

**EL DORADO COUNTY FAIR
ASSOCIATION**

**ACCOUNTANT'S REVIEW REPORT
Financial Statements – Income Tax Basis and
Supplemental Information
for the year ended December 31, 2022**

ROBERT W. JOHNSON
Certified Public Accountant

TABLE OF CONTENTS

	<u>Pages</u>
Independent Accountant's Review Report	1-2
Financial Statements – Income Tax Basis:	
Statement of Assets, Liabilities, and Net Assets – Income Tax Basis	3
Statement of Support, Revenues, Expenses, and Other Changes in Net Assets – Income Tax Basis	4-5
Statement of Cash Flows – Income Tax Basis	6
Notes to Financial Statements	7-15
Supplemental Information:	
Schedule of Aged Accounts Receivable – Income Tax Basis	17
Summary Comparison – Budget – Income Tax Basis	18



Robert W. Johnson
an accountancy corporation

6234 Birdcage Street, Citrus Heights, California 95610 | robertwjohsoncpagroup@gmail.com | 916.723.2555
www.bob-johnson-cpa.com

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
El Dorado County Fair Association
Placerville, California

We have reviewed the accompanying financial statements of El Dorado County Fair Association (a nonprofit) which comprise the statement of assets, liabilities, and net assets—tax basis as of December 31, 2022, and the related statements of revenues, expenses, and other changes in net assets—tax basis and of cash flows—tax basis for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of nonprofit management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting the Association uses for income tax purposes; this includes determining that the basis of accounting the Association uses for income tax purposes is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the basis of accounting the Association uses for income tax purposes. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of El Dorado County Fair Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the basis of accounting the Association uses for income tax purposes.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the basis of accounting the Association uses for income tax purposes, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Other Information

The other information accompanying the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the responsibility of management and was derived from, and relates directly to, the underlying and other records used to prepare the financial statements. This information has been subjected to the review procedures applied in our review of the basic financial statements.

Robert W. Johnson, An Accountancy Corporation

Robert W. Johnson, An Accountancy Corporation
Citrus Heights, California
September 12, 2023

EL DORADO COUNTY FAIR ASSOCIATION
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS – INCOME TAX BASIS
December 31, 2022
(See Accountant's Review Report)

ASSETS

Current assets:

Cash and investments (Note 3)		\$1,532,270
Accounts receivable	\$ 17,012	
Less, allowance for doubtful accounts	<u>424</u>	

		16,588
Other receivables		581,305
Prepaid expenses		<u>29,641</u>

Total current assets		2,159,804
----------------------	--	-----------

Capital assets, at cost (Notes 4 and 5)	6,321,185	
Less accumulated depreciation	<u>4,123,838</u>	
	2,197,347	
Construction in progress	<u>33,566</u>	

2,230,913

\$4,390,717

See notes to financial statements

LIABILITIES AND NET ASSETS

Current liabilities:

Current portion of long-term debt (Note 5)	\$ 22,809
Accounts payable	84,366
Payroll liabilities	786
Guarantee deposits	7,691
Compensated absences	37,169
Deferred revenue	<u>39,783</u>

Total current liabilities	192,604
---------------------------	---------

Long-term debt, net of current portion (Note 5)	91,236
---	--------

Net assets:

Net assets	<u>4,106,877</u>
------------	------------------

\$4,390,717

EL DORADO COUNTY FAIR ASSOCIATION
STATEMENT OF SUPPORT, REVENUES, EXPENSES, AND OTHER CHANGES IN NET
ASSETS – INCOME TAX BASIS
for the year ended December 31, 2022
(See Accountant's Review Report)

Revenues and support:

State allocation and other assistance	\$ 101,020
Grants	1,054,830
Admissions	339,549
Commercial space	82,658
Concessions	155,585
Carnival	205,827
Exhibits	24,461
Horse show	26,823
Fair attractions - interim	96,099
Miscellaneous Fair	70,641
Capital bar revenue	73,036
Interim buildings & grounds rental	699,010
Interim revenue	174,647
RV space rentals	115,350
Racetrack rental	80,000
Interest income	623
Prior year revenue	451
Other revenue	<u>12,263</u>
 Total revenues	 3,312,873

Expenses:

Administration	\$ 444,405
Maintenance and operations	589,069
Publicity	40,103
Attendance	72,172
Miscellaneous Fair	37,615
Miscellaneous Non-Fair	57,641
Premiums	11,998
Exhibits	30,292
Horse Show	13,226
Fair entertainment	102,941

See notes to financial statements

EL DORADO COUNTY FAIR ASSOCIATION
STATEMENT OF SUPPORT, REVENUES, EXPENSES, AND OTHER CHANGES IN NET
ASSETS – INCOME TAX BASIS, continued
for the year ended December 31, 2022
(See Accountant's Review Report)

Expenses, continued:		
Interim entertainment	\$ 17,675	
Equipment - minor	-	
Prior year expense	51,938	
Cash under (over)	1,268	
Other expense	1,318	
Depreciation	<u>145,531</u>	
Total expenses		<u>\$1,617,192</u>
Increase (decrease) in net assets		1,695,681
Net assets at beginning of year		<u>2,411,196</u>
Net assets at end of year		<u>\$4,106,877</u>

See notes to financial statements

EL DORADO COUNTY FAIR ASSOCIATION
STATEMENT OF CASH FLOWS – INCOME TAX BASIS
for the year ended December 31, 2022
(See Accountant's Review Report)

Cash flows from operating activities:		
Increase in net assets		\$1,695,681
Adjustments to reconcile increase in net assets to net cash provided to operating activities:		
Depreciation	\$ 145,531	
Changes in operating assets and liabilities:		
Accounts receivable	(588,533)	
Prepaid expenses	(23,379)	
Accounts payable	(1,446)	
Guarantee deposits	2,926	
Compensated absences	16,418	
Deferred revenue	<u>25,038</u>	
Total adjustments		(423,445)
Cash flows from investing activities:		
Construction in progress and capital improvements		(879,822)
Cash flows from financing activities:		
Decrease – LT debt		(<u>31,325</u>)
Net increase in cash and cash equivalents		361,089
Cash and cash equivalents:		
Beginning of year		<u>1,171,181</u>
End of year		<u>\$1,532,270</u>

See notes to financial statements

EL DORADO COUNTY FAIR ASSOCIATION
NOTES TO FINANCIAL STATEMENTS – INCOME TAX BASIS
(See Accountant's Review Report)
for the year ended December 31, 2022

1. Organization:

El Dorado County Fair Association (the "Association") was formed in 1952, and became a 501(c)(3) non-profit corporation in 1990.

The Association was created to manage the Fairgrounds annually and conduct the County Fair each year in Placerville, CA.

The grounds, buildings, operations and improvements are paid for through revenues created on the fairgrounds for the Fair Association. Revenues are collected during the annual fair, interim rentals, horse shows, fundraisers, such as Crab Feeds, wine awards ceremonies, and collaborations with other groups in El Dorado County.

The Board of Directors is made up of 11 Board Members, all four year terms, no term limits: five are appointed by the five Supervisor Districts in El Dorado County and the remaining six, voted in by Association Members, which pay annual dues to continue membership. The Board of Directors is responsible for hiring the CEO (Secretary/Manager) and setting policy. The CEO is responsible for daily operations.

2. Significant Accounting Policies:

The financial statements of El Dorado County Fair Association have been prepared in conformity with the basis of accounting the Association uses for income tax purposes. The more significant of the Association's accounting policies are described below.

Basis of Accounting

The accounting records and the accompanying financial statements have been maintained and prepared on the accrual method of accounting in accordance with practices permitted for federal income tax purposes, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). The following are the more significant differences between tax basis and GAAP:

EL DORADO COUNTY FAIR ASSOCIATION
NOTES TO FINANCIAL STATEMENTS – INCOME TAX BASIS, continued
(See Accountant's Review Report)
for the year ended December 31, 2022

2. Significant Accounting Policies, continued:

Basis of Accounting, continued

1. As permitted for income tax reporting purposes, the Association records contributions and grants when they are received or pledged. Restricted funds are recognized as revenue in the appropriate fund upon the Associations' compliance with the specific restrictions. Amounts received but not yet recognized are recorded as deferred restricted support in the accompanying statement of assets, liabilities, and net assets – income tax basis. Under GAAP, contributions received would be recorded as contributions without donor restrictions or contributions with donor restrictions depending on the existence or nature of any donor restrictions. Contributions with donor restrictions would be reclassified to net assets without donor restrictions upon compliance with the specific restrictions. In addition, GAAP would require pledges receivable to be collected in greater than one year to be recorded at their present value in the accompanying financial statements.
2. As permitted for income tax reporting purposes, the Association has not implemented all of the financial reporting requirements of GAAP. Specifically, the Association has not classified the difference between its assets and liabilities as net assets without donor restrictions and net assets with donor restrictions based on the existence or absence of donor-imposed restrictions. In addition, the Association has not reported the changes in each of those classes of net assets in the accompanying financial statements. That presentation is required by GAAP.
3. The Association received donated services and facilities that are not reflected in the accompanying financial statements. Under GAAP, the fair value of contributed services meeting certain requirements would be recognized as contributions and charged to assets or expenses in the accompanying financial statements.
4. As permitted for income tax reporting purposes, the Association recognizes revenue upon completion of services provided under authorized contractual agreement. Under GAAP, revenue is recognized when its transfers promised goods or services to customers in an amount that reflect the consideration to which the organization expects to be entitled in exchange for those goods or services. In doing so, organizations will need to use more judgement and make more estimates under current guidance. These judgements may include identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation.

EL DORADO COUNTY FAIR ASSOCIATION
NOTES TO FINANCIAL STATEMENTS – INCOME TAX BASIS, continued
(See Accountant’s Review Report)
for the year ended December 31, 2022

2. Significant Accounting Policies, continued:

Use of Estimates

The preparation of financial statements in conformity with the basis of accounting the Association uses for income tax purposes 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 may differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Association considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents. Cash in checking, savings and County cash are considered to be cash and cash equivalents.

Income Taxes

The Association is a non-profit organization under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. No activities are considered unrelated business income, thus no provision for income taxes required at December 31, 2022.

The preparation of the financial statements in conformity with the basis of accounting the Association use for income tax purposes requires the Association to report information regarding its exposure to various tax positions taken. The Association has evaluated its uncertain tax positions and related income tax contingencies. The Association does not believe that any material uncertain tax positions exist. The Association’s returns are subject to examination by Federal taxing authorities for a period of three years from the date they are filed and a period of four years for California tax authorities.

Investments

Investments consist of deposits in an investment pool maintained by the El Dorado County Treasurer. The Association also maintains checking and saving accounts with local banks.

EL DORADO COUNTY FAIR ASSOCIATION
NOTES TO FINANCIAL STATEMENTS – INCOME TAX BASIS, continued
(See Accountant's Review Report)
for the year ended December 31, 2022

2. Significant Accounting Policies, continued:

Revenue Recognition

Generally, the Association recognizes revenues upon completion of services provided under authorized contractual agreements.

Donated Services

The Association receives donated services from a variety of unpaid volunteers for both program and supporting services. No amounts have been recognized in the accompanying financial statements.

Property and Equipment

Construction-in-progress, land, buildings and improvements, and equipment are acquired with operating funds and funds allocated by the State. Any acquired asset, if greater than \$5,000 and a useful life of one or more years, is recorded at cost.

Depreciation is computed using the straight-line method over the estimated useful life of the asset. Buildings and improvements are depreciated over 5 to 30 years, and equipment is depreciated over 5 years. Capitalized infrastructure assets, such as drainage systems and paving, may be depreciated over 20 to 40 years.

Compensated Absences

Vested or accumulated vacation, personal leave and compensatory time off that are expected to be liquidated with expendable available financial resources are reported as an expense and as a current liability. Sick pay is not vested.

EL DORADO COUNTY FAIR ASSOCIATION
NOTES TO FINANCIAL STATEMENTS – INCOME TAX BASIS, continued
(See Accountant's Review Report)
for the year ended December 31, 2022

3. Cash and Investments:

Cash and investments as of December 31, 2022 consisted of the following:

Petty cash	\$ 200
Checking accounts	917,139
Cash with County – operating	<u>614,931</u>
Total cash and investments	<u>\$1,532,270</u>

At December 31, 2022, the carrying amount of the Fair's deposits was \$1,532,270 and the balance in financial institutions was \$1,587,648. Of the balance in the financial institutions, \$250,000 was covered by federal depository insurance and \$1,337,648 was collateralized as required by State Law (Government Code Section 53630), by the pledging financial institution with assets held in a common pool for the Fair and other agencies, but not in the name of the Fair.

EL DORADO COUNTY FAIR ASSOCIATION
NOTES TO FINANCIAL STATEMENTS – INCOME TAX BASIS, continued
(See Accountant's Review Report)
for the year ended December 31, 2022

4. Capital Assets:

Changes in capital assets for the year ended December 31, 2022 are as follows:

	Balance, January 1, <u>2022</u>	<u>Additions</u>	<u>Disposals</u>	Balance, December 31, <u>2022</u>
Land	\$ 90,987	\$ -	\$ -	\$ 90,987
Buildings	5,120,270	827,470	-	5,947,740
Equipment	<u>245,096</u>	<u>100,244</u>	<u>62,882</u>	<u>282,458</u>
	<u>\$5,456,353</u>	<u>\$ 927,714</u>	<u>\$ 62,882</u>	<u>\$6,321,185</u>

	Balance, January 1, <u>2022</u>	<u>Additions</u>	<u>Transfers</u>	Balance, December 31, <u>2022</u>
Construction in progress:				
Restrooms	\$ 10,977	\$ -	\$ 10,977	\$ -
Placerville Dr. gatehouse	1,394	18,152	-	19,546
Capital Bar	3,105	815	-	3,920
Blue Gate	3,100	-	-	3,100
Board room renovation	<u>-</u>	<u>7,000</u>	<u>-</u>	<u>7,000</u>
	<u>\$ 18,576</u>	<u>\$ 25,967</u>	<u>\$ 10,977</u>	<u>\$ 33,566</u>

EL DORADO COUNTY FAIR ASSOCIATION
NOTES TO FINANCIAL STATEMENTS – INCOME TAX BASIS, continued
(See Accountant's Review Report)
for the year ended December 31, 2022

5. Long-term Debt:

Long-term debt activities for the year ended December 31, 2022 are as follows:

	<u>2021</u>	<u>New Debt Issued</u>	<u>Debt Retired</u>	<u>2022</u>	<u>Current Portion</u>
Marshall Renovation Loan	\$ 8,516	\$ -	\$ 8,516	\$ -	\$ -
EDC Risk Management	<u>136,854</u>	<u>-</u>	<u>22,809</u>	<u>114,045</u>	<u>22,809</u>
	<u>\$ 145,370</u>	<u>\$ -</u>	<u>\$ 31,325</u>	<u>\$ 114,045</u>	<u>\$ 22,809</u>

The Association has a note payable to CFSA for funds borrowed to finance the Marshall Building upgrade. This note matured in January 2022, bears neither interest nor collateral.

In 2017-18 fiscal year, the cumulative general liability allocated insurance and allocated claims payments totaled \$228,087, due to El Dorado County (EDC Risk Management). El Dorado County agreed to have the Association pay the liability in 10 equal payments of \$22,809, payable on June 1 of each year, and bears no interest.

EL DORADO COUNTY FAIR ASSOCIATION
NOTES TO FINANCIAL STATEMENTS – INCOME TAX BASIS, continued
(See Accountant’s Review Report)
for the year ended December 31, 2022

5. Long-term Debt, continued:

The future annual maturities of all long-term borrowings as of December 31, 2022 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 22,809	\$ -	\$ 22,809
2024	22,809	-	22,809
2025	22,809	-	22,809
2026	22,809	-	22,809
2027	<u>22,809</u>	<u>-</u>	<u>22,809</u>
	<u>\$ 114,045</u>	<u>\$ -</u>	<u>\$ 114,045</u>

6. Defined Benefit Retirement Plan:

CalPERS

Plan Description

The Association contributes to the Miscellaneous Employer Pool under the California Public Employees’ Retirement System (CalPERS); a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees’ Retirement Laws. CalPERS issue a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95811.

EL DORADO COUNTY FAIR ASSOCIATION
NOTES TO FINANCIAL STATEMENTS – INCOME TAX BASIS, continued
(See Accountant's Review Report)
for the year ended December 31, 2022

6. Defined Benefit Retirement Plan, continued:

Funding Policy

Active plan members are required to contribute, depending on whether or not they are classic CalPERS (7.00%) or PEPRA (7.75%), and the Association is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rates are as follows:

January 1, 2022-June 30, 2022	9.47%
July 1, 2022-December 31, 2022	9.31%

The Association's contributions to CalPERS for fiscal year ending December 31, 2022, were \$83,037, and equal 100 percent of the required contributions for each year.

7. Subsequent Events:

Management has evaluated subsequent events through September 12, 2023, the date these December 31, 2022 financial statements were available to be issued.

SUPPLEMENTAL DATA

EL DORADO COUNTY FAIR ASSOCIATION
SCHEDULE OF AGED ACCOUNTS RECEIVABLE – INCOME TAX BASIS
December 31, 2022

	<u>Amount</u>
1 - 30 days	\$ 8,193
31 - 60 days	150
61 - 90 days	-
91 days and over	<u>8,669</u>
Total	\$ <u>17,012</u>

EL DORADO COUNTY FAIR ASSOCIATION
SUMMARY COMPARISON – BUDGET – INCOME TAX BASIS
Year Ended December 31, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Favorable/ (Unfavorable) Variance</u>
Operating revenues and support	\$1,508,668	\$3,211,853	\$1,703,185
Operating expenses	<u>1,487,156</u>	<u>1,471,661</u>	<u>15,495</u>
	<u>21,512</u>	<u>1,740,192</u>	<u>1,718,680</u>
Other income (expense):			
State allocation and other	40,020	101,020	61,000
Depreciation expense	<u>(121,992)</u>	<u>(145,531)</u>	<u>(23,539)</u>
	<u>(81,972)</u>	<u>(44,511)</u>	<u>37,461</u>
Increase (decrease) in net assets	<u>\$ (60,460)</u>	<u>\$1,695,681</u>	<u>\$1,756,141</u>