

CALIFORNIA WHEAT COMMISSION

Financial Statements
Supplementary Information
&
Independent Auditor's Report

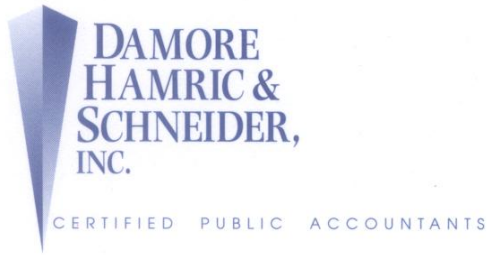
For the Fiscal Years Ended April 30, 2009 & 2008

California Wheat Commission

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
of California Wheat Commission

We have audited the accompanying financial statements of the governmental activities and business-type activities of the California Wheat Commission as of and for the fiscal years ended April 30, 2009 and 2008, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements 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 audit 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and business-type activities of the California Wheat Commission as of April 30, 2009 and 2008, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis (MD&A) is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. California Wheat Commission has elected to omit the MD&A.


DAMORE, HAMRIC & SCHNEIDER, INC.
Certified Public Accountant

August 25, 2009

California Wheat Commission

STATEMENTS OF NET ASSETS

April 30, 2009 and 2008

	Governmental Activities	Business-Type Activities	Total 2009	Governmental Activities	Business-Type Activities	Total 2008
<u>Current Assets:</u>						
Cash and Cash Equivalents	\$ 3,884	\$ 527,989	\$ 531,873	\$ 3,188	\$ 339,893	\$ 343,081
Short-Term Investments	\$	\$ 514,000	\$ 514,000	\$	\$	\$
Receivables:						
Assessments	\$	\$ 26,564	\$ 26,564	\$	\$ 58,231	\$ 58,231
Interfund Receivable, Current Portion		700	700		1,223	1,223
Other		7,563	7,563		1,744	1,744
	\$	\$ 34,827	\$ 34,827	\$	\$ 61,198	\$ 61,198
Prepaid Contracts	\$	\$ 19,646	\$ 19,646	\$	\$ 3,708	\$ 3,708
Prepaid Expenses		5,138	5,138		5,836	5,836
	\$	\$ 24,784	\$ 24,784	\$	\$ 9,544	\$ 9,544
<u>Restricted Assets:</u>						
Temporarily Restricted:						
Cash and Cash Equivalents	\$	\$ 1,000	\$ 1,000	\$	\$ 1,000	\$ 1,000
Accounts Receivable					5,000	5,000
	\$	\$ 1,000	\$ 1,000	\$	\$ 6,000	\$ 6,000
Total Current Assets	\$ 3,884	\$ 1,102,600	\$ 1,106,484	\$ 3,188	\$ 416,635	\$ 419,823
Property and Equipment, Net of Accumulated Depreciation	\$	\$ 288,490	\$ 288,490	\$	\$ 273,942	\$ 273,942
Interfund Receivable, Net of Current Portion		5,600	5,600		6,300	6,300
Total Non-Current Assets	\$	\$ 294,090	\$ 294,090	\$	\$ 280,242	\$ 280,242
Total Assets	\$ 3,884	\$ 1,396,690	\$ 1,400,574	\$ 3,188	\$ 696,877	\$ 700,065

The accompanying notes are an integral part of the financial statements.

California Wheat Commission

STATEMENTS OF NET ASSETS

April 30, 2009 and 2008

	Governmental Activities	Business-Type Activities	Total 2009	Governmental Activities	Business-Type Activities	Total 2008
<u>Current Liabilities:</u>						
Accounts Payable	\$ 132	\$ 13,807	\$ 13,939	\$	\$ 10,018	\$ 10,018
Contributions Payable, Current Portion		1,777	1,777		1,887	1,887
Pension Payable		27,061	27,061		26,234	26,234
Accrued Vacation		30,098	30,098		19,363	19,363
Mortgage Payable, Current Portion		110,458	110,458		6,260	6,260
Interfund Payable, Current Portion	700		700	1,223		1,223
Total Current Liabilities	\$ 832	\$ 183,201	\$ 184,033	\$ 1,223	\$ 63,762	\$ 64,985
Mortgage Payable, Net of Current Portion	\$	\$	\$	\$	\$ 110,350	\$ 110,350
Contributions Payable, Net of Current Portion		3,553	3,553		5,329	5,329
Interfund Payable, Net of Current Portion	5,600		5,600	6,300		6,300
Total Non-Current Liabilities	\$ 5,600	\$ 3,553	\$ 9,153	\$ 6,300	\$ 115,679	\$ 121,979
Total Liabilities	\$ 6,432	\$ 186,754	\$ 193,186	\$ 7,523	\$ 179,441	\$ 186,964
<u>Net Assets:</u>						
Invested in Capital Assets, Net of Related Debt	\$	\$ 178,032	\$ 178,032	\$	\$ 157,332	\$ 157,332
Restricted		1,000	1,000		6,000	6,000
Unrestricted (Deficit)	(2,548)	1,030,904	1,028,356	(4,335)	354,104	349,769
Total Net Assets	(\$ 2,548)	\$ 1,209,936	\$ 1,207,388	(\$ 4,335)	\$ 517,436	\$ 513,101
Total Liabilities and Net Assets	\$ 3,884	\$ 1,396,690	\$ 1,400,574	\$ 3,188	\$ 696,877	\$ 700,065

The accompanying notes are an integral part of the financial statements.

California Wheat Commission

STATEMENTS OF ACTIVITIES

For the Year Ended April 30, 2009 and 2008

Functions/Programs:	Program Revenues			Net Revenue and Changes In Net Assets			Program Revenues			Net (Expense) Revenue and Changes In Net Assets				
	Expenses	Charges for Services	Contributions	Governmental Activities	Business-Type Activities	Total 2009	Expenses	Charges for Services	Contributions	Governmental Activities	Business-Type Activities	Total 2008		
Primary Government:														
Governmental Activities:														
Special Revenue	\$ 8,982	\$	\$ 10,750	\$ 1,768	\$	\$ 1,768	\$ 23,799	\$	\$ 10,000	(\$ 13,799)	\$	(\$ 13,799)		
Business-Type Activities:														
Wheat Commission	801,180	1,406,987			605,807	605,807	666,836	846,940			180,104	180,104		
Total Primary Government	<u>\$ 810,162</u>	<u>\$ 1,406,987</u>	<u>\$ 10,750</u>	<u>\$ 1,768</u>	<u>\$ 605,807</u>	<u>\$ 607,575</u>	<u>\$ 690,635</u>	<u>\$ 846,940</u>	<u>\$ 10,000</u>	<u>(\$ 13,799)</u>	<u>\$ 180,104</u>	<u>\$ 166,305</u>		
	<u>General Revenues:</u>						<u>General Revenues:</u>							
				\$ 19	\$ 86,693	\$ 86,712				\$ 21	\$ 26,572	\$ 26,593		
				Total General Revenue	\$ 19	\$ 86,693	\$ 86,712				Total General Revenue	\$ 21	\$ 26,572	\$ 26,593
				Change in Net Assets	\$ 1,787	\$ 692,500	\$ 694,287				Change in Net Assets	(\$ 13,778)	\$ 206,676	\$ 192,898
				Net Assets (Deficit) - Beginning	(4,335)	517,436	513,101				Net Assets - Beginning	9,443	310,760	320,203
				Net Assets (Deficit) - Ending	<u>(\$ 2,548)</u>	<u>\$ 1,209,936</u>	<u>\$ 1,207,388</u>				Net Assets - Ending (Deficit)	<u>(\$ 4,335)</u>	<u>\$ 517,436</u>	<u>\$ 513,101</u>

The accompanying notes are an integral part of the financial statements.

California Wheat Commission

BALANCE SHEETS
GOVERNMENTAL FUNDS

April 30, 2009 and 2008

ASSETS

<u>Current Assets:</u>	Special Revenue 2009	Special Revenue 2008
Cash and Cash Equivalents	\$ 3,884	\$ 3,188
Total Current Assets	<u>\$ 3,884</u>	<u>\$ 3,188</u>
Total Assets	<u><u>\$ 3,884</u></u>	<u><u>\$ 3,188</u></u>

LIABILITIES AND FUND BALANCES

<u>Current Liabilities:</u>		
Accounts Payable	\$ 132	\$
Interfund Payable, Current Portion	<u>700</u>	<u>1,223</u>
Total Current Liabilities	\$ 832	\$ 1,223
Interfund Payable, Net of Current Portion	<u>5,600</u>	<u>6,300</u>
Total Liabilities	<u>\$ 6,432</u>	<u>\$ 7,523</u>
 <u>Fund Balances:</u>		
Unreserved (Deficit)	(<u>\$ 2,548</u>)	(<u>\$ 4,335</u>)
Total Fund Balances	(<u>\$ 2,548</u>)	(<u>\$ 4,335</u>)
Total Liabilities and Fund Balances	<u><u>\$ 3,884</u></u>	<u><u>\$ 3,188</u></u>

The accompanying notes are an integral part of the financial statements.

California Wheat Commission

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Years Ended April 30, 2009 and 2008

<u>Revenues:</u>	Special Revenue 2009	Special Revenue 2008
CA Collaborator Program	\$ 10,750	\$ 4,750
UC Davis Harvester Program		5,000
Other Income		250
Total Revenue	<u>\$ 10,750</u>	<u>\$ 10,000</u>
 <u>Expenses:</u>		
General and Administrative	\$ 8,982	\$ 5,299
UC Davis Harvester Program		18,500
Total Expenses	<u>\$ 8,982</u>	<u>\$ 23,799</u>
Net Income	<u>\$ 1,768</u>	<u>(\$ 13,799)</u>
 <u>Other Income:</u>		
Interest Income	\$ 19	\$ 21
Total Other Income	<u>\$ 19</u>	<u>\$ 21</u>
Change In Fund Balance	\$ 1,787	(\$ 13,778)
Fund Balance (Deficit), Beginning of Year	(4,335)	9,443
Fund Balance (Deficit), End of Year	<u>(\$ 2,548)</u>	<u>(\$ 4,335)</u>

The accompanying notes are an integral part of the financial statements.

California Wheat Commission

STATEMENTS OF NET ASSETS
PROPRIETARY FUNDS

April 30, 2009 and 2008

	Wheat Commission 2009	Wheat Commission 2008
<u>Current Assets:</u>		
Cash and Cash Equivalents	\$ 527,989	\$ 339,893
Short-Term Investments	\$ 514,000	\$
Receivables:		
Assessments	\$ 26,564	\$ 58,231
Interfund Receivable, Current Portion	700	1,223
Other	7,563	1,744
	<u>\$ 34,827</u>	<u>\$ 61,198</u>
Prepaid Contracts	\$ 19,646	\$ 3,708
Prepaid Expenses	5,138	5,836
	<u>\$ 24,784</u>	<u>\$ 9,544</u>
Restricted Assets:		
Temporarily Restricted:		
Cash and Cash Equivalents	\$ 1,000	\$ 1,000
Accounts Receivable		5,000
	<u>\$ 1,000</u>	<u>\$ 6,000</u>
Total Current Assets	<u>\$ 1,102,600</u>	<u>\$ 416,635</u>
Property and Equipment, Net of Accumulated Depreciation	\$ 288,490	\$ 273,942
Interfund Receivable, Net of Current Portion	5,600	6,300
Total Non-Current Assets	<u>\$ 294,090</u>	<u>\$ 280,242</u>
Total Assets	<u><u>\$ 1,396,690</u></u>	<u><u>\$ 696,877</u></u>

The accompanying notes are an integral part of the financial statements.

California Wheat Commission

STATEMENTS OF NET ASSETS
PROPRIETARY FUNDS

April 30, 2009 and 2008

	Wheat Commission 2009	Wheat Commission 2008
<u>Current Liabilities:</u>		
Accounts Payable	\$ 13,807	\$ 10,018
Contributions Payable, Current Portion	1,777	1,887
Pension Payable	27,061	26,234
Accrued Vacation	30,098	19,363
Mortgage Payable, Current Portion	<u>110,458</u>	<u>6,260</u>
Total Current Liabilities	<u>\$ 183,201</u>	<u>\$ 63,762</u>
Mortgage Payable, Net of Current Portion	\$	\$ 110,350
Contributions Payable, Net of Current Portion	<u>3,553</u>	<u>5,329</u>
Total Non-Current Liabilities	<u>\$ 3,553</u>	<u>\$ 115,679</u>
Total Liabilities	<u>\$ 186,754</u>	<u>\$ 179,441</u>
<u>Net Assets:</u>		
Invested in Capital Assets, Net of Related Debt	\$ 178,032	\$ 157,332
Temporarily Restricted	1,000	6,000
Unrestricted	<u>1,030,904</u>	<u>354,104</u>
Total Net Assets	<u>\$ 1,209,936</u>	<u>\$ 517,436</u>
Total Liabilities and Net Assets	<u><u>\$ 1,396,690</u></u>	<u><u>\$ 696,877</u></u>

The accompanying notes are an integral part of the financial statements.

California Wheat Commission

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS

For the Years Ended April 30, 2009 and 2008

	Wheat Commission 2009	Wheat Commission 2008
	<u>2009</u>	<u>2008</u>
Assessments Revenue, Net of Refunds of \$63,113 in 2009 and \$29,211 in 2008	\$ 1,373,979	\$ 783,614
<u>Laboratory Revenue:</u>		
Crop Quality	\$ 9,058	\$ 8,889
Laboratory Analysis	<u>23,950</u>	<u>54,437</u>
	<u>\$ 33,008</u>	<u>\$ 63,326</u>
<u>Other Income:</u>		
Miscellaneous	\$ 70,200	\$ 9,476
Total Operating Revenue	<u>\$ 1,477,187</u>	<u>\$ 856,416</u>
<u>Expenses:</u>		
General and Administrative	\$ 377,902	\$ 353,224
Research Projects	136,402	82,036
Market Development	81,147	33,176
Laboratory	<u>195,361</u>	<u>184,029</u>
Total Operating Expenses	<u>\$ 790,812</u>	<u>\$ 652,465</u>
Operating Gain	<u>\$ 686,375</u>	<u>\$ 203,951</u>
<u>Other Income (Expense):</u>		
Interest Income	\$ 16,493	\$ 17,096
Interest Expense	<u>(10,368)</u>	<u>(14,371)</u>
Total Other Income	<u>\$ 6,125</u>	<u>\$ 2,725</u>
Change In Net Assets	\$ 692,500	\$ 206,676
Net Assets, Beginning of Year	<u>517,436</u>	<u>310,760</u>
Net Assets, End of Year	<u>\$ 1,209,936</u>	<u>\$ 517,436</u>

The accompanying notes are an integral part of the financial statements.

California Wheat Commission

STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS

For the Years Ended April 30, 2009 and 2008

	Wheat Commission 2009	Wheat Commission 2008
	<u>2009</u>	<u>2008</u>
<u>Cash Flows from Operating Activities:</u>		
Receipts from Customers	\$ 1,509,256	\$ 811,120
Payments to Employees	(364,697)	(355,945)
Payments to Suppliers	(397,910)	(252,501)
Net Cash Provided by Operating Activities	<u>\$ 746,649</u>	<u>\$ 202,674</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>		
Payments on Mortgage Payable	(\$ 6,152)	(\$ 5,391)
Proceeds from Equipment Loan		54,000
Payments on Equipment Loan		(54,000)
Interest on Mortgage Payable	(10,368)	(10,966)
Interest on Equipment Loan		(3,405)
Acquisition of Capital Assets	(44,526)	(57,505)
Net Cash Used by Capital and Related Financing Activities	<u>(\$ 61,046)</u>	<u>(\$ 77,267)</u>
<u>Cash Flows from Investing Activities:</u>		
Interest Income	\$ 16,493	\$ 17,096
Purchase of Short-Term Investments	(514,000)	
Net Cash Provided/(Used) by Investing Activities	<u>(\$ 497,507)</u>	<u>\$ 17,096</u>
Net Increase in Cash and Cash Equivalents	\$ 188,096	\$ 142,503
Cash and Cash Equivalents, Beginning of Year	<u>340,893</u>	<u>198,390</u>
Cash and Cash Equivalents, End of Year	<u>\$ 528,989</u>	<u>\$ 340,893</u>
Cash as Presented on the Statement of Net Assets		
Cash and Cash Equivalents	\$ 527,989	\$ 339,893
Restricted Cash and Cash Equivalents	<u>1,000</u>	<u>1,000</u>
Total Cash and Cash Equivalents	<u>\$ 528,989</u>	<u>\$ 340,893</u>

The accompanying notes are an integral part of the financial statements.

California Wheat Commission

STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS

For the Years Ended April 30, 2009 and 2008

	Wheat Commission 2009	Wheat Commission 2008
	<u>2009</u>	<u>2008</u>
<u>Reconciliation of Operating Income to Net Cash</u>		
<u>Provided by Operating Activities:</u>		
Operating Income	\$ 686,375	\$ 203,951
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	29,978	22,595
(Increase) Decrease in:		
Receivables	32,071 (45,295)
Prepaid Expenses	(15,240)	6,630
Increase (Decrease) in:		
Accounts Payable	3,789	5,443
Contributions Payable	(1,886)	7,216
Profit Sharing Contribution Payable	827	3,661
Compensated Absences	10,735 (1,527)
Net Cash Provided by Operating Activities	<u>\$ 746,649</u>	<u>\$ 202,674</u>

The accompanying notes are an integral part of the financial statements.

California Wheat Commission

NOTES TO FINANCIAL STATEMENTS

April 30, 2009 and 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of California Wheat Commission (Commission) conform to U.S. generally accepted accounting principles as applied to government units. The following is a summary of significant accounting policies.

A. Organization and Description of the Commission - The California Wheat Commission is a nonprofit, nontaxable instrumentality of the State of California operating within the authority of Chapter 10, Division 22 of the Food and Agriculture Code. It was formed in 1982 for the purpose of managing a research and market development program for the California wheat industry. The Commission also conducts research into the development of wheat varieties more suitable to the domestic and export trade, as well as varieties more productive under California growing conditions.

B. Blended Component Unit - The California Grain Foundation (Foundation) is presented as a blended component unit of the Commission in accordance with GASB Statement No. 14, *The Financial Reporting Entity* as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. While the Foundation is a legally separate entity, a majority of the members of the Board of the Foundation are also members of the Board of the Commission thereby allowing the Commission to exert complete control over the Foundation's activities. The Commission also provides all management and administrative services for the Foundation. The financial statements of the Foundation may be obtained by writing the Foundation at 1240A Commerce Ave., Woodland, CA, 95776.

The Foundation is a nonprofit public benefit corporation formed in 2003 and organized under the Nonprofit Public Benefit Corporation Law for the purpose of conducting public education programs and supporting research relative to the California grain industry.

C. Financial Statements Presentation - The Commission applies all applicable GASB pronouncements (including all National Council on Governmental Accounting Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict FASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the Committee on

California Wheat Commission

NOTES TO FINANCIAL STATEMENTS

April 30, 2009 and 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Accounting Procedure. In addition, the Commission applies all applicable FASB Statements and Interpretations issued after November 30, 1989, except those that conflict with or contradict GASB pronouncements, to its business-type activities.

Governmental Accounting Standards Board Statement No. 34 "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments." Statement 34 established standards for external financial reporting for all state and local governmental entities requires the classification of net assets into three components - invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- *Invested in capital assets, net of related debt* - This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds. The Commission had debt of \$110,458 and \$116,610 as of April 30, 2009 and 2008, respectively.
- *Restricted* - This component of net assets consists of restrictions placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. The Commission had restricted assets of \$1,000 and \$6,000 as of April 30, 2009 and 2008, respectively. See Note 7 for a description of the restrictions.
- *Unrestricted net assets* - This component of net asset consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt." The governing board of the Commission has designated \$70,000 of unrestricted net assets for purpose of filling specific research positions at UC Davis over the next two fiscal years.

California Wheat Commission

NOTES TO FINANCIAL STATEMENTS

April 30, 2009 and 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

- D. Basis of Accounting/Measurement Focus - The accounts of the Commission are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements - The Commission's Government-Wide Financial Statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Commission's assets and liabilities, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the Commission are reported in two categories: 1) charges for services, and 2) operating contributions.

Governmental Fund Financial Statements - Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. The Commission has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become

California Wheat Commission

NOTES TO FINANCIAL STATEMENTS

April 30, 2009 and 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The Commission has no revenue sources at this time that are susceptible to accrual. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

- E. Cash and Cash Equivalents - For purposes of the statement of cash flows, the Commission considers all highly liquid debt instruments purchased with a maturity of six months or less to be cash equivalents.
- F. Short-term Investments - The Commission can invest in certificates of deposit and treasury bills. These instruments are classified as short-term investments if they have maturity dates at the time of purchase of over six months and up to one year. Short-term investments as of April 30, 2009 consisted of various certificates of deposits with maturity dates ranging from July through December 2009. The Commission held no short-term investments as of April 30, 2008.
- G. Assessments Receivable - The Commission's receivables consist of assessments to wheat growers located throughout California. The Commission considers assessments receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.
- H. Assessments Revenue - Commission operations are financed principally by assessments to wheat growers based on pounds of wheat handled. The assessment rates were five cents per hundred weight of wheat handled in the fiscal years ended April 30, 2008 and April 30, 2009.
- I. Property and Equipment - Property and equipment are stated at cost. Depreciation and amortization are provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, principally on a straight-line basis. Leasehold improvements are amortized over the lives of the respective leases, including renewal options, or the service lives of the improvements, whichever is shorter. The estimated lives used in determining depreciation and amortization are:

Leasehold improvements	23 years
Machinery and other equipment	3-10 years
Condominium Suite	40 years

California Wheat Commission

NOTES TO FINANCIAL STATEMENTS

April 30, 2009 and 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

- J. Use of Estimates - In preparing financial statements in conformity with U.S. generally accepted accounting principles, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- K. Post Retirement Benefits - The Commission provides no post retirement benefits other than pensions (see Note 9) for its employees.
- L. Compensated Absences - The Commission accrues a liability for unpaid vacation in accordance with GASB 16. Vacation pay is accumulated at various rates depending on length of service.
- M. Use of Restricted/Unrestricted Net Assets - When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Board's policy is to apply restricted net assets first.
- N. Operating/Non-Operating Revenue and Expenses - Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Commission's principal ongoing operations. The principal operating revenues of the Commission are assessments to wheat growers. Operating expenses of the Commission include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.
- O. Comparative Data and Reclassifications - Comparative data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Commission's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with current year's presentation.

California Wheat Commission

NOTES TO FINANCIAL STATEMENTS

April 30, 2009 and 2008

NOTE 2 DEPOSITS WITH FINANCIAL INSTITUTIONS:

The Commission maintains cash balances in financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for interest-bearing and \$250,000 for noninterest-bearing accounts (increased from \$100,000 for both account types compared to April 30, 2008.) At April 30, 2009, all bank balances were insured. In addition to bank accounts, the Commission has funds in a money market account with an investment broker. The balance as of April 30, 2009 and 2008 was \$198,183 and \$57,450. These funds are covered by the Securities Investor Protection Corporation (SIPC) up to \$500,000. These funds are not insured under FDIC. The total carrying values of amounts on deposit with financial institutions as of April 30, 2009 and 2008 were as follows: cash and cash equivalents - \$531,873 and \$343,081, respectively; short-term investments - \$514,000 and \$0, respectively.

Custodial Credit Risk - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a depositor will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a depositor will not be able to recover the value of its investment or collateral securities that are in the possession of another party. As a means of limiting its exposure to custodial credit risk, the Commission maintains its cash balances within insurance limits.

Interest Risk - As a means of limiting its exposure to interest rate risk, the Commission diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer. The Commission also varies investment maturity dates to ensure the Commission is able to change investment vehicles in response to changes in interest rates.

NOTE 3 INTERFUND RECEIVABLE/PAYABLE:

Between April 2002 and October 2003, funds totaling \$9,523 were advanced by the Commission to establish the Foundation. The balances of \$6,300 and \$7,523 as of April 30, 2009 and 2008, respectively, represent the amounts that remain as outstanding debt. Of these amounts, \$5,600 and \$6,300 were not expected to be paid within one year as of April 30, 2009 and 2008, respectively.

California Wheat Commission

NOTES TO FINANCIAL STATEMENTS

April 30, 2009 and 2008

NOTE 4 PROPERTY AND EQUIPMENT:

Property and equipment at April 30, 2009 consisted of:

<u>Capital Assets being Depreciated:</u>	<u>Business-type Activities</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Leasehold Improvements	\$ 164,408	\$	\$	\$ 164,408
Office & Laboratory Equipment	458,066	44,526		502,592
Condominium Suite	<u>200,000</u>			<u>200,000</u>
Total Capital Assets Being Depreciated	\$ 822,474	\$ 44,526	\$	\$ 867,000
Less Accumulated Depreciation	(548,532)	(29,978)		(578,510)
Net Capital Assets	<u>\$ 273,942</u>	<u>\$ 14,548</u>	<u>\$ 0</u>	<u>\$ 288,490</u>

Depreciation expense for the year ended April 30, 2009 was \$29,978.

Property and equipment at April 30, 2008 consisted of:

<u>Capital Assets being Depreciated:</u>	<u>Business-type Activities</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Leasehold Improvements	\$ 164,408	\$	\$	\$ 164,408
Office & Laboratory Equipment	440,758	57,505	40,197	458,066
Condominium Suite	<u>200,000</u>			<u>200,000</u>
Total Capital Assets Being Depreciated	\$ 805,166	\$ 57,505	\$ 40,197	\$ 822,474
Less Accumulated Depreciation	(566,134)	(22,595)	(40,197)	(548,532)
Net Capital Assets	<u>\$ 239,032</u>	<u>\$ 34,910</u>	<u>\$ 0</u>	<u>\$ 273,942</u>

Depreciation expense for the year ended April 30, 2008 was \$21,912.

California Wheat Commission

NOTES TO FINANCIAL STATEMENTS

April 30, 2009 and 2008

NOTE 5 CONTRIBUTIONS PAYABLE - BUSINESS-TYPE ACTIVITIES:

The Commission entered into an agreement to contribute \$10,800 to UC Davis towards the purchase of a harvester spread evenly over a five-year period beginning in the fiscal year ended April 30, 2008. The agreement was subsequently modified by mutual consent between the Commission and UC Davis to a total of \$8,883 due to changes in the total cost of the harvester. The total amount contributed during the fiscal year ended April 30, 2008 was \$110 less than one-fifth of the total amount due.

Balance April 30, 2009	\$ 5,330
Less: Portion due within one year	(<u>1,777</u>)
Long-Term Portion	<u>\$ 3,553</u>

Total payments required by the agreement by fiscal year are as follows:

<u>Year Ending April 30,</u>	
2010	\$ 1,777
2011	1,777
2012	<u>1,776</u>
Total payments required	<u>\$ 5,330</u>

The schedule of changes in the contribution payable balance for the year ended April 30, 2009 is as follows:

Balance			Balance
<u>May 1, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>April 30, 2009</u>
<u>\$ 7,216</u>	<u>\$</u>	<u>(\$ 1,886)</u>	<u>\$ 5,330</u>

California Wheat Commission

NOTES TO FINANCIAL STATEMENTS

April 30, 2009 and 2008

NOTE 6 MORTGAGE PAYABLE - BUSINESS-TYPE ACTIVITIES:

Mortgage note payable to the bank at 9.02% per annum; payable in monthly installments of \$1,370 through October 5, 2009. A final installment of the total remaining balance due, approximately \$110,000, is due November 5, 2009. The Condominium suite is pledged as collateral for the note. Interest expense of \$10,368 on long-term debt has been included in the direct expenses of the business-type activities on the government-wide statement of activities.

Balance April 30, 2009	\$ 110,458
Less: Portion due within one year	(<u>110,458</u>)
Long-Term Portion	<u>\$</u>

Payments required under the note by fiscal year end are as follows:

<u>Year Ending April 30,</u>	<u>Principal</u>	<u>Interest</u>
2010	<u>\$ 110,458</u>	<u>\$ 5,728</u>
Total minimum payments required	<u>\$ 110,458</u>	<u>\$ 5,728</u>

The schedule of changes in the note payable balance for the year ended April 30, 2009 is as follows:

<u>Balance</u>			<u>Balance</u>
May 1, 2008	<u>Additions</u>	<u>Reductions</u>	April 30, 2009
<u>\$ 116,610</u>	<u>\$</u>	<u>(\$ 6,152)</u>	<u>\$ 110,458</u>

NOTE 7 RESTRICTED NET ASSETS:

Business-type activities – As of April 30, 2009, \$1,000 had been received from donors for the specific purpose of redesigning the Commission’s website. Accordingly, the funds are restricted for use for this purpose until the work is performed. As of April 30, 2008, \$5,000 had been received from donors for the specific purpose of research. These funds were expended for this purpose during the year ended April 30, 2009.

California Wheat Commission

NOTES TO FINANCIAL STATEMENTS

April 30, 2009 and 2008

NOTE 8 LEASES:

The Commission is committed under a noncancelable operating lease for office equipment. Future minimum operating lease commitments are as follows:

<u>Year Ending April 30,</u>	
2010	\$ 1,026
2011	<u>902</u>
	<u>\$ 1,928</u>

Total lease expense for the year ended April 30, 2009 was \$1,026.

NOTE 9 PENSION PLAN:

The Commission sponsors a defined contribution profit sharing 401(k) plan, administered by Associated Pension Consultants. Employees who are at least 20 years of age and have completed 1,000 hours of service are eligible to participate in the Plan. Participants vest in the Plan as follows:

<u>Years of Service</u>	<u>Percent Vested</u>
1	33.33%
2	66.67%
3	100.00%

The Plan provides that the Commission make annual contributions at 10% of total annual compensation paid to all participants. Total pension expense was \$31,997 and \$28,406 for the years ended April 30, 2009 and 2008, respectively. Employees may also elect to make additional individual contributions.

California Wheat Commission

NOTES TO FINANCIAL STATEMENTS

April 30, 2009 and 2008

NOTE 10 BUDGETARY CONTROL:

The Commission adopts an operating budget for its business-type activities at the beginning of each year. The following is a summary of the budgets and results for 2009:

	2009			
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Revenues	\$ 1,032,428	\$ 1,410,200	\$ 1,493,680	\$ 83,480
Expenses	815,169	1,029,683	801,180 *	228,503

* Includes depreciation expense (unbudgeted item) of \$29,978.

The following is a summary of the budgets and results for 2008:

	2008			
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Revenues	\$ 890,575	\$ 771,775	\$ 873,512	\$ 101,737
Expenses	803,473	751,109	666,836 *	84,273

* Includes depreciation expense (unbudgeted item) of \$22,595.

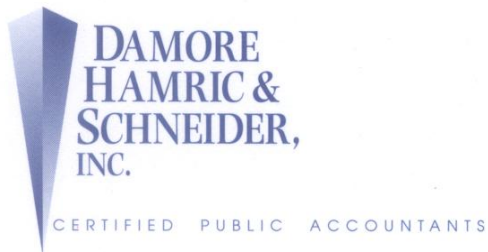
NOTE 11 COMMITMENTS:

The Commission has entered into contract commitments whose terms exceed the Commission's year end. As of April 30, 2009 and 2008, remaining commitments totaled \$80,000 and \$65,000, respectively.

NOTE 12 CONTINGENCY:

The California Wheat Commission is subject to a re-approval hearing in the fifth year following the effective date of the marketing order and every five years thereafter. At that time, it is determined if the program is meeting the declared objectives and if it will be renewed for the following five years. The Commission was reconfirmed at a voting referendum in February 2009 to operate through April 2013.

SUPPLEMENTARY INFORMATION



INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

Board of Commissioners
of California Wheat Commission

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole of the California Wheat Commission as of and for the years ended April 30, 2009 and 2008, which is presented in the preceding section of this report. The statement of general and administrative expenses on the following page is presented for the purpose 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 our 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.

Damore, Hamric & Schneider Inc

DAMORE, HAMRIC & SCHNEIDER, INC.
Certified Public Accountant

August 25, 2009

California Wheat Commission

STATEMENTS OF GENERAL AND ADMINISTRATIVE EXPENSES
 PROPRIETARY FUNDS

For the Fiscal Years Ended April 30, 2009 and 2008

	Wheat Commission <u>2009</u>	Wheat Commission <u>2008</u>
Salaries	\$ 163,417	\$ 151,335
Payroll Taxes and Employee Benefits	33,134	31,242
Publications	12,310	22,950
California Association of Wheat Growers	37,500	30,000
Staff Expenses	12,198	12,524
Commissioners' Expenses	20,764	20,045
Office Expenses	7,215	9,409
Insurance	17,430	18,703
Utilities	3,743	5,305
Occupancy	10,508	9,860
Legal and Accounting	17,934	9,904
California Department of Food and Agriculture	11,771	9,352
Depreciation	<u>29,978</u>	<u>22,595</u>
	<u>\$ 377,902</u>	<u>\$ 353,224</u>