CALIFORNIA PISTACHIO RESEARCH BOARD

FINANCIAL STATEMENTS
For the Fiscal Years Ended July 31, 2024 and 2023

C O N T E N T S

cuttone & mastro
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
California Pistachio Research Board
Fresno, California

Opinion

We have audited the accompanying financial statements of the California Pistachio Research Board (the Board), which comprise the statements of net position as of July 31, 2024 and 2023, and the related statements of revenues, expenses, change in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the California Pistachio Research Board's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the California Pistachio Research Board as of July 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the California Pistachio Research Board and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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 and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the California Pistachio Research Board's ability to continue as a going concern within one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists.

7543 North Ingram, Suite 102
Fresno, California 93711
phone 559-261-4300
fax 559-261-4301

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in circumstances, but not for the purpose of expressing an opinion on the effectiveness of the California Pistachio Research Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the California Pistachio Research Board's ability to continue as a going concern for a reasonable period of time.
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Management has omitted management's discussion and analysis and our opinion on the basic financial statements is not affected by this missing information

Cuttone & Mastro

Fresno, California
April 24, 2025

CALIFORNIA PISTACHIO RESEARCH BOARD
Statements of Net Position
For the Years Ended July 31, 2024 and 2023

	2024	Restated 2023
ASSETS		
Current Assets		
Cash and cash equivalents	$ 5,853,556	$ 6,057,338
Prepaid research expense	245,640	208,629
Total Current Assets	6,099,196	6,265,967
Capital assets, net of accumulated depreciation	64,412	58,198
Total Assets	6,163,608	6,324,165
LIABILITIES		
Current Liabilities		
Accounts payable	21,958	35,898
Farm Advisor Research Support Payable	240,038	155,504
Research projects payable	786,719	450,169
Total Liabilities	1,048,715	641,571
NET POSITION		
Invested in capital assets	64,412	58,198
Unrestricted	5,050,481	5,624,396
Total Net Position	$ 5,114,893	$ 5,682,594

See accompanying notes to the financial statements

CALIFORNIA PISTACHIO RESEARCH BOARD
Statements of Revenues, Expenses and Change in Net Position
For the Years Ended July 31, 2024 and 2023

	2024	Restated 2023
OPERATING REVENUES		
Assessments	$ 2,224,966	$ 1,757,394
Total Operating Revenues	2,224,966	1,757,394
OPERATING EXPENSES		
Research projects expenses	2,593,725	2,810,071
Farm Advisor Research Support	84,534	99,164
Administrative expenses	330,774	320,841
Total Operating Expenses	3,009,033	3,230,076
Operating Loss	(784,067)	(1,472,682)
NON-OPERATING REVENUES		
Investment income	216,366	141,106
Total Non-Operating Revenues	216,366	141,106
Change in Net Position	(567,701)	(1,331,576)
Net Position, beginning of year, as previously stated	5,682,594	5,486,310
Prior period adjustment	-	1,527,860
Net Position, beginning of year, as restated	5,682,595	7,014,170
Net Position, end of year	$ 5,114,893	$ 5,682,594

See accompanying notes to the financial statements

CALIFORNIA PISTACHIO RESEARCH BOARD
Statements of Cash Flows
For the Years Ended July 31, 2024 and 2023

	2024	Restated 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash collected from assessments	$ 2,224,966	$ 1,757,394
Cash paid for goods and services	(2,632,062)	(2,862,385)
Net cash (used) by operating activities	(407,096)	(1,104,991)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	216,366	141,106
Net cash provided by investing activities	216,366	141,406
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash paid for asset acquisitions	(13,052)	(60,900)
Net cash (used) by capital and related financing activities	(13,052)	(60,900)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(203,782)	(1,024,785)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	6,057,338	7,082,123
CASH AND CASH EQUIVALENTS CASH, END OF YEAR	$ 5,853,556	$ 6,057,338
Reconciliation of operating loss to net cash (used) by operating activities:		
Operating Loss	$ (784,067)	$ (1,472,682)
Adjustments to reconcile operating loss to net cash (used) by operating activities:		
Depreciation	6,838	2,702
(Increase) Decrease in:		
Prepaid research expense	(37,011)	20,674
Increase (Decrease) in:		
Accounts payable	(13,940)	10,350
Farm Advisor Research Support Payable	84,534	99,164
Research projects payable	336,550	234,801
Net cash (used) by operating activities	$ (407,096)	$ (1,104,991)

See accompanying notes to the financial statements

Note 1 – Summary of Significant Accounting Policies

Nature of business – The California Pistachio Research Board (the Board) is a California State Marketing Order, authorized by a grower referendum in December 2007 and operating under the oversight of the California Department of Food and Agriculture. Mandatory assessments paid by pistachio producers are used to fund research on pistachio propagation, production, harvesting, handling, and preparation for market, as well as provide educational opportunities and materials for pistachio growers. The Board's members and alternates are California pistachio growers or employees of growers and are elected at large to three-year terms.

Basis of measurement focus, accounting, and financial statement presentation – The basic financial statements of the Board have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Board are described below.

All activities of the Board are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (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 (b) 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 purposes.

The accounting and financial reporting treatment applied to the Board is determined by its measurement focus. The transactions of the Board are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the statement of net position. Net position (i.e., total assets net of total liabilities) are segregated into "restricted" and "unrestricted" components.

Financial reporting entity – GASB Statement No. 14, The Financial Reporting Entity, as amended by GASB Statement No. 39, Determining Whether Certain Organizations Are Component Units, and as amended by GASB Statement No. 61, The Financial Reporting Entity: Omnibus, establishes criteria for determining which organizations should be included in a governmental reporting entity. Based on those criteria and definitions, the Board is the primary government and there are no potential component units to be included with the accompanying basic financial statements of the Board.

Revenue recognition – The Board recognizes revenue as assessments are earned.

Cash and cash equivalents – Cash and cash equivalents, for purposes of the statement of cash flows, include cash on hand or deposited with the State of California's Local Agency Pool or other financial institutions, with original maturity dates of less than 12 months. Deposits in the State of California's Local Agency Pool can be liquidated at any time and therefore are considered a "cash equivalent" when preparing the financial statements.

Use of estimates – The preparation of basic 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 basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 1 – Summary of Significant Accounting Policies (continued)

Operating and Non-operating Revenues – Operating revenues consist of assessments and are considered exchange transactions associated with the principal activity of the Board. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as interest, result from nonexchange transactions or ancillary activities.

Capital Assets – Capital assets are carried at cost less accumulated depreciation. The Committee capitalizes assets valued over $1,000. Depreciation is computed on the straight-line method over estimated useful lives of 10 years.

Income taxes – No provision is made for income taxes as the Board is an instrumentality of the State of California government and is not subject to federal or state income taxes.

Research project expenses – Each year, researchers submit proposals to the Board for research projects that they would like to have funded. The Board reviews the proposals and votes on the projects they would like to fund. Contracts are executed in February or March of each year, and the payment schedule for these grants are 50% in March, 25% in August and the remaining 25% when the Board receives the executive summary and final report for the projects. Research project expenses are recognized over the contract term of one year beginning in March of each year and reported in the statement of revenues, expenses and changes in net position.

In 2024, the Board encumbered $2,702,799 for research projects. For the period of March 2024 through July 2024, $1,133,199 was recognized as expense. The remaining balance of $1,569,479 is considered committed by the Board and will be recognized as research project expense during the period of August 2024 through February 2025.

In 2023, the Board encumbered $2,503,551 for research projects. For the period of March 2023 through July 2023, $1,043,146 was recognized as expense. The remaining balance of $1,460,405 is considered committed by the Board and will be recognized as research project expense during the period of August 2023 through February 2024.

Equity Classifications – Equity is classified as net position and displayed in three components:

Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bond's mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

For the year ending July 31, 2024, the unrestricted net position was $5,050,481, of which $1,569,479 is committed to the payment of 2024 research project expenses. This resulted in $3,481,002 of unrestricted net position after commitments. For the year ending July 31, 2023, the unrestricted net position was $5,624,396, of which $1,460,405 was committed to the payment of 2023 research project expenses. This resulted in $4,163,991 of unrestricted net position after commitments.

Note 1 – Summary of Significant Accounting Policies (continued)

Subsequent events – Subsequent events are events or transactions that occur after the statement of net position date, but before financial statements were available to be issued. The Board recognizes in the basic financial statements that effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of net position, including the estimates inherent in the process of preparing the basic financial statements. The Board's basic financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of net position, but arose after the statement of net position date and before financial statements are available to be issued.

The Board has evaluated subsequent events through April 24, 2025, which is the date the basic financial statements were available to be issued.

Note 2 – Cash and Cash Equivalents

The following details the cash and cash equivalent accounts maintained by the Board as of July 31, 2024 and 2023:

	2024	2023
Wells Fargo Checking	$ 529,073	$ 749,087
Local Agency Investment Fund (LAIF)	5,324,452	5,308,220
Petty Cash	31	31
Total	$ 5,853,556	$ 6,057,338

Investments authorized by the California government code – The Board does not have an investment policy independent of what is allowed under the California Government Code.

Disclosures relating to interest rate risk – Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Disclosures relating to credit risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF does not have a rating provided by a nationally recognized statistical rating organization.

Concentration of credit risk – Investments in any one issuer that represent five (5) percent or more of the Board's total investments is LAIF.

Custodial credit risk – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposit made by the state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Board deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Note 2 – Cash and Cash Equivalents (continued)

Custodial credit risk (cont.)
Funds held at financial institutions are insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC). As of July 31, 2024 and 2023, the Board had cash balances on deposit that exceeded the balance insured by the FDIC by $291,572 and $510,189, respectively.

Investment in State Investment Pool – The Board is a voluntary participant in LAIF, which is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Board's investment in this pool is reported in the accompanying basic financial statements at amounts based upon the Board's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Note 3 – Capital Assets, Net

Capital asset, net activity for year ended July 31, 2024 was as follows:

	Balance 7/31/23	Additions	Deletions	Balance 7/31/24
Office equipment	$ 60,900	$ 13,052	$ -	$ 73,952
Total	60,900	13,052	-	73,952
Less accumulated depreciation	(2,702)	(6,838)	-	(9,540)
Net capital assets	$ 58,198	$ 6,214	$ -	$ 64,412

Capital asset, net activity for year ended July 31, 2023 was as follows:

	Balance 7/31/22	Additions	Deletions	Balance 7/31/23
Office equipment	$ -	$ 60,900	$ -	$ 60,900
Total	-	60,900	-	60,900
Less accumulated depreciation	-	(2,702)	-	(2,702)
Net capital assets	$ -	$ 58,198	$ -	$ 58,198

Depreciation expense for the years ended July 31, 2024 and 2023 were $6,838 and $2,702, respectively.

Note 4 – Assessment Revenue

The Board is financed through handler assessments. The assessment rate established by the Board was $0.0015 for the year ended July 31, 2024. Assessable weight for the year ended July 31, 2024 was 1,483,310,745 pounds, generating $2,224,966 of assessment revenue. The assessment rate established by the Board was $0.002 for the year ended July 31, 2023. Assessable weight for the year ended July 31, 2023 was 878,697,033 pounds, generating $1,757,394 of assessment revenue.

Note 5 – Related-Party, Net Transactions

In January 2008, the Board and the Administrative Committee for Pistachios (the Committee), a federal marketing order, established a Memorandum of Understanding (MOU) for the contracting of management and administrative services on behalf of the Board. The Committee manager and administrative assistant are responsible for carrying out the activities of the Board, and the Committee provides office space and overhead including telephone, fax and internet charges, materials, and other expenses incurred at the request of the Board. The Board pays the Committee a flat fee each month. The Board and Committee have common directors/committee members. The total paid to the Committee was $220,200 for each of the years ended July 31, 2024 and 2023, which is reported in administrative expenses on the statement of revenues, expenses, and changes in net position.

Note 6 – Prior Period Adjustment and Restatement

A misstatement in the Board's previously issued financial statements, have been corrected in the current year. This resulted in the following changes in net position as of July 31, 2023.

	Net Position
As previously reported, July 31, 2023	$ 5,838,098
Understatement of Farm Advisor Research Support expense	(99,164)
Understatement of prior period adjustment	(56,340)
Total Adjustment	(155,504)
As restated, July 31, 2023	$ 5,682,594

The effect of the corrections on changes in net position for the year ended July 31, 2024 has not been determined.

Farm Advisor Research Support expense was understated by $99,164 for the year ended July 31, 2023 since Farm Advisor Research Support expense was not accrued for due to delayed billing from University of California Davis. Additionally, the prior period adjustment was understated by $56,340 for Farm Advisor Research Support expense for the year ending July 31, 2022 that was not accrued. Farm Advisor Research Support payable was understated by the total of $155,504 as of July 31, 2023.

A misstatement in the Board's previously issued financial statements, was also corrected in the year ending July 31, 2023. This resulted in the following changes in net position as of July 31, 2022.

	Net Position
As previously reported, July 31, 2022	$ 5,486,310
Understatement of Prepaid research expense	229,303
Overstatement of Research projects payable	1,375,816
Understatement of Farm Advisor Research Support expense	(56,340)
Understatement of Accounts payable for CDFA marketing expenses	(20,919)
Total Adjustment	1,527,860
As restated, July 31, 2022	$ 7,014,170

Prepaid research expense, an asset, was understated by $229,303 and Research projects payable was overstated by $1,375,816 since 100% of research expenses were recorded upfront in March 2022 when the contracts were executed instead of recognizing the expense over the contract period of one year beginning in March 2022. In addition, Farm Advisor Research Support expense of $56,340 and CDFA marketing expenses for April through July 2022 totaling $20,919 were not accrued for in the year ending July 31, 2022.