345,844</u>	<u>\$ -</u>	<u>\$ 1,468,019</u>	<u>\$ 1,784,796</u>

The following table presents a reconciliation of the statement of financial position amounts for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30, 2026:

<u>2026</u>	Balance June 30, 2025	Unrealized Gains	Disbursements	Purchases	Sales	Balance June 30, 2026
Fresno State Foundation Endowment Fund	\$ 1,468,019	\$ 227,492	\$ (57,562)	\$ -	\$ -	\$ 1,637,949

<u>2025</u>	Balance June 30, 2024	Unrealized Gains	Disbursements	Purchases	Sales	Balance June 30, 2025
Fresno State Foundation Endowment Fund	\$ 1,359,477	\$ 160,612	\$ (52,070)	\$ -	\$ -	\$ 1,468,019

Investments, in general, are subject to various risks, including credit, interest and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

NOTE 6 – INVENTORY

Inventory at June 30 consists of the following:

	2026	2025
Winery		
Bottled Wine	\$ 545,239	\$ 399,562
Bulk Wine	66,992	65,978
Miscellaneous	15,914	14,211
Dairy	185,567	309,019
Beef	49,213	53,923
Others	107,706	125,764
Total	<u>\$ 970,631</u>	<u>\$ 968,457</u>

THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2026 and 2025

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 at June 30 are composed of the following :

	<u>2026</u>	<u>2025</u>
California Dairies Inc.	<u>\$ 39,330</u>	<u>\$ 39,330</u>

NOTE 8 – INVESTMENTS

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

<u>2026</u>	<u>Original Investment</u>	<u>Fair Value</u>	<u>Unrealized Gain/(Loss)</u>
Fresno State Foundation			
Endowment Pool	\$ 737,645	\$ 1,637,949	\$ 900,304
Totals	<u>\$ 737,645</u>	<u>\$ 1,637,949</u>	<u>\$ 900,304</u>

<u>2025</u>	<u>Original Investment</u>	<u>Fair Value</u>	<u>Unrealized Gain/(Loss)</u>
Fresno State Foundation			
Endowment Pool	\$ 737,645	\$ 1,468,019	\$ 730,374
Totals	<u>\$ 737,645</u>	<u>\$ 1,468,019</u>	<u>\$ 730,374</u>

NOTE 9 – CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers consists primarily of sales of agricultural products and livestock to direct customers and wholesalers. The nature, amount, timing, and uncertainty of this revenue and related cash flows are affected primarily by market pricing, production yields, and seasonality. The total amount of revenue recognized from contracts with customers at a point in time during the years ended June 30, 2026 and 2025 was approximately \$3,846,000 and \$4,038,000, respectively.

Accounts receivable arising from contracts with customers were approximately \$415,633, \$417,606, and \$442,734 at June 30, 2026, 2025, and 2024, respectively. The Agricultural Foundation did not have material contract assets at those dates.

The Agricultural Foundation operates the University Farm as an instructional laboratory and sells agricultural products and livestock to direct customers and wholesalers primarily in the Central Valley. Its agricultural operations include dairy, orchards, vegetable crops, vineyards, swine, and several other operations.

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

THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2026 and 2025

NOTE 9 – CONTRACTS WITH CUSTOMERS (continued)

	2026	2025
Deferred revenue, beginning of year	\$ 41,481	\$ 37,721
Revenue recognized that was included in deferred revenue at the beginning of year	(29,697)	(6,050)
Increase in deferred revenue due to cash received during the period	30,553	9,810
Deferred revenue, end of year	<u>\$ 42,337</u>	<u>\$ 41,481</u>

NOTE 10 – CONTRIBUTED ASSETS

Contributed assets recognized within the statement of activities included the following for the years ended June 30:

	2026	2025
Livestock/Breeding Herd	\$ 815,000	\$ 795,000
Supplies and Equipment	34,055	149,508
Professional Services	589,536	627,550
Total	<u>\$ 1,438,591</u>	<u>\$ 1,572,058</u>

Contributed livestock is measured at estimated fair value at the date of contribution using appraisals or observable market prices for comparable livestock. Significant inputs include breed, age, weight and condition. There were no restrictions on these donations. The Agricultural Foundation generally utilizes contributed nonfinancial assets in furtherance of its agricultural education and program activities. Assets are monetized when management determines that sale is more beneficial to the applicable program or when an asset is not suitable for program use. During 2026 and 2025, the Agricultural Foundation monetized contributed livestock with fair values of \$7,920 and \$1,206, respectively. Other contributed nonfinancial assets were utilized in the Foundation's programs.

Supplies and equipment are measured at the fair value price at the date of contribution based upon receipt or appraisals when necessary. There were no restrictions on these donations. These will be used within program or general/admin activities based upon the donation. There were \$0 supplies and equipment monetized for the years ended June 30, 2026 and 2025.

Professional services are measured based upon the calculated payroll for the donated time. These services stem from the donation of hours by University personnel for use within the Agricultural Foundation. There were no restrictions on these donations. There were \$0 professional services monetized for the years ended June 30, 2026 and 2025. A total of \$250,000 of in-kind contributions are included within the above table within professional services for both of the years ended June 30, 2026 and 2025. This amount includes student payroll services paid for by the University.

NOTE 11 – NET ASSETS

Net assets without donor restrictions were as follows for the years ended June 30, 2026 and 2025:

	2026	2025
Undesignated	\$ 2,768,836	\$ 3,454,457
Designated, Capital Reserve (Note 3)	794,923	830,574
Designated, Fresno State Foundation Endowment Pool	1,637,949	1,468,019
Total	<u>\$ 5,201,708</u>	<u>\$ 5,753,050</u>

THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2026 and 2025

NOTE 11 – 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 Fresno 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 Agricultural Foundation either approves an appropriation for distribution from its endowments or a reinvestment in the pool. For fiscal year 2026 and 2025, the Board authorized a distribution.

The Agricultural Foundation's spending policy permits an annual appropriation based upon the endowment fund's average fair value over the 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. These percentages are 3.65% and 3.35% at June 30, 2026 and 2025, respectively. In establishing this policy, the Board considered the long-term expected return on the endowment and its objective of preserving the purchasing power of the fund. 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 for the years ending June 30, 2026 and 2025 were as follows:

	<u>2026</u>	<u>2025</u>
Board-designated endowment net assets, July 1	\$ 1,468,019	\$ 1,359,477
Net appreciation	227,492	160,612
Amount reinvested	-	-
Amounts appropriated for expenditures	<u>(57,562)</u>	<u>(52,070)</u>
Total	<u>\$ 1,637,949</u>	<u>\$ 1,468,019</u>

Net assets with donor restrictions were as follows for the years ended June 30, 2026 and 2025:

	<u>2026</u>	<u>2025</u>
Poultry Reserve	\$ 262,491	\$ 235,882
Capital Repairs and Replacement Reserve	10,133	19,093
Pistachio Donation Reserve	<u>80,737</u>	<u>75,504</u>
Totals	<u>\$ 353,361</u>	<u>\$ 330,479</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 back to Foster Farms, LLC. The agreement renewed in June 2021 for a 5-year term. A subsequent agreement was executed, renewing the operating agreement as of July 2026 for a 5-year term.

THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2026 and 2025

NOTE 11 – NET ASSETS (continued)

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, 2026, and 2025, the amounts remaining to be used are \$10,133, and \$19,093, respectively.

Pistachio Donation Reserve

In January 2022, a pledge of \$325,600 was received from Rod Stiefvater to provide for the establishing of a pistachio orchard. This donation is to be paid in several installments with a final installment to be provided to the Ag Foundation on July 1, 2025. In 2026, an additional \$50,000 was received from the same donor for this orchard. The totals remaining to be used are \$80,737 and \$75,504 as of June 30, 2026, and 2025, respectively.

NOTE 12 – 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, 2026 and 2025:

Administrative fees paid to the Association for management services were \$186,823 and \$177,927 for the years ended June 30, 2026 and 2025, respectively based on a flat fee arrangement. The amounts due the Agricultural Foundation from the Association at June 30, 2026 and 2025, were \$637 and \$528, respectively. The amounts due the Association from the Agricultural Foundation at June 30, 2026 and 2025, were \$171,040 and \$29,565 respectively. The Association made payments to the Agricultural Foundation of \$265,539 and \$0 for Campus Pointe (Note 2) made for the years ended June 30, 2026 and 2025, 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 total contributions by the University were \$250,000 for the year ended June 30, 2026 and \$250,000 for year ended June 30, 2025. These contributions, which were fully in-kind contributions, were services provided by the University and were used to reduce farm operation expenses. They are included in Note 10 in as a part of the Professional Services total.

The Agricultural Foundation had payables to the University of \$1,048,303 and \$551,885 at June 30, 2026 and 2025, respectively. The receivables due from the University to The Agricultural Foundation at June 30, 2026 and 2025, were \$8,464 and \$18,844, respectively. Payments to the University for equipment cost reimbursement and miscellaneous other expenses were \$407,749 and \$281,256 for the years ended June 30, 2026 and 2025, respectively.

At June 30, 2026 and 2025, other receivables from California State University, Fresno Foundation (Fresno State Foundation) were \$0 and \$52,128, respectively. Amounts receivable from the Fresno State Foundation related to annual endowment distributions were \$57,562 and \$52,070, respectively. Amounts payable by the Agricultural Foundation to the Fresno Foundation at June 30, 2026 and 2025, were \$0 and \$1,036, respectively. California State University, Fresno Foundation holds an endowment from the Agricultural Foundation of \$1,637,949 and \$1,468,019 for the years ended June 30, 2026 and 2025, respectively.

THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2026 and 2025

NOTE 12 – RELATED PARTIES (continued)

The amounts due the Agricultural Foundation from Fresno State Athletics at June 30, 2026 and 2025, were \$1,350 and \$0, respectively.

The Agricultural Foundation is related to California State University, Fresno, the California State University, Fresno Association, Inc., the California State University, Fresno Foundation, and Fresno State Athletics through common management. Amounts due to and from related parties are unsecured and are settled within normal operating terms.

NOTE 13 – LEASES

The Agricultural Foundation evaluated current contracts to determine which met the criteria of a lease, per ASC Topic 842, Leases. Management reviews agreements for length of contract, presence of an asset and status, economic life of the asset and other relevant lease criteria. As of June 30, 2026, no contracts have been determined to contain a lease. Future contracts will continue to be reviewed for lease status as they are agreed upon.

NOTE 14 – 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. When possible, The Agricultural Foundation's expenses are allocated to the functional categories by cost center. Other expenses are shared based upon usage, which can be based on items such as total employees or total livestock. 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 AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2026 and 2025

NOTE 14 – EXPENSES BY NATURAL/FUNCTIONAL CLASSIFICATION (continued)

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

	2026			2025		
	Program	General/ Admin	Total	Program	General/ Admin	Total
Cost of Sales	\$964,008	\$ -	\$ 964,008	\$ 742,430	\$ -	\$ 742,430
Salaries/Wages	2,268,622	-	2,268,622	2,289,384	-	2,289,384
Employee Benefits	218,116	-	218,116	209,380	-	209,380
Advertising/Publicity	17,404	-	17,404	13,605	-	13,605
Audit Fees	-	29,550	29,550	-	38,595	38,595
Credit Losses	1,249	-	1,249	-	-	-
Capitalized Development						
Costs/Depreciation	100,763	-	100,763	99,746	-	99,746
Custom Harvesting	89,849	-	89,849	102,142	-	102,142
Depreciation	868,059	-	868,059	552,355	-	552,355
Donations	214	-	214	335	-	335
Equip Rental/Repair	414,449	-	414,449	385,802	-	385,802
Insurance	30,856	51,796	82,652	24,348	55,898	80,246
Legal Fees	-	443	443	-	649	649
Licenses/Dues/Fees	63,436	5,419	68,855	59,701	5,746	65,447
Livestock Expense	73,086	-	73,086	82,336	-	82,336
Management Service Fee	-	186,823	186,823	-	177,927	177,927
Miscellaneous	31,832	1,123	32,955	32,331	1,281	33,612
Office Supplies	3,264	7,685	10,949	2,084	7,925	10,009
Postage/Freight	15,083	-	15,083	9,837	-	9,837
Supplies	873,283	-	873,283	657,649	-	657,649
Utilities	163,759	-	163,759	192,597	-	192,597
Totals	\$6,197,332	\$ 282,839	\$6,480,171	\$5,456,062	\$ 288,021	\$5,744,083

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 multiple enterprises, which constitute the University Agricultural Laboratory.

NOTE 15 – SALARIES/WAGES AND EMPLOYEE BENEFITS

Salaries/Wages for the years ended June 30, 2026 and 2025 are reflected on the Statements of Activities and consist of the following:

	2026	2025
Salaries/Wages	\$ 203,098	\$ 777,567
Salaries Reimbursed to the University	666,892	104,063
Salaries Donated by the University	465,814	501,208
Contract Labor – Outside	932,818	906,546
Total Salaries/Wages	<u>\$ 2,268,622</u>	<u>\$ 2,289,384</u>

THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2026 and 2025

NOTE 15 – SALARIES/WAGES AND EMPLOYEE BENEFITS (continued)

Employee Benefits for the years ended June 30, 2026 and 2025 are reflected on the Statements of Activities and consist of the following:

	2026	2025
Employee Benefits	\$ 94,394	\$ 83,038
Employee Benefits Donated by the University	123,722	126,342
Total Employee Benefits	<u>\$ 218,116</u>	<u>\$ 209,380</u>

NOTE 16 – SUBSEQUENT EVENTS

The Agricultural Foundation has evaluated subsequent events through September 18, 2026, which is the date the financial statements were available to be issued. A new 5-year operating agreement was executed with Foster Farms, LLC in July 2026, which renews the current agreement terms. The Agricultural Foundation is not aware of any additional material subsequent events requiring disclosure in the financial statements for the year ended June 30, 2026.

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 in jurisdictions in which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Agricultural Foundation recognizes interest and penalties associated with uncertain tax positions, if any, as income tax expense. For the years ended June 30, 2026 and 2025, interest and penalties recognized were \$0.

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.

Report of Independent Auditors 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*

The Board of Directors

The Agricultural Foundation of California State University, Fresno

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, 2026, 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 18, 2026.

Report on 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 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 or significant deficiencies may exist that were not identified.

Report on 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Baker Tilly US, LLP

Fresno, California
September 18, 2026

SUPPLEMENTARY INFORMATION FOR
CALIFORNIA STATE UNIVERSITY, FRESNO

The Agricultural Foundation of California State University, Fresno

Schedule of Net Position

June 30, 2026

(for inclusion in the California State University Financial Statements)

Assets:

Current assets:

Cash and cash equivalents	\$	652,204
Short-term investments		684,969
Accounts receivable, net		473,195
Prepaid expenses and other current assets		1,415,420
Total current assets		<u>3,225,788</u>

Noncurrent assets:

Accounts receivable, net		39,330
Endowment investments		1,637,949
Capital assets, net		2,519,527
Total noncurrent assets		<u>4,196,806</u>
Total assets		<u>7,422,594</u>

Liabilities:

Current liabilities:

Accounts payable		1,810,961
Accrued salaries and benefits payable		6,151
Accrued compensated absences - current portion		1,000
Unearned revenues		42,337
Total current liabilities		<u>1,860,449</u>

Noncurrent liabilities:

Accrued compensated absences, net of current portion		7,076
Total noncurrent liabilities		<u>7,076</u>
Total liabilities		<u>1,867,525</u>

Net position:

Net investment in capital assets		2,519,527
Expendable:		
Capital projects		90,870
Others		262,491
Unrestricted		2,682,181
Total net position	\$	<u>5,555,069</u>

See report of independent auditors

The Agricultural Foundation of California State University, Fresno
Schedule of Revenues, Expenses, and Changes in Net Position

June 30, 2026

(for inclusion in the California State University Financial Statements)

Revenues:

Operating revenues:

Sales and services of auxiliary enterprises, gross	\$ 3,846,234
Other operating revenues	<u>1,421,980</u>
Total operating revenues	<u><u>5,268,214</u></u>

Expenses:

Operating expenses:

Auxiliary enterprise expenses	5,511,349
Depreciation and amortization	<u>968,822</u>
Total operating expenses	<u><u>6,480,171</u></u>

Noncapital subsidies:

Gifts	<u>433,970</u>
Total noncapital subsidies provided:	<u><u>433,970</u></u>

Operating Income (Loss) and Noncapital subsidies:	(777,987)
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Nonoperating revenues (expenses):

Investment income (loss), net	79,597
Endowment income (loss), net	<u>169,930</u>
Total nonoperating revenues (expenses)	<u><u>249,527</u></u>
Increase (decrease) in net position	(528,460)

Net position:

Net position at beginning of year	<u>6,083,529</u>
Net position at end of year	<u><u>\$ 5,555,069</u></u>

See report of independent auditors

The Agricultural Foundation of California State University, Fresno
Other Information
June 30, 2026
(for inclusion in the California State University Financial Statements)

1. Cash and cash equivalents

Current cash and cash equivalents	652,204
Total	<u>\$ 652,204</u>

2.1 Composition of investments

Investment Type	Current	Noncurrent	Total
Money market funds	\$ 354,594		\$ 354,594
Equity securities		1,637,949	1,637,949
State of California Local Agency Investment Fund (LAIF)	330,375		330,375
Total investments	684,969	1,637,949	2,322,918
Less endowment investments (enter as negative number)	-	(1,637,949)	(1,637,949)
Total investments, net of endowments	<u>\$ 684,969</u>	<u>-</u>	<u>684,969</u>

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	\$ 354,594	\$ 354,594	-	-	-
Equity securities	1,637,949	-	-	-	1,637,949
State of California Local Agency Investment Fund (LAIF)	330,375	-	-	-	330,375
Total investments	<u>\$ 2,322,918</u>	<u>\$ 354,594</u>	<u>-</u>	<u>-</u>	<u>\$ 1,968,324</u>

2.3 Investments held by the University under contractual agreements

Nothing to Report

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	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2026
Non-depreciable/Non-amortizable capital assets:									
Construction work in progress (CWIP)	\$ 389,859				\$ 389,859	\$ 68,251		\$ (155,748)	\$ 302,362
Total non-depreciable/non-amortizable capital	389,859	-	-	-	389,859	68,251	-	(155,748)	302,362
Depreciable/Amortizable capital assets:									
Buildings and building improvements	1,311,149				1,311,149		(26,553)	155,748	1,440,344
Personal property:									
Equipment	5,632,300				5,632,300	854,959	(317,500)		6,169,759
Total depreciable/amortizable capital assets	6,943,449	-	-	-	6,943,449	854,959	(344,053)	155,748	7,610,103
Total capital assets	7,333,308	-	-	-	7,333,308	923,210	(344,053)	-	7,912,465
Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)									
Buildings and building improvements	(790,835)				(790,835)	(100,763)	26,553		(865,045)
Personal property:									
Equipment	(3,945,184)				(3,945,184)	(868,059)	285,350		(4,527,893)
Total accumulated depreciation/amortization	(4,736,019)	-	-	-	(4,736,019)	(968,822)	311,903	-	(5,392,938)
Total capital assets, net excluding ROU	<u>\$ 2,597,289</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 2,597,289</u>	<u>\$ (45,612)</u>	<u>\$ (32,150)</u>	<u>-</u>	<u>\$ 2,519,527</u>
Does the component unit have any capital assets held for sale?	No								
Total capital assets, net including ROU									<u>\$ 2,519,527</u>

See report of independent auditors

3.2 Detail of depreciation and amortization expense

Depreciation and amortization expense related to capital assets	\$ 968,822
Total depreciation and amortization	\$ 968,822

4. Long-term liabilities

	Balance June 30, 2025	Prior Period Adjustments/Recla ssifications	Balance June 30, 2025 (Restated)	Additions	Reductions	Balance June 30, 2026	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ 7,491		\$ 7,491	\$ 585	\$ -	\$ 8,076	\$ 1,000	\$ 7,076
Total long-term liabilities						\$ 8,076	\$ 1,000	\$ 7,076

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	666,892
Payments to University for other than salaries of University personnel	407,749
Payments received from University for services, space, and programs	-
Gifts-in-kind to the University from discretely presented component units	-
Gifts (cash or assets) to the University from discretely presented component units	-
Accounts (payable to) University	(1,048,303)
Other amounts (payable to) University	-
Accounts receivable from University	8,464
Other amounts receivable from University	-

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	203,098	94,394	-	-	-	5,213,857	-	5,511,349
Depreciation and amortization	-	-	-	-	-	-	968,822	968,822
Total operating expenses	\$ 203,098	\$ 94,394	\$ -	\$ -	\$ -	\$ 5,213,857	\$ 968,822	\$ 6,480,171

No pension plan reported

N/A

10. Deferred outflows/inflows of resources:

Nothing to Report