

**CALIFORNIA PISTACHIO RESEARCH BOARD**

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**FINANCIAL STATEMENTS**  
**For the Fiscal Years Ended July 31, 2025 and 2024**

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## **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, 2025 and 2024, 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, 2025 and 2024, 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. 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 will always detect a material misstatement when it exists.

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  
January 8, 2026

**CALIFORNIA PISTACHIO RESEARCH BOARD**  
**Statements of Net Position**  
**For the Years Ended July 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
<b><u>ASSETS</u></b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 4,152,741	\$ 5,853,556
Accounts receivable	6,378	-
Prepaid research expense	<u>202,915</u>	<u>245,640</u>
Total Current Assets	4,362,034	6,099,196
<b>Capital assets, net of accumulated depreciation</b>	<u>65,284</u>	<u>64,412</u>
Total Assets	<u>4,427,318</u>	<u>6,163,608</u>
<b><u>LIABILITIES</u></b>		
<b>Current Liabilities</b>		
Accounts payable	27,603	21,958
Farm Advisor Research Support Payable	120,684	240,038
Research projects payable	<u>421,120</u>	<u>786,719</u>
Total Liabilities	<u>569,407</u>	<u>1,048,715</u>
<b><u>NET POSITION</u></b>		
Invested in capital assets	65,284	64,412
Unrestricted	<u>3,792,627</u>	<u>5,050,481</u>
Total Net Position	<u>\$ 3,857,911</u>	<u>\$ 5,114,893</u>

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, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
<b><u>OPERATING REVENUES</u></b>		
Assessments	\$ <u>1,648,827</u>	\$ <u>2,224,966</u>
Total Operating Revenues	<u>1,648,827</u>	<u>2,224,966</u>
<b><u>OPERATING EXPENSES</u></b>		
Research projects expenses	2,649,055	2,593,725
Farm Advisor Research Support	120,684	84,534
Administrative expenses	<u>360,949</u>	<u>330,774</u>
Total Operating Expenses	<u>3,130,688</u>	<u>3,009,033</u>
Operating Loss	(1,481,861)	(784,067)
<b><u>NON-OPERATING REVENUES</u></b>		
Investment income	202,545	216,366
Refund from USDA	<u>22,334</u>	<u>-</u>
Total Non-Operating Revenues	<u>224,879</u>	<u>216,366</u>
Change in Net Position	<u>(1,256,982)</u>	<u>(567,701)</u>
Net Position, beginning of year	<u>5,114,893</u>	<u>5,682,595</u>
Net Position, end of year	\$ <u>3,857,911</u>	\$ <u>5,114,893</u>

See accompanying notes to the financial statements

**CALIFORNIA PISTACHIO RESEARCH BOARD**  
**Statements of Cash Flows**  
**For the Years Ended July 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash collected from assessments	\$ 1,644,759	\$ 2,224,966
Other income received	22,334	-
Cash paid for goods and services	<u>(3,561,603)</u>	<u>(2,632,062)</u>
Net cash (used) by operating activities	<u>(1,894,510)</u>	<u>(407,096)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income	<u>202,545</u>	<u>216,366</u>
Net cash provided by investing activities	<u>202,545</u>	<u>216,366</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Cash paid for asset acquisitions	<u>(8,850)</u>	<u>(13,052)</u>
Net cash (used) by capital and related financing activities	<u>(8,850)</u>	<u>(13,052)</u>
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(1,700,815)	(203,782)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>5,853,556</u>	<u>6,057,338</u>
<b>CASH AND CASH EQUIVALENTS CASH, END OF YEAR</b>	\$ <u>4,152,741</u>	\$ <u>5,853,556</u>
<b>Reconciliation of operating loss to net cash (used) by operating activities:</b>		
Operating Loss	\$ (1,481,861)	\$ (784,067)
Adjustments to reconcile operating loss to net cash (used) by operating activities:		
Depreciation	7,978	6,838
Refund from USDA	22,334	-
(Increase) Decrease in:		
Accounts receivable	(6,378)	
Prepaid research expense	42,725	(37,011)
Increase (Decrease) in:		
Accounts payable	5,645	(13,940)
Farm Advisor Research Support Payable	(119,354)	84,534
Research projects payable	<u>(365,599)</u>	<u>336,550</u>
Net cash (used) by operating activities	\$ <u>(1,894,510)</u>	\$ <u>(407,096)</u>

See accompanying notes to the financial statements

**CALIFORNIA PISTACHIO RESEARCH BOARD**  
**Notes to Financial Statements**  
**July 31, 2025 and 2024**

**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.

# CALIFORNIA PISTACHIO RESEARCH BOARD

## Notes to Financial Statements

July 31, 2025 and 2024

### 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 2025, the Board encumbered \$2,499,980 for research projects. For the period of March 2025 through July 2025, \$1,079,574 was recognized as expense. The remaining balance of \$1,420,406 is considered committed by the Board and will be recognized as research project expense during the period of August 2025 through February 2026.

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 was recognized as research project expense during the period of August 2024 through February 2025.

**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.”

As of July 31, 2025, the unrestricted net position was \$3,792,627, of which \$1,420,406 is committed to the payment of 2025 research project expenses. This resulted in \$2,372,221 of unrestricted net position after commitments. As of 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.

# CALIFORNIA PISTACHIO RESEARCH BOARD

## Notes to Financial Statements

July 31, 2025 and 2024

### 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 January 8, 2026, 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, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Wells Fargo Checking	\$ 675,790	\$ 529,073
Local Agency Investment Fund (LAIF)	3,476,920	5,324,452
Petty Cash	<u>31</u>	<u>31</u>
Total	<u>\$ 4,152,741</u>	<u>\$ 5,853,556</u>

**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.

# CALIFORNIA PISTACHIO RESEARCH BOARD

## Notes to Financial Statements

July 31, 2025 and 2024

### Note 2 – Cash and Cash Equivalents (continued)

#### Custodial credit risk (continued)

Funds held at financial institutions are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). As of July 31, 2025 and 2024, the Board had cash balances on deposit that exceeded the balance insured by the FDIC by \$483,921 and \$291,572, 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, 2025 was as follows:

	Balance 7/31/24	Additions	Deletions	Balance 7/31/25
Office equipment	\$ <u>73,952</u>	\$ <u>8,850</u>	\$ <u>-</u>	\$ <u>82,802</u>
Total	73,952	8,850	-	82,802
Less accumulated depreciation	<u>(9,540)</u>	<u>(7,978)</u>	<u>-</u>	<u>(17,518)</u>
Net capital assets	\$ <u>64,412</u>	\$ <u>872</u>	\$ <u>-</u>	\$ <u>65,284</u>

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	\$ <u>60,900</u>	\$ <u>13,052</u>	\$ <u>-</u>	\$ <u>73,952</u>
Total	60,900	13,052	-	73,952
Less accumulated depreciation	<u>(2,702)</u>	<u>(6,838)</u>	<u>-</u>	<u>(9,540)</u>
Net capital assets	\$ <u>58,198</u>	\$ <u>6,214</u>	\$ <u>-</u>	\$ <u>64,412</u>

Depreciation expense for the years ended July 31, 2025 and 2024 were \$7,978 and \$6,838, respectively.

### Note 4 – Assessment Revenue

The Board is financed through handler assessments. The assessment rate established by the Board was \$0.0015 for the years ended July 31, 2025 and 2024. Assessable weight for the year ended July 31, 2025 was 1,099,217,810 pounds, generating \$1,648,827 of assessment revenue. Assessable weight for the year ended July 31, 2024 was 1,483,310,745 pounds, generating \$2,224,966 of assessment revenue.

## **CALIFORNIA PISTACHIO RESEARCH BOARD**

### **Notes to Financial Statements**

**July 31, 2025 and 2024**

#### **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, 2025 and 2024, which is reported in administrative expenses on the statement of revenues, expenses, and changes in net position.

#### **Note 6 – Farm Advisor Research Support Expenses**

In July 27, 2021, the California Walnut Board, Almond Board of California, California Pistachio Research Board (the Board), and the California Prune Board entered into a joint Memorandum of Agreement with The Regents of the University of California, Agriculture and Natural Resources (UC ANR) to co-fund the positioning of four UC ANR Staff Research Associates to assist UC ANR Farm Advisors in the conduct of their applied research and extension outreach activities addressing industry needs in four key nut-producing regions. The initiative was expected to continue for at least three years, with annual renewed funding subject to the availability of funds and annual review of the project's progress and effectiveness. The project was renewed through July 2025 and 2026. The Board's pro-rate share of Farm Advisor Research Support expenses for the years ended July 31, 2025 and 2024 were \$120,684 and \$84,534, respectively. For the year ending July 31, 2026, the Board's pro-rata share of Farm Advisor Research Support expenses is \$99,816.