

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

**2021-22  
Annual Report**

**Approved by the Board of Directors  
October 7, 2022**

**THE AGRICULTURAL FOUNDATION OF  
CALIFORNIA STATE UNIVERSITY, FRESNO  
JUNE 30, 2022 AND 2021**

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**THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY,  
FRESNO  
CORPORATE INFORMATION  
For the Fiscal Year Ended June 30, 2022**

**BOARD OF DIRECTORS**

Mr. William Bourdeau	Coalinga, California
Dr. Saúl Jiménez-Sandoval	Fresno, California
Mr. Joe Del Bosque	Los Banos, California
Mr. Daniel Errotabere	Riverdale, California
Mr. Richard Matoian	Fresno, California
Dr. Dennis Nef	Fresno, California
Ms. Dianne Nury	Fresno, California
Mr. Pat V. Ricchiuti	Clovis, California
Mr. Steve Shehadey	Fresno, California
Ms. Sarah Woolf	Fresno, California

**CORPORATE OFFICERS**

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

**AUDIT COMMITTEE**

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

**EXECUTIVE STAFF**

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

**CORPORATE DATA**

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

To the Board of Directors  
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, 2022 and 2021, 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, 2022 and 2021, 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 opinions.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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

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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, 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 14, 2022, 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 14, 2022

**THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2022 AND 2021**

	2022	2021
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents (Notes 3 and 4)	\$ 827,021	\$ 1,006,660
Accounts Receivable (Note 2)	588,828	436,247
Pledges Receivable (Note 2)	103,000	-
Allowance for Doubtful Accounts (Note 2)	(3,500)	(3,500)
Inventories at Cost and Unit Livestock Method (Notes 2 and 6)	689,899	689,763
Investment in Growing Crops (Note 2)	367,131	407,336
Prepaid Expenses (Note 2)	-	30
	<u>2,572,379</u>	<u>2,536,536</u>
Total Current Assets		
Noncurrent Assets:		
Restricted:		
Restricted Cash (Note 2)	366,922	190,620
Total Restricted Assets	<u>366,922</u>	<u>190,620</u>
Other Assets:		
Long-Term Receivables (Note 7)	55,356	55,081
Investments (Note 5 and 8)	1,166,652	1,253,705
Total Other Assets	<u>1,222,008</u>	<u>1,308,786</u>
Fixed Assets: (Note 2)		
Breeding Herd	207,915	219,257
Equipment	2,732,907	2,682,906
Capitalized Development Costs	926,195	1,129,385
Construction In Progress	595,272	370,639
Total Fixed Assets	<u>4,462,289</u>	<u>4,402,187</u>
Less: Accumulated Depreciation	<u>(3,056,110)</u>	<u>(3,128,471)</u>
Total Fixed Assets, Net	<u>1,406,179</u>	<u>1,273,716</u>
Total Noncurrent Assets	<u>2,995,109</u>	<u>2,773,122</u>
<b>Total Assets</b>	<u>\$ 5,567,488</u>	<u>\$ 5,309,658</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities:</b>		
Current Liabilities:		
Accounts Payable and Other Accrued Expenses	\$ 778,270	\$ 554,582
Deferred Revenue (Note 2)	27,672	23,792
Total Current Liabilities	<u>805,942</u>	<u>578,374</u>
<b>Net Assets:</b>		
Without Donor Restrictions (Note 11)	4,394,623	4,540,664
With Donor Restrictions (Note 11)	366,922	190,620
Total Net Assets	<u>4,761,545</u>	<u>4,731,284</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 5,567,488</u>	<u>\$ 5,309,658</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
Agricultural Operations Support/(Deficit)	255,505	-	255,505
Contributions			
Cash and Other Financial Assets	3,600	385,600	389,200
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**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Activities</b>			
Revenues and Other Support:			
Gross Sales	\$ 4,605,699	\$ -	\$ 4,605,699
Agricultural Operations Support/(Deficit)	195,507	-	195,507
Contributions			
Cash and Other Financial Assets	24,969	60,000	84,969
Nonfinancial Assets (Note 10)	645,480	-	645,480
Federal Subsidies	220,197	-	220,197
Interest Income	46,306	-	46,306
Net Assets Released from Restrictions	89,083	(89,083)	-
<b>Total Revenues and Other Support</b>	<b>5,827,241</b>	<b>(29,083)</b>	<b>5,798,158</b>
Expenses:			
Cost of Sales	1,194,821	-	1,194,821
Salaries/Wages (Note 17)	2,365,543	-	2,365,543
Employee Benefits (Note 17)	235,469	-	235,469
Advertising	6,153	-	6,153
Audit Fees	19,115	-	19,115
Capitalized Development Costs-Depreciation	62,268	-	62,268
Custom Harvesting	101,288	-	101,288
Depreciation	84,237	-	84,237
Donations	273	-	273
Equipment Rental/Repair	327,612	-	327,612
Insurance	57,609	-	57,609
Legal Fees	1,902	-	1,902
Licenses/Dues/Fees	68,104	-	68,104
Livestock Expense	143,713	-	143,713
Management Services Fee	161,385	-	161,385
Miscellaneous	56,341	-	56,341
Office Supplies/Duplicating	7,909	-	7,909
Postage/Freight	17,016	-	17,016
Supplies	703,652	-	703,652
Utilities	134,265	-	134,265
<b>Total Expenses</b>	<b>5,748,675</b>	<b>-</b>	<b>5,748,675</b>
<b>Change in Net Assets from Operations</b>	<b>78,566</b>	<b>(29,083)</b>	<b>49,483</b>
<b>Nonoperating Activities</b>			
Investment Return, Net	275,803	-	275,803
<b>Total Nonoperating Activities</b>	<b>275,803</b>	<b>-</b>	<b>275,803</b>
<b>Change in Net Assets</b>	<b>354,369</b>	<b>(29,083)</b>	<b>325,286</b>
<b>Net Assets, Beginning of Year</b>	<b>4,186,295</b>	<b>219,703</b>	<b>4,405,998</b>
<b>Net Assets, End of Year</b>	<b>\$ 4,540,664</b>	<b>\$ 190,620</b>	<b>\$ 4,731,284</b>

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, 2022 AND 2021**

	2022	2021
<b>Cash Flows From Operating Activities</b>		
Increase (Decrease) in Net Assets	\$ 30,261	\$ 325,286
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) By Operating Activities:		
Depreciation	134,686	146,505
Unrealized (Gain) Loss on Investments	87,053	(275,803)
Donation Expense (Income) of Fixed Assets	(62,816)	(180,138)
Changes In:		
Accounts Receivable	(255,580)	30,670
Inventories	(137)	12,849
Investment in Growing Crops	40,205	(44,250)
Prepaid Expenses	30	1,734
Accounts Payable and Accrued Expenses	223,692	42,601
Deferred Revenue	3,880	4,567
	201,274	64,021
<b>Net Cash Provided (Used) in Operating Activities</b>	<b>201,274</b>	<b>64,021</b>
<b>Cash Flows from Investing Activities</b>		
(Increase) Decrease in Long-Term Receivables	(275)	(5,330)
Net Change in Breeding Herd	7,482	19,236
Acquisition of Equipment and Capitalized Development Costs	(211,818)	(34,522)
	(204,611)	(20,616)
<b>Net Cash Provided (Used) in Investing Activities</b>	<b>(204,611)</b>	<b>(20,616)</b>
Net Increase (Decrease) in Cash	(3,337)	43,405
Cash and Cash Equivalents at Beginning of Year	1,197,280	1,153,875
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 1,193,943</b>	<b>\$ 1,197,280</b>
 <b>RECONCILIATION OF CASH TO STATEMENT OF FINANCIAL POSITION</b>		
Cash and Cash Equivalents	\$ 827,021	\$ 1,006,660
Restricted Cash	366,922	190,620
<b>Total Cash and Cash Equivalents</b>	<b>\$ 1,193,943</b>	<b>\$ 1,197,280</b>

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, 2022 and 2021**

**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, 2021, approximately 17% and 14% of the Agricultural Foundation's revenue was from sales by the Mature Orchard and Dairy, respectively. 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.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**New Accounting Pronouncement**

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 contributed nonfinancial assets, including in-kind contributions. The standard includes 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 July 1, 2021.

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

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

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

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

### **New Accounting Pronouncement (continued)**

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

### **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.

*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, 2022 and 2021, The Agricultural Foundation's uninsured cash balances at Citibank totaled \$731,966 and \$703,759, respectively.

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

### **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.

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 \$366,922 and \$190,620 for the years ended June 30, 2022 and 2021, 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.

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

### **Contributed Nonfinancial Assets (continued)**

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 \$432,501 and \$392,547 during the years ended June 30, 2022 and 2021, respectively in salaries and benefits in support of the University Farm.

### **Advertising Costs**

Advertising costs are expensed as incurred and totaled \$17,681 and \$6,153 for the years ended June 30, 2022 and 2021, 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, 2022 and 2021 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.

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

### **Prepaid Deposits**

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

### **Investments**

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

### **Fixed Assets**

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

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

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

Depreciation expense amounted to \$134,689 and \$146,505 for the years ended June 30, 2022 and 2021, 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.

### **Reclassifications**

Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications had no effect on the Agricultural Foundation's net assets at June 30, 2021.

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

The following represents The Agricultural Foundation's financial assets at June 30, 2022 and 2021:

Financial assets at year end:	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,193,943	\$ 1,197,280
Accounts receivable, net	588,828	432,747
Pledge Receivable	103,000	-
Investments	<u>1,166,652</u>	<u>1,253,705</u>
Total financial assets	3,052,423	2,883,732
Less amounts not available to be used within one year:		
Net assets with donor restrictions	366,922	190,620
Quasi endowment established by the board	<u>1,166,652</u>	<u>1,253,705</u>
	<u>1,533,574</u>	<u>1,444,325</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,518,849</u>	<u>\$ 1,439,407</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 \$914,567 at June 30, 2023. Based on the available cash balances above, the Agricultural Foundation is meeting its minimum reserve requirements at June 30, 2022.

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

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

	<u>2022</u>	<u>2021</u>
Deposits:		
Cash in Bank	\$ 584,461	\$ 288,709
Money Market	319,793	619,680
Pooled Funds:		
Cash in State of California Local Agency Investment Fund	286,589	285,791
Change Funds:	<u>3,100</u>	<u>3,100</u>
Total	<u>\$ 1,193,943</u>	<u>\$ 1,197,280</u>

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:

	Fair Value	Level 1	Level 2	Level 3
<u>2022</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>
	Fair Value	Level 1	Level 2	Level 3
<u>2021</u>				
Cash and Cash Equivalents	\$ 1,197,280	\$ 1,197,280	\$ -	\$ -
Investment	1,253,705	-	-	1,253,705
Totals	<u>\$ 2,450,985</u>	<u>\$ 1,197,280</u>	<u>\$ -</u>	<u>\$ 1,253,705</u>

## **NOTE 6 – INVENTORIES**

Inventories at June 30, 2022 and 2021 consist of the following:

	2022	2021
Winery	\$ 223,629	\$ 233,159
Dairy	327,027	286,890
Beef	85,588	75,323
Others	53,655	94,391
Total	<u>\$ 689,899</u>	<u>\$ 689,763</u>

See Independent Auditor's Report



## **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>2022</u>	<u>2021</u>
California Dairies Inc.	<u>\$ 55,356</u>	<u>\$ 55,081</u>

## **NOTE 8 – INVESTMENTS**

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

<u>2022</u>	<u>Original Investment</u>	<u>Market Value</u>	<u>Unrealized Gain/(Loss)</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>

  

<u>2021</u>	<u>Original Investment</u>	<u>Market Value</u>	<u>Unrealized Gain/(Loss)</u>
Fresno State Foundation Endowment Pool	\$ 737,645	\$ 1,253,705	\$ 516,060
Totals	<u>\$ 737,645</u>	<u>\$ 1,253,705</u>	<u>\$ 516,060</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, 2022 and 2021 was approximately \$4,880,000 and \$4,902,000, respectively.

Contract assets include accounts receivable arising from contracts from customers in the amount of \$588,831, \$436,247, and \$466,917 at June 30, 2022, 2021, and 2020, respectively.

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

	<u>2022</u>	<u>2021</u>
Deferred revenue, beginning of year	\$ 23,792	\$ 19,225
Revenue recognized that was included in deferred revenue at the beginning of year	(1,649)	(2,328)
Increase in deferred revenue due to cash received during the period	5,529	6,895
Deferred revenue, end of year	<u>\$ 27,672</u>	<u>\$ 23,792</u>

## **NOTE 10 – CONTRIBUTED NONFINANCIAL ASSETS**

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

	<u>2022</u>	<u>2021</u>
Livestock	\$ 960	\$ 9,240
Livestock Feed	12,194	41,425
Growing Crops	32,969	113,500
Supplies and Equipment	54,204	63,359
Professional Services	459,672	417,956
Total	<u>\$ 559,999</u>	<u>\$ 645,480</u>

## **NOTE 11 – NET ASSETS**

Net assets without donor restrictions were as follows for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Undesignated	\$ 3,227,970	\$ 3,286,959
Designated, Fresno State Foundation Endowment Pool	1,166,652	1,253,705
Totals	<u>\$ 4,394,622</u>	<u>\$ 4,540,664</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 2022, the Board authorized a distribution.

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

Composition of and changes in endowment net assets for the years ending June 30, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Board-designated endowment net assets, July 1	\$ 1,253,705	\$ 977,902
Net appreciation (depreciation)	(39,119)	319,972
Amount reinvested	-	-
Amounts appropriated for expenditures	(47,934)	(44,169)
Total	<u>\$ 1,166,652</u>	<u>\$ 1,253,705</u>

See Independent Auditor's Report

**NOTE 11 – NET ASSETS (continued)**

Net assets with donor restrictions were as follows for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Poultry Reserve	\$ 144,720	\$ 117,894
Capital Repairs and Replacement Reserve	40,507	72,726
A-4 Pistachio Reserve	181,695	0
Totals	<u>\$ 366,922</u>	<u>\$ 190,620</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, 2022, \$40,507 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, 2022, \$181,695 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, 2022 and 2021:

Administrative fees paid to the Association for management services were \$161,385 and \$161,385 for the years ended June 30, 2022 and 2021, respectively based on a flat fee arrangement. The amounts due the Agricultural Foundation from the Association at June 30, 2022 and 2021, were \$261 and \$35, respectively. The amounts due the Association from the Agricultural Foundation at June 30, 2022 and 2021, were \$10,456 and \$17,709, 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 \$255,505 for the year ended June 30, 2022 and \$195,505 for year ended June 30, 2021. These payments were used to reduce farm operation expenses.

The amounts due from the Agricultural Foundation to the University at June 30, 2022 and 2021, were \$144,532 and \$124,345, respectively. The amounts due from the University to The Agricultural Foundation at June 30, 2022 and 2021, were \$9,603 and \$3,373, respectively.

**NOTE 12 – RELATED PARTIES (continued)**

The amounts due the Agricultural Foundation from California State University, Fresno Foundation at June 30, 2022 and 2021, were \$49,781 and \$44,169, respectively. The amounts due from the Agricultural Foundation to California State University, Fresno Foundation at June 30, 2022 and 2021, were \$1,459 and \$4,712, respectively.

The amounts due the Agricultural Foundation from Fresno State Programs for Children, Inc. at June 30, 2022 and 2021, were \$0 for both years.

The amounts due the Agricultural Foundation from Fresno State Athletics at June 30, 2022 and 2021, were \$2,500 and \$937, respectively.

The amounts due the Agricultural Foundation from the Fresno State Alumni Association at June 30, 2022 and 2021, were \$82 and \$0, respectively.

The amounts due from the Agricultural Foundation to the Associated Students, Inc. at June 30, 2022 and 2021, were \$1,390 and \$0, respectively.

**NOTE 13 – LEASES**

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

- Ground and Facility Lease between the Trustees of the CSU, expiring June 30, 2027.
- Land for grazing purposes (Millerton Lake), with the United States Department of the Interior Bureau of Reclamation, expiring June 30, 2025.
- Land for grazing purposes, sublease with Running T Ranch, expiring June 30, 2025.

**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.

**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:

	2022			2021		
	Program	General/ Admin	Total	Program	General/ Admin	Total
Cost of Sales	\$1,484,413	\$ -	\$1,484,413	\$1,194,821	\$ -	\$1,194,821
Salaries/Wages	2,310,705	-	2,310,705	2,365,543	-	2,365,543
Employee Benefits	241,718	-	241,718	235,469	-	235,469
Advertising/Publicity	17,681	-	17,681	6,153	-	6,153
Audit Fees	-	24,615	24,615	-	19,115	19,115
Bad Debts	650	-	650	-	-	-
Capitalized Development						
Costs/Depreciation	62,268	-	62,268	62,268	-	62,268
Custom Harvesting	113,148	-	113,148	101,288	-	101,288
Depreciation	72,421	-	72,421	84,237	-	84,237
Donations	1,248	-	1,248	273	-	273
Equip Rental/Repair	366,527	-	366,527	327,612	-	327,612
Insurance	37,756	17,995	55,751	34,467	23,142	57,609
Legal Fees	-	4,547	4,547	-	1,902	1,902
Licenses/Dues/Fees	68,542	5,174	73,716	63,211	4,893	68,104
Livestock Expense	131,642	-	131,642	143,713	-	143,713
Management Service Fee	-	161,385	161,385	-	161,385	161,385
Miscellaneous	91,557	770	92,330	55,936	405	56,341
Office Supplies	2,837	3,770	6,607	3,512	4,397	7,909
Postage/Freight	13,220	-	13,220	17,016	-	17,016
Supplies	767,439	-	767,439	703,652	-	703,652
Travel	202	-	202	-	-	-
Utilities	127,585	-	127,585	134,265	-	134,265
Totals	<u>\$5,911,559</u>	<u>\$ 218,256</u>	<u>\$6,129,815</u>	<u>\$5,533,436</u>	<u>\$ 215,239</u>	<u>\$5,748,675</u>

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

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

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

Salaries/Wages at June 30, 2022 and 2021 are reflected on the Statements of Activities and consist of the following:

	<u>2022</u>	<u>2021</u>
Salaries/Wages	\$ 358,995	\$ 295,953
Salaries Reimbursed to the University	786,496	796,525
Salaries Donated by the University	265,021	260,694
Contract Labor – Outside	900,193	1,012,371
Total Salaries/Wages	<u>\$ 2,310,705</u>	<u>\$ 2,365,543</u>

Employee Benefits at June 30, 2022 and 2021 are reflected on the Statements of Activities and consist of the following:

	<u>2022</u>	<u>2021</u>
Employee Benefits	\$ 108,570	\$ 103,617
Employee Benefits Donated by the University	133,148	131,852
Total Employee Benefits	<u>\$ 241,718</u>	<u>\$ 235,469</u>

## **NOTE 16 – SUBSEQUENT EVENTS**

The Agricultural Foundation has evaluated subsequent events through September 14, 2022, 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, 2022.

## **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.



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 (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, 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 14, 2022.

**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 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.



Clovis, California  
September 14, 2022



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

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

Schedule of Net Position

June 30, 2022

(for inclusion in the California State University Financial Statements)

**Assets:**

**Current assets:**

Cash and cash equivalents	220,639
Short-term investments	606,382
Accounts receivable, net	585,328
Pledges receivable, net	103,000
Prepaid expenses and other current assets	1,057,030

<b>Total current assets</b>	<b>2,572,379</b>
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**Noncurrent assets:**

Restricted cash and cash equivalents	366,922
Accounts receivable, net	55,356
Endowment investments	1,166,652
Capital assets, net	1,406,179

<b>Total noncurrent assets</b>	<b>2,995,109</b>
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<b>Total assets</b>	<b>5,567,488</b>
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**Liabilities:**

**Current liabilities:**

Accounts payable	763,971
Accrued salaries and benefits	9,112
Accrued compensated absences, current portion	1,000
Unearned revenues	27,672

<b>Total current liabilities</b>	<b>801,755</b>
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**Noncurrent liabilities:**

Accrued compensated absences, net of current portion	4,187
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<b>Total noncurrent liabilities</b>	<b>4,187</b>
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<b>Total liabilities</b>	<b>805,942</b>
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**Net position:**

Restricted for:

Expendable:

Capital projects	222,202
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Others	144,720
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Unrestricted	4,394,623
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<b>Total net position</b>	<b>4,761,545</b>
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**The Agricultural Foundation of California State University, Fresno**  
Schedule of Revenues, Expenses, and Changes in Net Position  
Year ended June 30, 2022  
(for inclusion in the California State University Financial Statements)

**Revenues:**

**Operating revenues:**

Sales and services of auxiliary enterprises, gross	4,884,746
Other operating revenues	363,881
	<u>5,248,627</u>

**Expenses:**

**Operating expenses:**

Operation and maintenance of plant	42,296
Auxiliary enterprise expenses	5,952,830
Depreciation and amortization	134,689
	<u>6,129,815</u>

**Operating income (loss)**

**(881,188)**

**Nonoperating revenues (expenses):**

Gifts, noncapital	949,199
Investment income (loss), net	49,303
Endowment income (loss), net	(87,053)
	<u>911,449</u>

**Net nonoperating revenues (expenses)**

**911,449**

**Income (loss) before other revenues (expenses)**

**30,261**

**Increase (decrease) in net position**

**30,261**

**Net position:**

Net position at beginning of year, as previously reported	4,731,284
Net position at beginning of year, as restated	4,731,284
Net position at end of year	<u>4,761,545</u>

**The Agricultural Foundation of California State University, Fresno**  
**Other Information**  
**June 30, 2022**  
(for inclusion in the California State University Financial Statements)

**1 Cash and cash equivalents:**

All other restricted cash and cash equivalents	366,922
<b>Noncurrent restricted cash and cash equivalents</b>	<b>366,922</b>
Current cash and cash equivalents	220,639
<b>Total</b>	<b>\$ 587,561</b>

**2.1 Composition of investments:**

Investment Type	Current	Noncurrent	Total
Money market funds	319,793		319,793
Equity securities		1,166,652	1,166,652
State of California Local Agency Investment Fund (LAIF)	286,589		286,589
Total Other investments	-	-	-
<b>Total investments</b>	<b>606,382</b>	<b>1,166,652</b>	<b>1,773,034</b>
Less endowment investments (enter as negative number)		(1,166,652)	(1,166,652)
<b>Total investments, net of endowments</b>	<b>\$ 606,382</b>	<b>-</b>	<b>606,382</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	\$ 319,793	\$ 319,793			
Equity securities	1,166,652			1,166,652	
State of California Local Agency Investment Fund (LAIF)	286,589				286,589
<b>Total investments</b>	<b>\$ 1,773,034</b>	<b>\$ 319,793</b>	<b>-</b>	<b>\$ 1,166,652</b>	<b>\$ 286,589</b>

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

**3.1 Composition of capital assets:**

	Balance June 30, 2021	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2021	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2022
<b>Non-depreciable/Non-amortizable capital assets:</b>									
Construction work in progress (CWIP)	\$ 370,639				\$ 370,639	224,633			\$ 595,272
<b>Total non-depreciable/non-amortizable capital assets</b>	<b>\$ 370,639</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ 370,639</b>	<b>224,633</b>	<b>-</b>	<b>-</b>	<b>\$ 595,272</b>
<b>Depreciable/Amortizable capital assets:</b>									
Personal property:									
Equipment	\$ 4,031,549				\$ 4,031,549	50,000	(214,532)		\$ 3,867,017
<b>Total depreciable/amortizable capital assets</b>	<b>4,031,549</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,031,549</b>	<b>50,000</b>	<b>(214,532)</b>	<b>-</b>	<b>3,867,017</b>
<b>Total capital assets</b>	<b>\$ 4,402,188</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ 4,402,188</b>	<b>274,633.0</b>	<b>(214,532.0)</b>	<b>-</b>	<b>\$ 4,462,289</b>
<b>Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)</b>									
Personal property:									
Equipment	(3,128,471)				(3,128,471)	(134,689)	207,050		(3,056,110)
<b>Total accumulated depreciation/amortization</b>	<b>(3,128,471)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,128,471)</b>	<b>(134,689)</b>	<b>207,050</b>	<b>-</b>	<b>(3,056,110)</b>
<b>Total capital assets, net excluding lease assets</b>	<b>\$ 1,273,717</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ 1,273,717</b>	<b>139,944</b>	<b>(7,482)</b>	<b>-</b>	<b>\$ 1,406,179</b>

**3.2 Detail of depreciation and amortization expense:**

Depreciation and amortization expense related to capital assets	\$ 134,689
<b>Total depreciation and amortization</b>	<b>\$ 134,689</b>

**4 Long-term liabilities:**

	Balance June 30, 2021	Prior Period Adjustments/Reclassifications	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ 5,255		5,255	317	(385)	\$ 5,187	\$ 1,000	\$ 4,187

**5 Lease Liabilities schedule: Nothing to report**

**6 Long-term debt obligations schedule: Nothing to report**

**7 Transactions with related entities:**

Payments to University for salaries of University personnel working on contracts, grants, and other programs	530,991
Payments to University for other than salaries of University personnel	1,481
Accounts (payable to) University (enter as negative number)	(144,532)
Accounts receivable from University (enter as positive number)	9,603

**8 Restatements: Nothing to report**

The Agricultural Foundation of California State University, Fresno  
Other Information  
June 30, 2022  
(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
Operation and maintenance of plant	-	-	-	-	-	42,296	-	42,296
Auxiliary enterprise expenses	2,310,705	241,718	-	-	-	3,400,407	-	5,952,830
Depreciation and amortization	-	-	-	-	-	-	134,689	134,689
<b>Total operating expenses</b>	<b>\$ 2,310,705</b>	<b>241,718</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,442,703</b>	<b>134,689</b>	<b>6,129,815</b>

10 Deferred outflows/inflows of resources: Nothing to report

11 Other nonoperating revenues (expenses): Nothing to report