

The Agricultural Foundation of
California State University, Fresno

2007-08
Annual Report

**THE AGRICULTURAL FOUNDATION OF
CALIFORNIA STATE UNIVERSITY, FRESNO
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2007-2008

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THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
CORPORATE INFORMATION
For the Fiscal Year Ended June 30, 2008

BOARD OF DIRECTORS

Charles Boyer	-Fresno, California
H. Clay Daulton	-Madera, California
Daniel Errotabere	-Fresno, California
Larry D. Layne	-Sanger, California
Richard Matoian	-Fresno, California
Pat V. Ricchiuti	-Clovis, California
John D. Welty	-Fresno, California

AUDIT COMMITTEE

Lynn D. Hemink	-Clovis, California
Larry D. Layne	-Sanger, California
Richard Matoian	-Fresno, California

CORPORATE OFFICERS

Pat V. Ricchiuti	-Chair
Larry D. Layne	-Vice Chair
Daniel Errotabere	-Chief Financial Officer
John D. Welty	-Secretary
Deborah S. Adishian-Astone	-Executive Director

CORPORATE DATA

Executive Offices	-2771 East Shaw Avenue Fresno, California 93710-8205 Telephone (559) 278-0800
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Auditors	-Moore Grider & Company Certified Public Accountants 325 E. Sierra Fresno, California 93710 Telephone (559) 440-0700
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Legal Counsel	-Kimble, MacMichael and Upton, A Professional Corporation 5260 N. Palm Avenue Fresno, California 93704 Telephone (559) 435-5500
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COLLEGE OF AGRICULTURAL SCIENCES AND TECHNOLOGY

Charles Boyer	-Dean, College of Agricultural Sciences & Technology
Ganesan Srinivasan	-Director, Agricultural Operations
Sandra S. Witte	-Associate Dean College of Agricultural Sciences & Technology
Bert Mason	-Chair, Agricultural Economics
Arthur A. Parham	-Chair and Program Leader Animal Sciences & Agricultural Education
Dennis Ferris	-Chair, Food Science & Nutrition
Jim Farrar	-Chair and Program Leader, Plant Sciences
William Fasse	-Chair, Child, Family and Consumer Sciences
Matthew Yen	-Chair, Industrial Technology
Robert L. Wample	-Chair and Program Leader, Viticulture & Enology

ENTERPRISES

Beef	-Randy Perry, Faculty
Dairy	-Jon Robison, Faculty
Dairy Industry	-Dennis Jones, Livestock Technician -Gour Choudhury, Faculty, UAL Committee Representative -Daniel Avila, Technician
Farm Market	-Jennifer Sobieralski, Manager
Field Crops	-Bruce Roberts, Faculty, UAL Committee Representative -Andrew Horn, Technician Trainee
Horses	-Anne Rodiek, Faculty -Melinda Ramos, Technician Trainee
Meats Laboratory	-John Henson, Faculty
Orchard	-Gino Favagrossa, Technician
Ornamental Horticulture - Floral	-Elisa Castro, Technician
Ornamental Horticulture - Nursery	-John Bushoven, Faculty -Calliope Correia, Technician
Poultry	-Arthur A. Parham, Faculty
Rodeo	-Arthur A. Parham, Faculty
Sheep	-John Cordeiro, Faculty
Swine	-Scott A. Williamson, Faculty, UAL Committee Representative
Vegetable Crops	-Dave Goorahoo, Faculty -Gary Chavira, Technician
Vineyard - Raisin and Wine	-Robert L. Wample, Faculty -Mark Salwasser, Technician
Vineyard - Table Grapes	-Robert L. Wample, Faculty -Mark Salwasser, Technician
Winery	-Ken Fugelsang, Faculty/Winemaker -John Giannini, Winemaker -Jessup Wiley, Wine Marketer



Moore Grider & Company

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

A Partnership Including
Accountancy Corporations

Richard L. Holland, C.P.A.

Thomas L. Bell, C.P.A.,
Accountancy Corporation

Denise S. Hurst, C.P.A.

Kenneth J. Labendeira, C.P.A.
Accountancy Corporation

Pamela J. Gallemore, C.P.A., A.P.A.

Cheryl A. Storer, C.P.A., A.P.A.

Kendall K. Wheeler, C.P.A.

Karl L. Noyes, C.P.A.
Accountancy Corporation

Bobby D. Fowler, C.P.A.

Necia Wollenman, C.P.A.

Rena R. Avedikian, C.P.A.

Kelli D. Steele, C.P.A.

Julie B. Fillmore, C.P.A.

Cory J. Bell, C.P.A.

Carrie M. Wiebe, C.P.A.

Nora E. Buhr, C.P.A.

L. Jerome Moore, C.P.A.
Retired

Robert E. Grider, C.P.A.
Retired

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

We have audited the accompanying statements of financial position of The Agricultural Foundation of California State University, Fresno as of June 30, 2007 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements and additional information are the responsibility of the Agricultural Foundation's management. Our responsibility is to express an opinion on these financial statements and additional information based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Agricultural Foundation of California State University, Fresno as of June 30, 2007 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information on pages 14 to 18 is presented, as required by the Chancellor of the California State University, for purposes of additional analysis and is not a required part of 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.

Moore Grider & Company

September 14, 2008

THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2007 AND 2008

<u>ASSETS</u>	<u>2007</u>	<u>2008</u>
Current Assets:		
Cash and Cash Equivalents (Note 2)	943,800	678,486
Accounts Receivable	561,947	370,272
Allowance for Doubtful Accounts	(4,893)	(3,782)
Prepaid Expenses	2,099	2,099
Inventories at Cost and Unit Livestock Method (Note 1)	844,244	764,041
Total Current Assets	<u>2,347,197</u>	<u>1,811,116</u>
Long-Term Receivables (Note 3)	25,969	26,388
Investment, Marketable Securities (Note 4)	808,699	705,856
Fixed Assets: (Note 1)		
Breeding Herd	192,923	185,689
Equipment	1,215,144	1,887,614
Capitalized Development Costs	600,361	619,245
Total	<u>2,008,428</u>	<u>2,692,548</u>
Less Accumulated Depreciation	<u>758,398</u>	<u>991,785</u>
Total Fixed Assets	<u>1,250,030</u>	<u>1,700,763</u>
TOTAL ASSETS	<u><u>4,431,895</u></u>	<u><u>4,244,123</u></u>

The accompanying notes are an integral part of the financial statements

**THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2007 AND 2008**

<u>LIABILITIES AND NET ASSETS</u>	<u>2007</u>	<u>2008</u>
Liabilities:		
Current Liabilities:		
Accounts Payable	458,050	479,672
Agency Funds	17,702	18,044
	<hr/>	<hr/>
Total Current Liabilities	475,752	497,716
Commitments (Note 6)	0	0
Net Assets:		
General:		
Surplus - Unappropriated	2,983,893	2,872,327
	<hr/>	<hr/>
Designated:		
Agricultural Foundation Endowment Fund	808,699	705,856
Contingency Reserve	150,000	150,000
	<hr/>	<hr/>
Sub-Total Designated Net Assets	958,699	855,856
Total Unrestricted Net Assets	3,942,592	3,728,183
Temporarily Restricted Net Assets (Note 7)	13,551	18,224
	<hr/>	<hr/>
Total Net Assets	3,956,143	3,746,407
TOTAL LIABILITIES AND NET ASSETS	<hr/> <hr/>	<hr/> <hr/>
	4,431,895	4,244,123

The accompanying notes are an integral part of the financial statements

THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2007 AND 2008

	2007	2008
Changes in Unrestricted Net Assets:		
Revenues:		
Gross Sales	4,286,727	4,549,232
Administrative Fees	123,174	138,109
Agricultural Operations Support	146,402	4,500
Donated Income	13,303	19,927
Unrealized Gain on Investments	57,105	0
Interest Income	64,942	58,314
	4,691,653	4,770,082
Expenses and Losses:		
Cost of Sales	1,333,678	1,402,230
Salaries/Wages	1,118,197	1,251,295
Employee Benefits	57,160	61,309
Administrative Fees	123,174	138,107
Advertising	22,294	19,994
Audit Fees	15,346	15,695
Awards/Premiums	22,342	27,016
Capitalized Development Costs-Depreciation	58,525	58,525
Custom Harvesting	137,881	95,929
Depreciation	161,032	171,323
Equipment Rental/Repair	235,494	304,535
Incentive Fee Transfers	20,562	29,487
Infrastructure Improvements	47,501	56,186
Insurance	39,873	41,023
Licenses/Dues/Fees	37,768	94,848
Livestock Expense*	228,409	301,576
Management Services Fee	108,000	113,000
Miscellaneous	71,550	92,437
Office Supplies/Duplicating	4,628	5,245
Postage/Freight	9,139	11,893
Student Profit on Projects	0	0
Supplies	556,386	520,159
Travel	12,365	7,107
University Donations	0	19,500
Unrealized Loss on Investments	0	102,843
Unrelated Business Income Taxes (Refund)	0	(10,698)
Utilities	47,293	53,927
	4,468,597	4,984,491
Total Expenses and Losses		
	223,056	(214,409)
Increase/(Decrease) in Net Assets		

The accompanying notes are an integral part of the financial statements

THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2007 AND 2008

	2007	2008
Unrestricted Net Assets-Beginning of Year	3,719,536	3,942,592
Unrestricted Net Assets-End of Year	3,942,592	3,728,183
Changes in Temporarily Restricted Net Assets:		
Revenues:		
Donation Income	10,000	5,000
Expenses:		
Transfer to Hackney Horse Enterprise	(5,073)	(327)
Temporarily Restricted Net Assets-Beginning of Year	8,624	13,551
Temporarily Restricted Net Assets-End of Year	13,551	18,224

The accompanying notes are an integral part of the financial statements

THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2007 AND 2008

	2007	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	227,983	(214,409)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided By Operating Activities:		
Depreciation	219,557	229,848
Unrealized (Gain)/Loss on Investments	(57,105)	102,843
Changes In:		
Accounts Receivable	(332,125)	190,564
Prepaid Expenses	1,096	0
Inventories	48,831	80,203
Accounts Payable	84,551	21,622
Agency Funds	17,702	342
Net Cash Provided by Operating Activities	210,490	411,013
Cash Flows from Investing Activities:		
Increase in Long-Term Receivables	(1,339)	(419)
Breeding Herd	4,257	7,234
Acquisition of Equipment and Capitalized Development Costs	(443,799)	(683,142)
Net Cash Used by Investing Activities	(440,881)	(676,327)
Cash Flows from Financing Activities	0	0
Net Decrease in Cash	(230,391)	(265,314)
Cash and Cash Equivalents at Beginning of Year	1,174,191	943,800
Cash and Cash Equivalents at End of Year	943,800	678,486
Supplemental Disclosure of Cash Flow Information		
Cash Paid During the Year for Taxes	0	1,445

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, 2007 and 2008

Note 1 - Summary of Significant Accounting Policies

The Agricultural Foundation of California State University, Fresno was incorporated on December 3, 1954 as a non-profit corporation. 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 organization is supported primarily by sales of products from the various operating units. For the year ended June 30, 2008, approximately 14% and 12% of the organization's support was from sales by the Dairy and Orchard units, respectively.

The Agricultural Foundation maintains its accounting records and prepares its financial statements on the accrual basis of accounting. Therefore, revenues are recognized when earned and expenses are recognized when goods or services are received.

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.

Donor Imposed Restrictions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Net Assets

General Net Assets (or Fund): This category is maintained to account for those transactions related to all activities not covered in a specific fund and which relate in general to the full scope of operations of the auxiliary organization, including accounting for the revenue and expenses of various agricultural units. These funds are appropriated in accordance with the policies established by the Trustees of The California State University (Trustees), the campus, and the auxiliary organization.

Designated Net Assets: When appropriations from the General Fund are made by the Board of Directors for a specific purpose, they are classified as designated net assets.

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 in the amount of \$4,893 has been established as of June 30, 2007 and the allowance is \$3,782 at June 30, 2008.

Note 1 – Summary of Significant Accounting Policies, continued

Inventories

Raised and donated inventory of animals held for sale is carried at maximum raised value established by the Board of Directors. Such values for all animal units were last reviewed in 2005. Inventory values are equivalent to average cost to raise to maturity. Purchased animals held for sale are valued at cost.

Donated Services

The Agricultural Foundation receives various donated services. The estimated fair values of donations in excess of \$1,000 are recorded as support and expense in the period received.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in Note 8 – Expenses by Natural Classification. Accordingly, certain costs have been allocated among programs and supporting services.

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 of Directors. 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. The organization capitalizes all expenditures for equipment in excess of \$1,500. Equipment is carried at cost less accumulated depreciation. Depreciation of equipment is computed using straight line rates based upon estimated useful lives.

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

Gross Sales

Sales of crops are recorded net of certain custom harvesting costs.

Investments

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

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. However, income for certain activities not directly related to the organization's tax-exempt purpose is subject to taxation as unrelated business income.

Advertising Costs

Advertising costs are expensed as incurred and totaled \$22,294 and \$19,994 in 2007 and 2008, respectively.

Note 2 – Cash and Cash Equivalents

Cash and Cash Equivalents at June 30 consisted of the following:

	<u>2007</u>	<u>2008</u>
Deposits:		
Cash in Banks	\$846,243	\$576,186
Pooled Funds:		
Cash in State of California Local Agency Investment Fund	95,107	99,850
Cash on Hand	<u>2,450</u>	<u>2,450</u>
Total	<u>\$943,800</u>	<u>\$678,486</u>

Cash balances held in banks are insured up to \$100,000 by the Federal Depository Insurance Corporation. As of June 30, 2008 the uninsured cash balances held at Citibank totaled \$397,421.

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 3 - 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 co-op.

Long-Term Receivable and Investment are composed of the following:

	<u>2007</u>	<u>2008</u>
California Dairies Inc.	<u>\$25,969</u>	<u>\$26,388</u>

Note 4 – Investment, Marketable Securities

Investment, marketable securities, consist of the board designated Agricultural Fund Endowment with a balance of \$808,699 and \$705,856 at June 30, 2007 and 2008, respectively. At June 30, 2007, there was an unrealized gain of \$57,105 and at June 2008, there was an unrealized loss of \$102,843.

Note 5 – Related Parties

The Agricultural Foundation receives management services from the California State University, Fresno Association, Inc. (the "Association") and the California State University, Fresno Foundation (the "Foundation"). The Agricultural Foundation had the following transactions with these entities during the years ended June 30, 2007 and 2008.

Administrative fees paid to the Association for management services were \$108,000 and \$113,000 for the years ended June 30, 2007 and 2008, respectively based on a flat fee arrangement. The amount due the Agricultural Foundation from the Association at June 30, 2007 and 2008 was \$16,136 and \$0 respectively.

Note 5 – Related Parties, continued

The amount due the Foundation from the Agricultural Foundation for expenses at June 30, 2007 and 2008 was \$3,530 and \$678, respectively. The amount due the Agricultural Foundation from the Foundation at June 30, 2007 and 2008 was \$72,067 and \$72,212 respectively.

The amount due from the Athletic Corporation of California State University, Fresno for June use of lesson horses and trailer rental at June 30, 2007 and 2008 was \$9,459 and \$6,148, respectively.

Since the Agricultural Foundation operates the University Farm, which serves as the University instructional laboratory, the University pays certain expenses related to the operation of the Farm during the fiscal year. The amount paid by the University was \$303,298 and \$191,559 for the years ended June 30, 2007 and 2008, respectively. These payments were used to eliminate general farm payroll and benefits expenses and general farm operation expenses. The expense reductions totaled \$48,938 and \$0 for 2007 and 2008, respectively.

Note 6 - Leases

Operating Leases

The Agricultural Foundation has entered into several operating leases for which no lease payments are required by the lessee, as follows:

- Use of San Joaquin Experimental Range for cattle grazing, with the United States Department of Agriculture (USDA), expiring September 30, 2004 and is operating on a month-to-month basis.
- Land for grazing purposes (Millerton Lake), with the United States Department of the Interior Bureau of Reclamation, expiring June 30, 2010.

Note 7 – Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2007 and 2008 are available for the following:

	<u>2007</u>	<u>2008</u>
Hackney Horse Unit	<u>\$13,551</u>	<u>\$18,224</u>

Note 8 - Expenses by Natural Classification

For The Years Ended June 30:

Expenses	2007			2008		
	Program	General & Administrative	Total	Program	General & Administrative	Total
Cost of Sales	\$1,333,678		\$1,333,678	\$1,402,230		\$1,402,230
Salaries	1,118,197		1,118,197	1,251,295		1,251,295
Employee Benefits	57,160		57,160	61,309		61,309
Administrative Fees	123,174		123,174	138,107		138,107
Advertising	22,294		22,294	19,994		19,994
Audit Fees	0	\$15,346	15,346	0	\$15,695	15,695
Awards/Premiums	22,342		22,342	27,016		27,016
Capitalized Development Cost-						
Depreciation	58,525		58,525	58,525		58,525
Custom Harvesting	137,881		137,881	95,929		95,929
Depreciation	161,032		161,032	171,323		171,323
Equipment Rental/Repair	235,494		235,494	304,535		304,535
Incentive Fee Transfers	20,562		20,562	29,487		29,487
Infrastructure Improvements	47,501		47,501	56,186		56,186
Insurance	13,073	26,800	39,873	14,813	26,210	41,023
Licenses/Dues/Fees	36,898	870	37,768	93,478	1,370	94,848
Livestock Expense	228,409		228,409	301,576		301,576
Management Services Fee	0	108,000	108,000	0	113,000	113,000
Miscellaneous	67,511	4,039	71,550	88,467	3,970	92,437
Office Supplies/Duplicating	2,743	1,885	4,628	3,844	1,401	5,245
Postage/Freight	9,139		9,139	11,893		11,893
Student Profit on Projects	0		0	0		0
Supplies	556,386		556,386	520,159		520,159
Travel	12,365		12,365	7,107		7,107
University Donations	0		0	19,500		19,500
Unrealized Loss on Investments	0		0	102,843		102,843
Unrelated Business Income						
Taxes (Refund)	0		0	(10,698)		(10,698)
Utilities	47,293		47,293	53,927		53,927
Totals	\$4,311,657	\$156,940	\$4,468,597	\$4,822,845	\$161,646	\$4,984,491

The program expenses are incurred by various instructional labs, which teach students how to operate a business. These labs promote and assist the educational services of the school.

ADDITIONAL INFORMATION FOR
CALIFORNIA STATE UNIVERSITY, FRESNO

THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
SCHEDULE OF NET ASSETS
JUNE 30, 2008
 (for inclusion in the California State University)

<u>ASSETS</u>	<u>TOTALS</u>
<u>Current Assets:</u>	
Cash and Cash Equivalents	578,636
Short-Term Investments	99,850
Accounts Receivable, Net	366,490
Prepaid Expenses and Other Assets	766,140
Total Current Assets	<u>1,811,116</u>
<u>Non-Current Assets:</u>	
Accounts Receivable, Net	26,388
Endowment Investments	705,856
Capital Assets, net	<u>1,700,763</u>
Total Non-Current Assets	<u>2,433,007</u>
Total Assets	<u><u>4,244,123</u></u>
 <u>Liabilities:</u>	
<u>Current Liabilities:</u>	
Accounts Payable	469,407
Accrued Salaries and Benefits Payable	5,335
Accrued Compensated Absences, Current Portion	1,000
Other Liabilities	<u>18,044</u>
Total Current Liabilities	493,786
 <u>Noncurrent Liabilities</u>	
Accrued Compensated Absences, Net of Current Portion	<u>3,930</u>
Total Liabilities	497,716
 <u>Net Assets:</u>	
Invested in Capital Assets, Net of Related Debt	1,700,763
<u>Restricted for:</u>	
<u>Expendable:</u>	
Other	18,224
Unrestricted	<u>2,027,420</u>
Total Net Assets	<u>3,746,407</u>
Total Liabilities and Net Assets	<u><u>4,244,123</u></u>

See accompanying independent auditors' report.

THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2008
(for inclusion in the California State University)

REVENUES

Operating Revenues:

Sales and Services of Auxiliary Enterprises	4,526,701
Other Operating Revenues	165,140
Total Operating Revenues	4,691,841

EXPENSES

Operating Expenses:

Auxiliary Enterprise Expenses	4,651,800
Depreciation and Amortization	229,848
Total Operating Expenses	4,881,648

Operating Loss (189,807)

NONOPERATING REVENUES (EXPENSES)

Gifts, noncapital	24,600
Investment Income, net	23,537
Endowment Loss	(68,066)
Net Nonoperating Expenses	(19,929)

Decrease in Net Assets (209,736)

NET ASSETS

Net Assets at Beginning of Year	3,956,143
Net Assets at End of Year	3,746,407

See accompanying independent auditors' report.

THE AGRICULTURAL FOUNDATION OF CALIFORNIA STATE UNIVERSITY, FRESNO
OTHER INFORMATION
JUNE 30, 2008
(for inclusion in the California State University)

1. Restricted Cash and Cash Equivalents at June 30, 2008
 Not Applicable

2. Composition of Investments at June 30, 2008:

State of California Local Agency Investment Fund (LAIF) Debt and Equity Securities Total Investments	Noncurrent		Total	
	Current	Unrestricted	Restricted	Noncurrent
	99,850	0	0	0
	0	705,856	0	0
	99,850	705,856	0	0
				805,706

2.1 Restricted noncurrent Investments at June 30, 2008
 Not Applicable

3. Composition of Capital Assets at June 30, 2008

Non-Depreciable Capital Assets: Capitalized Development Costs Construction Work in Progress (CWIP) Total Non-Depreciable Capital Assets	Balance		Transfers of	
	June 30, 2007	June 30, 2008	Completed CWIP	Balance
	70,373	18,884	0	(55,259)
	61,676	514,297	0	(81,113)
	132,049	533,181	0	(136,372)
				528,858

Depreciable Capital Assets:

Breeding Herd	192,923	2,918	(10,152)	0	185,689
Capitalized Development Costs	529,988	0	0	55,259	585,247
Personal Property-Equipment	1,153,468	158,173	0	81,113	1,392,754
Total Depreciable Capital Assets	1,876,379	161,091	(10,152)	136,372	2,163,690
Total Cost	2,008,428	694,272	(10,152)	0	2,692,548
Less Accumulated Depreciation:					
Breeding Herd	(16,153)	(3,539)	0	0	(19,692)
Capitalized Development Costs	(258,295)	(58,525)	0	0	(316,820)
Personal Property-Equipment	(483,950)	(167,784)	(3,539)	0	(655,273)
Total Accumulated Depreciation	(758,398)	(229,848)	(3,539)	0	(991,785)
Net Capital Assets	1,250,030	464,424	(13,691)	0	1,700,763

* Reconciling item due to Breeding Herd changes in valuations recorded in Cost of Sales.

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OTHER INFORMATION
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(for inclusion in the California State University)

3. Detail of Depreciation and Amortization Expense for the Year Ended June 30, 2008:

Depreciation and Amortization Expense Related to Capital Assets	229,848
Amortization Expense Related to Other Assets	0
<u>Total Depreciation and Amortization</u>	<u>229,848</u>

4. Long-Term Liabilities Activity Schedule

Description	Balance June 30, 2007	Additions	Reductions	Balance June 30, 2008	Long-Term Portion	Short-Term Portion
Accrued Compensated Absences	5,260		(330)	4,930	3,930	1,000

5. Future Minimum Lease Payments:
Not Applicable

6. Long-Term Debt Obligation Schedule:
Not Applicable

7. Calculation of Net Assets - Invested in Capital Assets, Net of Related Debt:

	Auxiliary Organizations	Total
	GASB	Auxiliaries
	0	1,700,763

Capital assets, net of accumulated depreciation

8. Transactions with Related Entities

	Amounts
Reimbursements to University for salaries of University personnel working on contracts, grants, and other programs	0
Reimbursements to University for other than salaries of University personnel	150,539
Payments received from University for services, space, and programs	0
Gifts-in-kind to the University from Auxiliary Organizations	0
Amounts (payable to) University	0
Amounts receivable from University	0

9. The Nature and Amount of the Prior Period Adjustment(s) Recorded to Beginning Net Assets:
Not Applicable

