

**EL DORADO COUNTY FAIR  
ASSOCIATION**

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**ACCOUNTANT'S REVIEW REPORT  
Financial Statements – Income Tax Basis and  
Supplemental Information  
for the year ended December 31, 2021**

**ROBERT W. JOHNSON**  
**Certified Public Accountant**

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**Robert W. Johnson**  
*an accountancy corporation*

6234 Birdcage Street, Citrus Heights, California 95610 | robertwjohncpajgroup@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 – income tax basis as of December 31, 2021, and the related statements of support, revenues, expenses, and other changes in net assets – income tax basis and of cash flows – income 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.

The other data accompanying the financial statements is presented only for purposes of additional analysis and has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements and we are not aware of any material modifications that should be made to such data.

### **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.

*Robert W. Johnson, An Accountancy Corporation*

Robert W. Johnson, An Accountancy Corporation  
Citrus Heights, California  
May 11, 2022



## LIABILITIES AND NET ASSETS

### Current liabilities:

Current portion of long-term debt (Note 5)	\$ 30,661
Accounts payable	86,371
Payroll liabilities	229
Guarantee deposits	4,765
Compensated absences	20,751
Renters prepayments	14,745
Deferred revenue	-

Total current liabilities 157,522

Long-term debt, net of current portion (Note 5) 114,707

### Net assets:

Net assets 2,411,196

\$2,683,425

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, 2021  
 (See Accountant's Review Report)

Revenues and support:	
State allocation and other assistance	\$ 400,695
Grants	225,110
PPP loan forgiveness	219,992
Admissions	-
Commercial space	33,327
Concessions	16,231
Carnival	-
Exhibits	39,476
Horse show	21,126
Fair attractions - interim	16,227
Miscellaneous Fair	95,319
Capital bar revenue	16,693
Interim buildings & grounds rental	725,332
Interim revenue	183,163
RV space rentals	116,255
Racetrack rental	79,200
Interest income	222
Prior year revenue	384
Other revenue	<u>14,049</u>
 Total revenues	 2,202,801

Expenses:	
Administration	\$ 415,835
Maintenance and operations	476,347
Publicity	14,279
Attendance	3,007
Miscellaneous Fair	367
Miscellaneous Non-Fair	40,896
Premiums	6,193
Exhibits	22,068
Horse Show	14,292
Fair entertainment	-

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, 2021  
 (See Accountant’s Review Report)

Expenses, continued:		
Interim entertainment	\$ 11,918	
Equipment - minor	-	
Prior year expense	1,813	
Cash under (over)	( 31)	
Other expense	-	
Depreciation	<u>105,505</u>	
Total expenses		<u>\$1,112,489</u>
Increase (decrease) in net assets		1,090,312
Net assets at beginning of year		<u>1,320,884</u>
Net assets at end of year		<u>\$2,411,196</u>

See notes to financial statements



EL DORADO COUNTY FAIR ASSOCIATION  
STATEMENT OF CASH FLOWS – INCOME TAX BASIS  
for the year ended December 31, 2021  
(See Accountant’s Review Report)

Cash flows from operating activities:		
Increase in net assets		\$1,090,312
Adjustments to reconcile increase in net assets to net cash provided to operating activities:		
Depreciation	\$ 105,505	
Changes in operating assets and liabilities:		
Accounts and other receivables	2,305	
Prepaid expenses	( 691)	
Accounts payable	66,849	
Guarantee deposits	2,500	
Compensated absences	9,047	
Renter prepayments	( 20,310)	
Deferred revenue	<u>( 200,110)</u>	
Total adjustments		( 34,905)
Cash flows from investing activities:		
Construction in progress and capital improvements		( 75,130)
Cash flows from financing activities:		
Decrease – LT debt	( 225,881)	
Proceeds from forgiveness of PPP loan	<u>105,800</u>	<u>( 120,081)</u>
Net increase in cash and cash equivalents		860,196
Cash and cash equivalents:		
Beginning of year		<u>310,985</u>
End of year		<u>\$1,171,181</u>

Noncash financing transactions: During the year ended December 31, 2021, the Association’s PPP loan was forgiven in the amount of \$219,992.

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, 2021

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, 2021

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, 2021

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, 2021.

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, 2021

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, 2021

3. Cash and Cash Equivalents:

Deposits:

At year-end the carrying amount of the Association’s deposits were \$1,171,181 and the bank balances were \$1,192,599. For the year ended December 31, 2021, the bank balance held in excess of federally insured limits totaled \$656,465.

	Balance December 31, <u>2021</u>
Petty cash	\$ 200
Checking accounts	1,095,226
Savings account	36,134
Cash with County – operating	<u>39,621</u>
	<u>\$1,171,181</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, 2021

4. Capital Assets:

Changes in capital assets for the year ended December 31, 2021 are as follows:

	Balance, January 1, <u>2021</u>	<u>Additions</u>	<u>Disposals</u>	Balance, December 31, <u>2021</u>
Land	\$ 90,987	\$ -	\$ -	\$ 90,987
Buildings	4,911,278	208,992	-	5,120,270
Equipment	<u>190,069</u>	<u>55,027</u>	<u>-</u>	<u>245,096</u>
	<u>\$5,192,334</u>	<u>\$ 264,019</u>	<u>\$ -</u>	<u>\$5,456,353</u>

Construction in progress:

Restrooms	\$ 6,941	\$ 4,036	\$ -	\$ 10,977
Placerville Dr. gatehouse	150	1,244	-	1,394
Capital Bar	-	3,105	-	3,105
Blue gate	3,100	-	-	3,100
RV Park	149,830	10,439	160,269	-
Speedway light poles	<u>47,444</u>	<u>1,279</u>	<u>48,723</u>	<u>-</u>
	<u>\$ 207,465</u>	<u>\$ 20,103</u>	<u>\$ 208,992</u>	<u>\$ 18,576</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, 2021

5. Long-term Debt:

Long-term debt activities for the year ended December 31, 2021 are as follows:

	<u>2020</u>	<u>New Debt Issued</u>	<u>Debt Retired</u>	<u>2021</u>	<u>Current Portion</u>
Marshall Renovation Loan	\$ 14,405	\$ -	\$ 5,889	\$ 8,516	\$ 7,852
EDC Risk Management	136,852	-	-	136,852	22,809
PPP Loans (2)	<u>114,192</u>	<u>105,800</u>	<u>219,992</u>	<u>-</u>	<u>-</u>
	<u>\$ 265,449</u>	<u>\$ 105,800</u>	<u>\$ 225,881</u>	<u>\$ 145,368</u>	<u>\$ 30,661</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. In 2021, El Dorado County waived the required annual payment.

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. 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. On May 5, 2021, the loan has been completely forgiven under the terms of the Paycheck Protection Program.

On April 2, 2021, the Association was granted a second loan from a bank in the aggregate amount of \$105,800, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act. On September 10, 2021, the loan has been completely forgiven under the terms of the Paycheck Protection Program.



EL DORADO COUNTY FAIR ASSOCIATION  
 NOTES TO FINANCIAL STATEMENTS – INCOME TAX BASIS, continued  
 (See Accountant’s Review Report)  
 for the year ended December 31, 2021

5. Long-term Debt, continued:

The future annual maturities of all long-term borrowings as of December 31, 2021 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 30,661	\$ -	\$ 30,661
2023	23,472	-	23,472
2024	22,809	-	22,809
2025	22,809	-	22,809
2026	22,809	-	22,809
2027	<u>22,808</u>	<u>-</u>	<u>22,808</u>
	<u>\$ 145,368</u>	<u>\$ -</u>	<u>\$ 145,368</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, 2021

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, 2021-June 30, 2021	9.804%
July 1, 2021-December 31, 2021	9.470%

The Association’s contributions to CalPERS for fiscal year ending December 31, 2021, were \$75,413, and equal 100 percent of the required contributions for each year.

7. Subsequent Events:

Management has evaluated subsequent events through May 11, 2022, the date these December 31, 2021 financial statements were available to be issued.

8. Covid-19 Impact:

The Covid-19 pandemic continued to impact the Fair’s ability to allow interim or host events in 2021. The Fair postponed the annual fair from June to September in hopes the COVID-19 pandemic would end by then. The Fair received funding from PPP loans, SB1499 and COVID Relief Funds which allowed the Fair to continue business “as usual”.

**SUPPLEMENTAL DATA**

EL DORADO COUNTY FAIR ASSOCIATION  
SCHEDULE OF AGED ACCOUNTS RECEIVABLE – INCOME TAX BASIS  
December 31, 2021

	<u>Amount</u>
1 - 30 days	\$ 3,418
31 - 60 days	554
61 - 90 days	243
91 days and over	<u>658</u>
Total	<u>\$ 4,873</u>

EL DORADO COUNTY FAIR ASSOCIATION  
SUMMARY COMPARISON – BUDGET – INCOME TAX BASIS  
Year Ended December 31, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Favorable/ (Unfavorable) Variance</u>
Operating revenues and support	\$ 392,851	\$1,802,106	\$1,409,255
Operating expenses	<u>706,694</u>	<u>1,006,984</u>	<u>( 300,290)</u>
	<u>( 313,843)</u>	<u>795,122</u>	<u>1,108,965</u>
Other income (expense):			
State allocation and other	131,430	400,695	269,265
Depreciation expense	<u>( 94,500)</u>	<u>( 105,505)</u>	<u>( 11,005)</u>
	<u>36,930</u>	<u>295,190</u>	<u>258,260</u>
Increase (decrease) in net assets	<u>\$ ( 276,913)</u>	<u>\$1,090,312</u>	<u>\$1,367,225</u>

