

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

**2022-23  
Annual Report**

**Approved by the Board of Directors  
October 13, 2023**

**THE AGRICULTURAL FOUNDATION OF  
CALIFORNIA STATE UNIVERSITY, FRESNO  
JUNE 30, 2023 AND 2022**

TABLE OF CONTENTS

	<u>Page</u>
Corporate Information	1
Independent Auditor's Report	2
Financial Statements	
Statements of Financial Position	4
Statement of Activities	5
Statements of Cash Flows	7
Notes to the Financial Statements	8
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 <i>Government Auditing Standards</i>	21
Additional Information for California State University, Fresno	
Schedule of Net Position	23
Schedule of Revenues, Expenses and Changes in Net Position	24
Other Information	25

**THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY,  
FRESNO  
CORPORATE INFORMATION  
For the Fiscal Year Ended June 30, 2023**

**BOARD OF DIRECTORS**

William Bourdeau	Coalinga, California
Joe Del Bosque	Los Banos, 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	Fresno, California
Dr. Lynn D. Hemink	Fresno, California
William Bourdeau	Coalinga, California

**EXECUTIVE STAFF**

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

**CORPORATE DATA**

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



INDEPENDENT AUDITOR'S REPORT

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

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the accompanying financial statements of The Agricultural Foundation of California State University, Fresno (The Agricultural Foundation), a nonprofit organization, which comprise the statements of financial position as of June 30, 2023 and 2022, 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 financial statements present fairly, in all material respects, the financial position of The Agricultural Foundation as of June 30, 2023 and 2022, 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 audit 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. 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

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

***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 generally accepted auditing standards 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,

570 N. Magnolia Avenue, Suite 100  
Clovis, CA 93611

tel 559.299.9540

fax 559.299.2344

forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 as a whole. The Additional Information for California State University, Fresno 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 21, 2023, 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.



Clovis, California  
September 21, 2023

**THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2023 AND 2022**

	2023	2022
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents (Notes 3 and 4)	\$ 956,091	\$ 827,021
Accounts Receivable (Note 2)	368,377	588,828
Pledges Receivable (Note 2)	68,000	103,000
Allowance for Doubtful Accounts (Note 2)	(3,500)	(3,500)
Inventories at Cost and Unit Livestock Method (Notes 2 and 6)	655,104	689,899
Investment in Growing Crops (Note 2)	403,444	367,131
Prepaid Expenses (Note 2)	45	-
	<u>2,447,561</u>	<u>2,572,379</u>
Noncurrent Assets:		
Restricted:		
Restricted Cash (Note 2)	326,259	366,922
Total Restricted Assets	<u>326,259</u>	<u>366,922</u>
Other Assets:		
Long-Term Receivables (Note 7)	57,571	55,356
Investments (Note 5 and 8)	1,248,190	1,166,652
Total Other Assets	<u>1,305,761</u>	<u>1,222,008</u>
Fixed Assets: (Note 2)		
Breeding Herd	148,325	207,915
Equipment	2,720,619	2,732,907
Capitalized Development Costs	926,195	926,195
Construction In Progress	693,238	595,272
Total Fixed Assets	<u>4,488,377</u>	<u>4,462,289</u>
Less: Accumulated Depreciation	<u>(3,147,274)</u>	<u>(3,056,110)</u>
Total Fixed Assets, Net	<u>1,341,103</u>	<u>1,406,179</u>
Total Noncurrent Assets	<u>2,973,123</u>	<u>2,995,109</u>
<b>Total Assets</b>	<u>\$ 5,420,684</u>	<u>\$ 5,567,488</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities:</b>		
Current Liabilities:		
Accounts Payable and Other Accrued Expenses	\$ 635,127	\$ 778,270
Deferred Revenue (Note 2)	34,789	27,672
Total Current Liabilities	<u>669,916</u>	<u>805,942</u>
<b>Net Assets:</b>		
Without Donor Restrictions (Note 11)	4,424,509	4,394,623
With Donor Restrictions (Note 11)	326,259	366,922
Total Net Assets	<u>4,750,768</u>	<u>4,761,545</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 5,420,684</u>	<u>\$ 5,567,488</u>

The accompanying notes are an integral part of the financial statements

**THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Activities</b>			
Revenues and Other Support:			
Gross Sales	\$ 4,923,639	\$ -	\$ 4,923,639
Contributions			
Cash and Other Financial Assets	3,331	60,000	63,331
Nonfinancial Assets (Note 10)			
Agricultural Operations Support/(Deficit) (Note 10)	1,020,505	-	1,020,505
Other Nonfinancial Assets (Note 10)	584,467	1,625	586,092
Interest Income	54,921	-	54,921
Net Assets Released from Restrictions	102,288	(102,288)	-
	<u>6,689,151</u>	<u>(40,663)</u>	<u>6,648,488</u>
Total Revenues and Other Support			
Expenses:			
Cost of Sales	1,719,193	-	1,719,193
Salaries/Wages (Note 15)	2,593,338	-	2,593,338
Employee Benefits (Note 15)	297,531	-	297,531
Advertising	13,651	-	13,651
Audit Fees	22,115	-	22,115
Awards/Premiums	756	-	756
Capitalized Development Costs-Depreciation	62,268	-	62,268
Custom Harvesting	121,746	-	121,746
Depreciation	69,117	-	69,117
Donations	682	-	682
Equipment Rental/Repair	429,270	-	429,270
Insurance	61,730	-	61,730
Legal Fees	501	-	501
Licenses/Dues/Fees	71,421	-	71,421
Livestock Expense	176,330	-	176,330
Management Services Fee	169,454	-	169,454
Miscellaneous	40,116	-	40,116
Office Supplies/Duplicating	8,956	-	8,956
Postage/Freight	11,483	-	11,483
Supplies	727,161	-	727,161
Utilities	143,984	-	143,984
	<u>6,740,803</u>	<u>-</u>	<u>6,740,803</u>
Total Expenses			
Change in Net Assets from Operations	<u>(51,652)</u>	<u>(40,663)</u>	<u>(92,315)</u>
<b>Nonoperating Activities</b>			
Investment Return, Net	81,538	-	81,538
	<u>81,538</u>	<u>-</u>	<u>81,538</u>
Total Nonoperating Activities			
Change in Net Assets	<u>29,886</u>	<u>(40,663)</u>	<u>(10,777)</u>
Net Assets, Beginning of Year	<u>4,394,623</u>	<u>366,922</u>	<u>4,761,545</u>
Net Assets, End of Year	<u>\$ 4,424,509</u>	<u>\$ 326,259</u>	<u>\$ 4,750,768</u>

The accompanying notes are an integral part of the financial statements

**THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Activities</b>			
Revenues and Other Support:			
Gross Sales	\$ 4,884,746	\$ -	\$ 4,884,746
Contributions			
Cash and Other Financial Assets	3,600	385,600	389,200
Nonfinancial Assets (Note 10)			
Agricultural Operations Support/(Deficit) (Note 10)	255,505	-	255,505
Other Nonfinancial Assets (Note 10)	559,999	-	559,999
Federal Subsidies	108,376	-	108,376
Interest Income	49,303	-	49,303
Net Assets Released from Restrictions	209,298	(209,298)	-
	<u>6,070,827</u>	<u>176,302</u>	<u>6,247,129</u>
Total Revenues and Other Support			
Expenses:			
Cost of Sales	1,484,413	-	1,484,413
Salaries/Wages (Note 15)	2,310,705	-	2,310,705
Employee Benefits (Note 15)	241,718	-	241,718
Advertising	17,681	-	17,681
Audit Fees	24,615	-	24,615
Bad Debt	650	-	650
Capitalized Development Costs-Depreciation	62,268	-	62,268
Custom Harvesting	113,148	-	113,148
Depreciation	72,421	-	72,421
Donations	1,248	-	1,248
Equipment Rental/Repair	366,527	-	366,527
Insurance	55,751	-	55,751
Legal Fees	4,547	-	4,547
Licenses/Dues/Fees	73,716	-	73,716
Livestock Expense	131,642	-	131,642
Management Services Fee	161,385	-	161,385
Miscellaneous	92,327	-	92,327
Office Supplies/Duplicating	6,607	-	6,607
Postage/Freight	13,220	-	13,220
Supplies	767,439	-	767,439
Travel	202	-	202
Utilities	127,585	-	127,585
	<u>6,129,815</u>	<u>-</u>	<u>6,129,815</u>
Total Expenses			
Change in Net Assets from Operations	<u>(58,988)</u>	<u>176,302</u>	<u>117,314</u>
<b>Nonoperating Activities</b>			
Investment Return, Net	<u>(87,053)</u>	<u>-</u>	<u>(87,053)</u>
Total Nonoperating Activities	<u>(87,053)</u>	<u>-</u>	<u>(87,053)</u>
Change in Net Assets	<u>(146,041)</u>	<u>176,302</u>	<u>30,261</u>
Net Assets, Beginning of Year	<u>4,540,664</u>	<u>190,620</u>	<u>4,731,284</u>
Net Assets, End of Year	<u>\$ 4,394,623</u>	<u>\$ 366,922</u>	<u>\$ 4,761,545</u>

The accompanying notes are an integral part of the financial statements



**THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
<b>Cash Flows From Operating Activities</b>		
Increase (Decrease) in Net Assets	\$ (10,777)	\$ 30,261
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) By Operating Activities:		
Depreciation	131,385	134,686
Unrealized (Gain) Loss on Investments	(81,538)	87,053
Donation Expense (Income) of Fixed Assets	(7,500)	(62,816)
Changes In:		
Accounts Receivable	255,451	(255,580)
Inventories	34,795	(137)
Investment in Growing Crops	(36,313)	40,205
Prepaid Expenses	(45)	30
Accounts Payable and Accrued Expenses	(143,143)	223,692
Deferred Revenue	7,117	3,880
	<u>149,432</u>	<u>201,274</u>
<b>Net Cash Provided (Used) in Operating Activities</b>		
<b>Cash Flows from Investing Activities</b>		
(Increase) Decrease in Long-Term Receivables	(2,216)	(275)
Net Change in Breeding Herd	39,927	7,482
Acquisition of Equipment and Capitalized Development Costs	(98,736)	(211,818)
	<u>(61,025)</u>	<u>(204,611)</u>
<b>Net Cash Provided (Used) in Investing Activities</b>		
Net Increase (Decrease) in Cash	88,407	(3,337)
Cash and Cash Equivalents at Beginning of Year	1,193,943	1,197,280
	<u>1,193,943</u>	<u>1,193,943</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 1,282,350</u>	<u>\$ 1,193,943</u>
 <b>RECONCILIATION OF CASH TO STATEMENT OF FINANCIAL POSITION</b>		
Cash and Cash Equivalents	\$ 956,091	\$ 827,021
Restricted Cash	326,259	366,922
Total Cash and Cash Equivalents	<u>\$ 1,282,350</u>	<u>\$ 1,193,943</u>

The accompanying notes are an integral part of the financial statements

**THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023 and 2022**

**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, 2022, approximately 15% and 17% of the Agricultural Foundation's revenue was from sales by the Mature Orchard and Dairy, respectively. For the year ended June 30, 2023, approximately 12% and 18% 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**

Effective July 1, 2022, The Agricultural Foundation adopted Accounting Standards Update (ASU) No. 2016-02, *Leases*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Agricultural Foundation elected not to restate the comparative period for the year ended June 30, 2022. It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing ASU No. 2016-02, The Agricultural Foundation has determined that it does not possess any leases to be recognized in its statement of financial position as of July 1, 2022. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended June 30, 2023.

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires nonprofits to expand their financial statement presentation and disclosure of information on an entity's policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. The new standards, as amended, is to be applied retrospectively to annual reporting periods beginning after June 15, 2021. The Agricultural Foundation adopted ASU 2020-07 with a date of initial application of January 1, 2022.

**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 net assets may be used at the discretion of The Agricultural Foundation's management and board of directors.

## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **Basis of Presentation (continued)**

*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, 2023 and 2022, The Agricultural Foundation's uninsured cash balances at Citibank totaled \$716,615 and \$731,966, 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.

### **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.

## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **Revenue and Revenue Recognition (continued)**

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 \$326,259 and \$366,922 for the years ended June 30, 2023 and 2022, 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.

### **Contributed Nonfinancial Assets**

The Agricultural Foundation recognized contributed financial 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 a board approved policy.

Livestock fee 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.

Contributed services recognized comprise 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 \$454,191 and \$432,501 during the years ended June 30, 2023 and 2022, respectively in salaries and benefits in support of the University Farm.

## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **Advertising Costs**

Advertising costs are expensed as incurred and totaled \$13,651 and \$17,681 for the years ended June 30, 2023 and 2022, respectively.

### **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, 2023 and 2022 was \$3,500.

### **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.

### **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.

## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **Fixed Assets (continued)**

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 \$131,385 and \$134,686 for the years ended June 30, 2023 and 2022, respectively.

### **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.

### **Leases**

The Agricultural Foundation determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use ("ROU") assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect present value of the future minimum lease payments over the lease term if material. Operating expense is recognized on a straight-line basis over the lease term. The Agricultural Foundation does not report ROU assets and lease liabilities for short-term leases (leases with a term of 12 months or less). Instead, the payments of those leases are reported as lease expense on a straight-line basis over the lease term.

### **Reclassification**

Certain prior year amounts have been reclassified to conform to current year presentation. These reclassifications had no impact to the Agricultural Foundation's net assets at June 30, 2022.

### **NOTE 3 – AVAILABILITY AND LIQUIDITY**

The following represents The Agricultural Foundation’s financial assets at June 30, 2023 and 2022:

Financial assets at year end:	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,282,350	\$ 1,193,943
Accounts receivable, net	364,877	588,828
Pledge Receivable	68,000	103,000
Investments	<u>1,248,190</u>	<u>1,166,652</u>
Total financial assets	2,963,417	3,052,423
Less amounts not available to be used within one year:		
Net assets with donor restrictions	326,259	366,922
Quasi endowment established by the board	<u>1,248,190</u>	<u>1,166,652</u>
	<u>1,574,449</u>	<u>1,533,574</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,388,968</u>	<u>\$ 1,518,849</u>

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 is \$768,957 at June 30, 2024. Based on the available cash balances above, the Agricultural Foundation is meeting its minimum reserve requirements at June 30, 2023.

### **NOTE 4 – CASH AND CASH EQUIVALENTS**

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

	<u>2023</u>	<u>2022</u>
Deposits:		
Cash in Bank	\$ 665,050	\$ 584,461
Money Market	322,641	319,793
Pooled Funds:		
Cash in State of California Local Agency Investment Fund	291,559	286,589
Change Funds:	<u>3,100</u>	<u>3,100</u>
Total	<u>\$ 1,282,350</u>	<u>\$ 1,193,943</u>

#### **NOTE 4 – CASH AND CASH EQUIVALENTS (continued)**

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.

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

<u>2023</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and Cash				
Equivalents	\$ 1,282,350	\$ 1,282,350	\$ -	\$ -
Investment	1,248,190	-	-	1,248,190
Totals	<u>\$ 2,530,540</u>	<u>\$ 1,282,350</u>	<u>\$ -</u>	<u>\$ 1,248,190</u>
<u>2022</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and Cash				
Equivalents	\$ 1,193,943	\$ 1,193,943	\$ -	\$ -
Investment	1,166,652	-	-	1,166,652
Totals	<u>\$ 2,360,595</u>	<u>\$ 1,193,943</u>	<u>\$ -</u>	<u>\$ 1,166,652</u>



## **NOTE 6 – INVENTORY**

Inventory at June 30, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Winery	\$ 211,724	\$ 223,629
Dairy	256,423	327,027
Beef	64,724	85,588
Others	122,233	53,655
Total	<u>\$ 655,104</u>	<u>\$ 689,899</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:

	<u>2023</u>	<u>2022</u>
California Dairies Inc.	<u>\$ 57,571</u>	<u>\$ 55,356</u>

## **NOTE 8 – INVESTMENTS**

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

	<u>Original Investment</u>	<u>Market Value</u>	<u>Unrealized Gain/(Loss)</u>
<u>2023</u>			
Fresno State Foundation Endowment Pool	\$ 737,645	\$ 1,248,190	\$ 510,545
Totals	<u>\$ 737,645</u>	<u>\$ 1,248,190</u>	<u>\$ 510,545</u>
<u>2022</u>			
Fresno State Foundation Endowment Pool	\$ 737,645	\$ 1,166,652	\$ 429,007
Totals	<u>\$ 737,645</u>	<u>\$ 1,166,652</u>	<u>\$ 429,007</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, 2023 and 2022 was approximately \$4,923,000 and \$4,880,000, respectively.

Contract assets include accounts receivable arising from contracts from customers in the amount of \$368,377, \$588,828, and \$436,247 at June 30, 2023, 2022, and 2021, respectively.

**NOTE 9 – CONTRACTS WITH CUSTOMERS (continued)**

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

	2023	2022
Deferred revenue, beginning of year	\$ 27,672	\$ 23,792
Revenue recognized that was included in deferred revenue at the beginning of year	(20,224)	(1,649)
Increase in deferred revenue due to cash received during the period	27,341	5,529
Deferred revenue, end of year	<u>\$ 34,789</u>	<u>\$ 27,672</u>

**NOTE 10 – CONTRIBUTED NONFINANCIAL ASSETS**

Contributed nonfinancial assets recognized within the statement of activities included the following at June 30:

	2023	2022
Livestock	\$ 8,160	\$ 960
Livestock Feed	-	12,194
Growing Crops	28,942	32,969
Supplies and Equipment	258,242	54,204
Professional Services	1,311,253	715,177
Total	<u>\$ 1,606,597</u>	<u>\$ 815,504</u>

**NOTE 11 – NET ASSETS**

Net assets without donor restrictions were as follows for the years ended June 30, 2023 and 2022:

	2023	2022
Undesignated	\$ 3,176,319	\$ 3,227,971
Designated, Fresno State Foundation Endowment Pool	1,248,190	1,166,652
Totals	<u>\$ 4,424,509</u>	<u>\$ 4,394,623</u>

**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 Agricultural 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 2023, the Board authorized a distribution.

*The bottom of this page is intentionally left blank*

## **NOTE 11 – NET ASSETS (continued)**

### **Endowment (continued)**

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 for the years ending June 30, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Board-designated endowment net assets, July 1	\$ 1,166,652	\$ 1,253,705
Net appreciation (depreciation)	126,532	(39,119)
Amount reinvested	-	-
Amounts appropriated for expenditures	<u>(44,994)</u>	<u>(47,934)</u>
Total	<u>\$ 1,248,190</u>	<u>\$ 1,166,652</u>

Net assets with donor restrictions were as follows for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Poultry Reserve	\$ 165,318	\$ 144,720
Capital Repairs and Replacement Reserve	21,229	40,507
Fig Orchard	1,625	-
A-4 Pistachio Reserve	<u>138,087</u>	<u>181,695</u>
Totals	<u>\$ 326,259</u>	<u>\$ 366,922</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, 2023, \$21,229 remains to be used.

### **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. As of June 30, 2023, \$138,087 remains to be used.

**NOTE 11 – NET ASSETS (continued)**

**Fig Orchard**

In June 2023, a donation of \$9,125 was received from Kevin Herman with Specialty Crop Company to provide for the planting and support of 2.5 acres of figs. This donation is to be provided in installments with a final installment to be provided in 2025. As of June 30, 2023, \$1,625 remains to be used.

**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, 2023 and 2022:

Administrative fees paid to the Association for management services were \$169,454 and \$161,385 for the years ended June 30, 2023 and 2022, respectively based on a flat fee arrangement. The amounts due the Agricultural Foundation from the Association at June 30, 2023 and 2022, were \$296 and \$261, respectively. The amounts due the Association from the Agricultural Foundation at June 30, 2023 and 2022, were \$24,914 and \$10,456 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 \$1,020,505 for the year ended June 30, 2023 and \$255,505 for year ended June 30, 2022. These payments, which were classified as nonfinancial contributions, were used to reduce farm operation expenses.

The amounts due from the Agricultural Foundation to the University at June 30, 2023 and 2022, were \$16,424 and \$144,532, respectively. The amounts due from the University to The Agricultural Foundation at June 30, 2023 and 2022, were \$5,632 and \$9,603, respectively.

The amounts due the Agricultural Foundation from California State University, Fresno Foundation at June 30, 2023 and 2022, were \$57,650 and \$49,781, respectively. The amounts due from the Agricultural Foundation to California State University, Fresno Foundation at June 30, 2023 and 2022, were \$102 and \$1,459, respectively.

The amounts due the Agricultural Foundation from Fresno State Programs for Children, Inc. at June 30, 2023 and 2022, were \$0 for both years.

The amounts due the Agricultural Foundation from Fresno State Athletics at June 30, 2023 and 2022, were \$169 and \$2,500, respectively.

The amounts due the Agricultural Foundation from the Fresno State Alumni Association at June 30, 2023 and 2022, were \$0 and \$82, respectively.

The amounts due from the Agricultural Foundation to the Associated Students, Inc. at June 30, 2023 and 2022, were \$4,900 and \$1,390, respectively

## **NOTE 13 – LEASES**

The Agricultural Foundation evaluated current contracts to determine which met the criteria of a lease, per ASU2016-02. Management has determined that no current contracts held by The Agricultural Foundation qualify to meet the threshold of 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. 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:

	2023			2022		
	Program	General/ Admin	Total	Program	General/ Admin	Total
Cost of Sales	\$1,719,193	\$ -	1,719,193	\$1,484,413	\$ -	\$1,484,413
Salaries/Wages	2,593,338	-	2,593,338	2,310,705	-	2,310,705
Employee Benefits	297,531	-	297,531	241,718	-	241,718
Advertising/Publicity	13,651	-	13,651	17,681	-	17,681
Audit Fees	-	22,115	22,115	-	24,615	24,615
Awards/Premiums	756	-	756	-	-	-
Bad Debts	-	-	-	650	-	650
Capitalized Development						
Costs/Depreciation	62,268	-	62,268	62,268	-	62,268
Custom Harvesting	121,746	-	121,746	113,148	-	113,148
Depreciation	69,117	-	69,117	72,421	-	72,421
Donations	682	-	682	1,248	-	1,248
Equip Rental/Repair	428,000	-	428,000	366,527	-	366,527
Insurance	35,033	26,697	61,730	37,756	17,995	55,751
Legal Fees	-	501	501	-	4,547	4,547
Licenses/Dues/Fees	68,120	4,571	72,691	68,542	5,174	73,716
Livestock Expense	176,330	-	176,330	131,642	-	131,642
Management Service Fee	-	169,454	169,454	-	161,385	161,385
Miscellaneous	38,432	1,684	40,116	91,557	770	92,327
Office Supplies	2,217	6,739	8,956	2,837	3,770	6,607
Postage/Freight	11,483	-	11,483	13,220	-	13,220
Supplies	727,161	-	727,161	767,439	-	767,439
Travel	-	-	-	202	-	202
Utilities	143,984	-	143,984	127,585	-	127,585
Totals	<u>\$6,509,042</u>	<u>\$ 231,761</u>	<u>\$6,740,803</u>	<u>\$5,911,559</u>	<u>\$ 218,256</u>	<u>\$6,129,815</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.

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

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.

**NOTE 15 – SALARIES/WAGES AND EMPLOYEE BENEFITS**

Salaries/Wages at June 30, 2023 and 2022 are reflected on the Statements of Activities and consist of the following:

	<u>2023</u>	<u>2022</u>
Salaries/Wages	\$ 411,319	\$ 103,490
Salaries Reimbursed to the University	97,019	786,496
Salaries Donated by the University	1,070,483	520,526
Contract Labor – Outside	1,014,517	900,193
Total Salaries/Wages	<u>\$ 2,593,338</u>	<u>\$ 2,310,705</u>

Employee Benefits at June 30, 2023 and 2022 are reflected on the Statements of Activities and consist of the following:

	<u>2023</u>	<u>2022</u>
Employee Benefits	\$ 133,794	\$ 108,570
Employee Benefits Donated by the University	163,737	133,148
Total Employee Benefits	<u>\$ 297,531</u>	<u>\$ 241,718</u>

**NOTE 16 – SUBSEQUENT EVENTS**

The Agricultural Foundation has evaluated subsequent events through September 21, 2023, which is the date the financial statements were available to be issued. The Agricultural Foundation is not aware of any material subsequent events requiring disclosure in the financial statements for the year ended June 30, 2023.

**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.



The Place to Be

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 of  
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), a nonprofit organization, which comprise the statement of financial position as of June 30, 2023, 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 21, 2023.

**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*.

570 N. Magnolia Avenue, Suite 100  
Clovis, CA 93611  
tel 559.299.9540  
fax 559.299.2344

**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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Clovis, California  
September 21, 2023



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

Schedule of Net Position

June 30, 2023

(for inclusion in the California State University Financial Statements)

**Assets:**

**Current assets:**

Cash and cash equivalents	341,891
Short-term investments	614,200
Accounts receivable, net	364,877
Pledges receivable, net	68,000
Prepaid expenses and other current assets	1,058,593

<b>Total current assets</b>	<b>2,447,561</b>
-----------------------------	------------------

**Noncurrent assets:**

Restricted cash and cash equivalents	326,259
Accounts receivable, net	57,571
Endowment investments	1,248,190
Capital assets, net	1,341,103
Other assets	-

<b>Total noncurrent assets</b>	<b>2,973,123</b>
--------------------------------	------------------

<b>Total assets</b>	<b>5,420,684</b>
---------------------	------------------

**Liabilities:**

**Current liabilities:**

Accounts payable	617,302
Accrued salaries and benefits	9,064
Accrued compensated absences, current portion	1,000
Unearned revenues	34,789

<b>Total current liabilities</b>	<b>662,155</b>
----------------------------------	----------------

**Noncurrent liabilities:**

Accrued compensated absences, net of current portion	7,761
--	-------

<b>Total noncurrent liabilities</b>	<b>7,761</b>
-------------------------------------	--------------

<b>Total liabilities</b>	<b>669,916</b>
--------------------------	----------------

**Net position:**

Net investment in capital assets	1,341,103
Restricted for:	
Expendable:	
Capital projects	160,941
Others	165,318
Unrestricted - Auxiliary Enterprise	3,083,406

<b>Total net position</b>	<b>4,750,768</b>
---------------------------	------------------

**The Agricultural Foundation of California State University, Fresno**  
Schedule of Revenues, Expenses, and Changes in Net Position  
Year ended June 30, 2023  
(for inclusion in the California State University Financial Statements)

**Revenues:**

**Operating revenues:**

Sales and services of auxiliary enterprises, gross	4,923,639
Other operating revenues	1,020,505
	<u>1,020,505</u>
<b>Total operating revenues</b>	<b>5,944,144</b>

**Expenses:**

**Operating expenses:**

Auxiliary enterprise expenses	6,609,418
Depreciation and amortization	131,385
	<u>131,385</u>
<b>Total operating expenses</b>	<b>6,740,803</b>

<b>Operating income (loss)</b>	<b>(796,659)</b>
	<u>(796,659)</u>

**Nonoperating revenues (expenses):**

Gifts, noncapital	649,423
Investment income (loss), net	54,921
Endowment income (loss), net	81,538
	<u>81,538</u>

<b>Net nonoperating revenues (expenses)</b>	<b>785,882</b>
	<u>785,882</u>

<b>Income (loss) before other revenues (expenses)</b>	<b>(10,777)</b>
	<u>(10,777)</u>

<b>Increase (decrease) in net position</b>	<b>(10,777)</b>
--	-----------------

**Net position:**

Net position at beginning of year, as previously reported	4,761,545
	<u>4,761,545</u>
<b>Net position at beginning of year, as restated</b>	<b>4,761,545</b>
	<u>4,761,545</u>
<b>Net position at end of year</b>	<b>4,750,768</b>
	<u>4,750,768</u>

The Agricultural Foundation of California State University, Fresno  
Other Information  
June 30, 2023  
(for inclusion in the California State University Financial Statements)

1 Cash and cash equivalents:

All other restricted cash and cash equivalents	326,259
<b>Noncurrent restricted cash and cash equivalents</b>	<b>326,259</b>
Current cash and cash equivalents	341,891
<b>Total</b>	<b>\$ 668,150</b>

2.1 Composition of investments:

Investment Type	Current	Noncurrent	Total
Money market funds	\$ 322,641		322,641
Equity securities		1,248,190	1,248,190
State of California Local Agency Investment Fund (LAIF)	291,559		291,559
<b>Total investments</b>	<b>614,200</b>	<b>1,248,190</b>	<b>1,862,390</b>
Less endowment investments (enter as negative number)		(1,248,190)	(1,248,190)
<b>Total investments, net of endowments</b>	<b>\$ 614,200</b>	<b>-</b>	<b>614,200</b>

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	\$ 322,641	322,641			
Equity securities	1,248,190			1,248,190	
State of California Local Agency Investment Fund (LAIF)	291,559				291,559
<b>Total investments</b>	<b>\$ 1,862,390</b>	<b>322,641</b>	<b>-</b>	<b>1,248,190</b>	<b>291,559</b>

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

3.1 Capital Assets, excluding ROU assets:

Composition of capital assets, excluding ROU assets:	Balance June 30, 2022	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2022 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2023
<b>Non-depreciable/Non-amortizable capital assets:</b>									
Construction work in progress (CWIP)	595,272				595,272	97,966			693,238
<b>Total non-depreciable/non-amortizable capital assets</b>	<b>\$ 595,272</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ 595,272</b>	<b>97,966</b>	<b>-</b>	<b>-</b>	<b>693,238</b>
<b>Depreciable/Amortizable capital assets:</b>									
Buildings and building improvements	926,195				926,195				926,195
Equipment	2,940,822				2,940,822		(71,878)		2,868,944
<b>Total depreciable/amortizable capital assets</b>	<b>3,867,017</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,867,017</b>	<b>-</b>	<b>(71,878)</b>	<b>-</b>	<b>3,795,139</b>
<b>Total capital assets</b>	<b>\$ 4,462,289</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ 4,462,289</b>	<b>97,966</b>	<b>(71,878)</b>	<b>-</b>	<b>4,488,377</b>
<b>Less accumulated depreciation/amortization:</b>									
Buildings and building improvements	\$ (609,579)				\$ (609,579)				(609,579)
Personal property:									
Equipment	(2,446,531)				(2,446,531)	(131,385)	40,221		(2,537,695)
<b>Total accumulated depreciation/amortization</b>	<b>(3,056,110)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,056,110)</b>	<b>(131,385)</b>	<b>40,221</b>	<b>-</b>	<b>(3,147,274)</b>
<b>Total capital assets, net excluding ROU assets</b>	<b>\$ 1,406,179</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ 1,406,179</b>	<b>(33,419)</b>	<b>(31,657)</b>	<b>-</b>	<b>1,341,103</b>

3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense - capital assets, excluding ROU assets	\$ 131,385
<b>Total depreciation and amortization</b>	<b>\$ 131,385</b>

4 Long-term liabilities:

	Balance June 30, 2022	Prior Period Adjustments/Reclassifications	Balance June 30, 2022 (Restated)	Additions	Reductions	Balance June 30, 2023	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ 5,187		5,187	3,574		8,761	1,000	7,761
<b>Total long-term liabilities</b>						<b>\$ 8,761</b>	<b>1,000</b>	<b>7,761</b>

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	\$ 98,501
Payments to University for other than salaries of University personnel	61,429
Accounts payable to University	(16,424)
Accounts receivable from University	5,454

8 Restatements: Nothing to Report

The Agricultural Foundation of California State University, Fresno  
 Other Information  
 June 30, 2023  
 (for inclusion in the California State University Financial Statements)

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	390,440	297,531	-	-	-	5,921,447	-	6,609,418
Depreciation and amortization	-	-	-	-	-	-	131,385	131,385
<b>Total operating expenses</b>	<b>\$ 390,440</b>	<b>297,531</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,921,447</b>	<b>131,385</b>	<b>\$ 6,740,803</b>

No pension plan reported

N/A

10 Deferred outflows/inflows of resources: Nothing to Report

11 Other nonoperating revenues (expenses): Nothing to Report