

**EL DORADO COUNTY FAIR  
ASSOCIATION**

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**FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
for the year ended December 31, 2020**

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of El Dorado County Fair Association, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Basis for Qualified Opinion**

The El Dorado County Fair Association did not record net pension liability at December 31, 2020. The Association contributes to the California Public Employees Retirement System (CalPERS), a cost sharing, defined benefit public employee retirement system. Employee and employer contributions are paid by the Association to El Dorado County, whom then forwards such amounts to CalPERS on behalf of the Association and its employees. The County, a government agency, is required to disclose the defined benefit plan underfunding. El Dorado County's CalPERS plan includes El Dorado County Fair Association's plan, and the net pension liability is not segregated. Thus, the Association's net pension liability and disclosure information is not readily ascertainable or extractable from the County actuarial valuation.

### **Qualified Opinion**

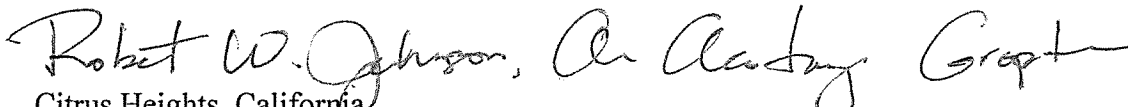
In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of El Dorado County Fair Association as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

  
Citrus Heights, California  
August 24, 2021

EL DORADO COUNTY FAIR ASSOCIATION  
BALANCE SHEET  
December 31, 2020

ASSETS

Current assets:

Cash and investments (Note 3)			\$ 310,985
Accounts receivable	\$ 7,286		
Less, allowance for doubtful accounts	<u>424</u>		
			6,862
Other receivables			4,803
Prepaid expenses			<u>5,571</u>
 Total current assets			 328,221

Capital assets, at cost (Notes 4 and 5)	5,192,334		
Less accumulated depreciation	<u>3,872,802</u>		
	1,319,532		
Construction in progress	<u>207,465</u>		
			<u>1,526,997</u>
			<u>\$1,855,218</u>

See notes to financial statements

## LIABILITIES AND NET RESOURCES

### Current liabilities:

Current portion of long-term debt (Note 5)	\$ 106,982
Accounts payable	19,751
Guarantee deposits	2,265
Compensated absences	11,704
Renters prepayments	35,055
Deferred revenue	<u>200,110</u>

Total current liabilities 375,867

Long-term debt, net of current portion (Note 5) 158,467

### Net resources:

Net investment in capital assets	\$1,512,592	
Restricted	-	
Unrestricted	<u>( 191,708)</u>	
		<u>1,320,884</u>
		<u>\$1,855,218</u>

EL DORADO COUNTY FAIR ASSOCIATION  
STATEMENT OF OPERATIONS AND NET RESOURCES  
for the year ended December 31, 2020

Revenues:

State allocation and other assistance	\$ 40,609
AB 1499 revenue	173,850
Admissions	-
Commercial space	-
Concessions	-
Carnival	-
Exhibits	10,532
Horse show	24,613
Fair attractions - interim	8,805
Miscellaneous Fair	24,765
Capital bar revenue	-
Interim revenue	201,016
Interest income	1,227
Revenue protection insurance	21,300
COVID relief	30,000
Prior year revenue	2,761
Other revenue	<u>33,721</u>
 Total revenues	 573,199

Expenses:

Administration	\$ 417,271
Maintenance and operations	354,539
Publicity	8,265
Attendance	325
Miscellaneous Fair	-
Miscellaneous Non-Fair	13,324
Premiums	6,206
Exhibits	6,309
Horse Show	11,090
Fair entertainment	-
Interim entertainment	357
Equipment - minor	-
Prior year expense/adj.	( 4,271)
Cash under (over)	19

See notes to financial statements

EL DORADO COUNTY FAIR ASSOCIATION  
STATEMENT OF OPERATIONS AND NET RESOURCES, continued  
for the year ended December 31, 2020

Expenses, continued:		
Other expense	\$ -	
Depreciation	<u>117,690</u>	
Total expenses		\$ <u>931,124</u>
Loss		( 357,925)
Net resources, beginning of year	1,838,470	
Prior period adjustment (Note 9)	<u>( 159,661)</u>	
Net resources, as restated		<u>1,678,809</u>
		<u>\$1,320,884</u>

See notes to financial statements



EL DORADO COUNTY FAIR ASSOCIATION  
STATEMENT OF CASH FLOWS  
for the year ended December 31, 2020

Cash flows from operating activities:		
Net income (loss)		\$( 357,925)
Adjustments to reconcile net income to net cash provided to operating activities:		
Depreciation	\$ 117,690	
Changes in operating assets and liabilities:		
Accounts and other receivables	43,635	
Prepaid expenses	5,297	
Accounts payable	( 33,892)	
Guarantee deposits	( 1,135)	
Compensated absences	( 1,427)	
Renter prepayments	( 103)	
Deferred revenue	<u>197,110</u>	
Total adjustments		327,175
Cash flows from investing activities:		
Construction in progress and capital improvements	( 215,471)	
Disposal of C.I.P.	<u>3,274</u>	
		( 212,197)
Cash flows from financing activities:		
Decrease – LT debt	( 24,772)	
Proceeds from debt	<u>114,192</u>	
		<u>89,420</u>
Net decrease in cash and cash equivalents		( 153,527)
Cash and cash equivalents:		
Beginning of year		<u>464,512</u>
End of year		<u>\$ 310,985</u>

See notes to financial statements

EL DORADO COUNTY FAIR ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
for the year ended December 31, 2020

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 the Association have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) and to accounting principles applicable to District Agricultural Associations as prescribed by the State Administrative Manual and the Accounting Procedures Manual. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing GAAP for state and local government organizations. The Association’s significant accounting policies are described below.

EL DORADO COUNTY FAIR ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS, continued  
for the year ended December 31, 2020

2. Significant Accounting Policies, continued:

Basis of Presentation

The Association's resources are allocated to and accounted for in these basic financial statements as an enterprise fund type. The enterprise fund is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other policies. Net resources represent the amount available for future operations.

Basis of Accounting

Revenues are reported in the year earned and expenses reported when incurred (accrual basis of recording).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

EL DORADO COUNTY FAIR ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS, continued  
for the year ended December 31, 2020

2. Significant Accounting Policies, continued:

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.

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Revenue Recognition

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

Contributed Services

Contributions of gifts in-kind are recognized as public support and as a corresponding asset or expense at their estimated fair value on the date of the gift. Contributions of donated services that create or enhance non-financial assets or that require specialized skills and are provided by individuals possessing those skills, and would typically be purchased if not provided by donation, are recorded at their fair values in the period received.

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 Statement of Operations because the criteria for recognition of such volunteer efforts have not been satisfied.

EL DORADO COUNTY FAIR ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS, continued  
for the year ended December 31, 2020

2. Significant Accounting Policies, continued:

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. Furthermore, donated assets are recorded at their fair market value at the date of the gift. This recorded basis is depreciated over the useful lives identified above.

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, continued  
 for the year ended December 31, 2020

3. Cash and Cash Equivalents:

Deposits:

At year-end the carrying amount of the Association's deposits were \$310,985 and the bank balances were \$353,059. The bank balances are covered by Federal depository insurance and by collateral held in the pledging banks' trust department as mandated by state law.

	Balance December 31, <u>2020</u>
Petty cash	\$ 200
Checking accounts	215,702
Savings account	36,005
Cash with County -- operating	<u>59,078</u>
	<u>\$ 310,985</u>

EL DORADO COUNTY FAIR ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS, continued  
for the year ended December 31, 2020

4. Capital Assets:

Changes in capital assets for the year ended December 31, 2020 are as follows:

	Balance, January 1, <u>2020</u>	<u>Additions</u>	<u>Disposals</u>	Balance, December 31, <u>2020</u>
Land	\$ 90,987	\$ -	\$ -	\$ 90,987
Buildings	4,908,661	2,617	-	4,911,278
Equipment	<u>174,489</u>	<u>15,580</u>	<u>-</u>	<u>190,069</u>
	<u>\$5,174,137</u>	<u>\$ 18,197</u>	<u>\$ -</u>	<u>\$5,192,334</u>

Construction in progress:

Restrooms	\$ 10,215	\$ -	\$ 3,274	\$ 6,941
Placerville Dr. gatehouse	150	-	-	150
Blue gate	3,100	-	-	3,100
RV Park	-	149,830	-	149,830
Speedway light poles	<u>-</u>	<u>47,444</u>	<u>-</u>	<u>47,444</u>
	<u>\$ 13,465</u>	<u>\$ 197,274</u>	<u>\$ 3,274</u>	<u>\$ 207,465</u>

EL DORADO COUNTY FAIR ASSOCIATION  
 NOTES TO FINANCIAL STATEMENTS, continued  
 for the year ended December 31, 2020

5. Long-term Debt:

Long-term debt activities for the year ended December 31, 2020 are as follows:

	<u>2019</u>	<u>New Debt Issued</u>	<u>Debt Retired</u>	<u>2020</u>	<u>Current Portion</u>
Marshall Renovation Loan	\$ 16,368	\$ -	\$ 1,963	\$ 14,405	\$ 7,853
EDC Risk Management	159,661	-	22,809	136,852	22,809
PPP Loan	<u>-</u>	<u>114,192</u>	<u>-</u>	<u>114,192</u>	<u>76,320</u>
	<u>\$ 176,029</u>	<u>\$ 114,192</u>	<u>\$ 24,772</u>	<u>\$ 265,449</u>	<u>\$ 106,982</u>

The Association has a note payable to CFSA for funds borrowed to finance the Marshall Building upgrade. This note matures 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.

On June 25, 2020, the Association was granted a loan from a bank in the aggregate amount of \$114,192, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act. The loan is due in 18 monthly installments of \$6,426, from January 1, 2021 through June 21, 2022, including interest of 1%. Funds from the loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent utilities, and interest on other debt obligations. The Association intends to use the entire loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. On May 5, 2021, the loan has been completely forgiven under the terms of the Paycheck Protection Program.



EL DORADO COUNTY FAIR ASSOCIATION  
 NOTES TO FINANCIAL STATEMENTS, continued  
 for the year ended December 31, 2020

5. Long-term Debt, continued:

The future annual maturities of all long-term borrowings as of December 31, 2020 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 106,982	\$ 793	\$ 107,775
2022	67,231	109	67,340
2023	22,809	-	22,809
2024	22,809	-	22,809
2025	22,809	-	22,809
2026	<u>22,809</u>	<u>-</u>	<u>22,809</u>
	<u>\$ 265,449</u>	<u>\$ 902</u>	<u>\$ 266,351</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, continued  
for the year ended December 31, 2020

6. Defined Benefit Retirement Plan, continued:

**Funding Policy**

Active plan members are required to contribute 7.00% of their salary, depending on whether or not they are classic CalPERS (7.00%) or PEPRA (7.00%), 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, 2020-June 30, 2020	9.239%
July 1, 2020-December 31, 2020	9.804%

The Association's contributions to CalPERS for fiscal year ending December 31, 2020, were \$67,757, and equal 100 percent of the required contributions for each year.

The El Dorado County Fair Association did not record net pension liability at December 31, 2020. The Association contributes to the California Public Employees Retirement System (CalPERS), a cost sharing, defined benefit public employee retirement system. Employee and employer contributions are paid by the Association to El Dorado County, whom then forwards such amounts to CalPERS on behalf of the Association and its employees. The County, a government agency, is required to disclose the defined benefit plan underfunding. El Dorado County's CalPERS plan includes El Dorado County Fair Association's plan, and the net pension liability is not segregated. Thus, the Association's net pension liability and disclosure information is not readily ascertainable or extractable from the County actuarial valuation.

7. Subsequent Events:

Management has evaluated subsequent events through August 24, 2021, the date these December 31, 2020 financial statements were available to be issued.

EL DORADO COUNTY FAIR ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS, continued  
for the year ended December 31, 2020

8. Covid-19 Impact:

The Covid-19 Impact to our financial stability hit in 2020. Having to cancel most events since March, resulting in a loss of interim rental revenue of \$320,544 and our annual Fair revenue of \$647,570 has been detrimental to our success. We have reduced our full time staff by three, we reduced payroll and benefits by \$190,771. We began the Covid Shut Down with \$362,241 in the bank, this helps us with cash flow through 2020, If Covid closures continue through 2021, we will end the year without much left in the bank, surely not enough to operate in 2022 without financial help. The funding that California Fairs secured statewide from SB1499, getting a 1/4 of 1 percent of sales taxes collected on the California Fairgrounds has come to a halt, as the sales on Fairgrounds have died out due to no events allowed. The California Budget does not allocate funds to keep fairs up and running, it does, however, have a line item of \$43.5 million dollars budgeted to “close” fairgrounds.

9. Prior Period Adjustment:

Management discovered an unrecorded liability that caused an overstatement of previously reported unrestricted net resources of \$159,661. The liability is to El Dorado County (EDC Risk Management) for cumulative general liability insurance and claims.

SUPPLEMENTAL DATA

EL DORADO COUNTY FAIR ASSOCIATION  
SCHEDULE OF AGED ACCOUNTS RECEIVABLE  
December 31, 2020

	<u>Amount</u>
1 - 30 days	\$ 4,621
31 - 60 days	-
61 - 90 days	1,782
91 days and over	<u>883</u>
Total	<u>\$ 7,286</u>

EL DORADO COUNTY FAIR ASSOCIATION  
 SCHEDULE OF RATIOS  
 for the year ended December 31, 2020

		<u>Computation</u>
(1) <u>Current Ratio:</u>		
<u>current assets</u>	\$ 328,221	.87
current liabilities	375,867	
(2) <u>Quick Ratio:</u>		
<u>operating cash + receivables</u>	\$ 322,650	.86
current liabilities	375,867	
(3) <u>Acid Test Ratio:</u>		
<u>operating cash</u>	\$ 310,985	.83
current liabilities	375,867	
(4) <u>Net Income Return:</u>		
<u>net income (loss)</u>	\$( 357,925)	(62.44)%
total revenues	573,199	

EL DORADO COUNTY FAIR ASSOCIATION  
SUMMARY COMPARISON - BUDGET  
Year Ended December 31, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Favorable/ (Unfavorable) Variance</u>
Operating revenues	\$1,283,218	\$ 532,590	\$( 750,628)
Operating expenses	<u>1,323,075</u>	<u>813,434</u>	<u>509,641</u>
	<u>( 39,857)</u>	<u>( 280,844)</u>	<u>( 240,987)</u>
Other income (expense):			
State allocation and other	43,028	40,609	( 2,419)
Depreciation expense	<u>( 112,034)</u>	<u>( 117,690)</u>	<u>( 5,656)</u>
	<u>( 69,006)</u>	<u>( 77,081)</u>	<u>( 8,075)</u>
Net income (loss)	<u>\$( 108,863)</u>	<u>\$( 357,925)</u>	<u>\$( 249,062)</u>