

CHERRY FESTIVAL ASSOCIATION

ANNUAL FINANCIAL STATEMENTS WITH REPORT OF  
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

DECEMBER 31, 2024

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**JLG**

Jeanette L. Garcia & Associates  
CERTIFIED PUBLIC ACCOUNTANT

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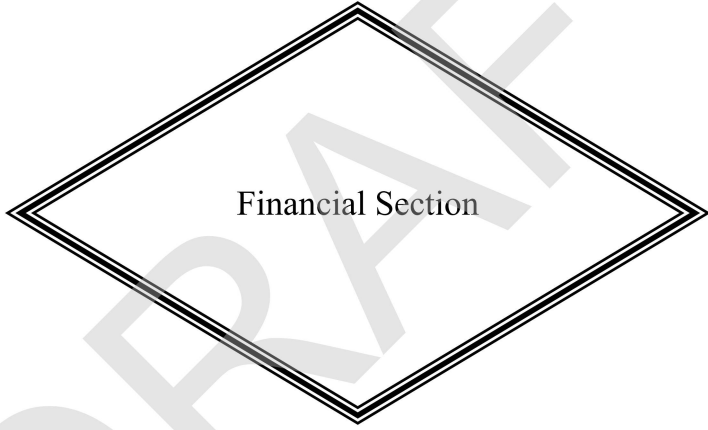
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Financial Section



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Jeanette L. Garcia,  
CPA

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,  
Cherry Festival Association  
Beaumont, California

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of the Cherry Festival Association, as of and for the year ended December 31, 2024, the statement of cash flows and the related notes to the financial statements, which collectively comprise the Cherry Festival Association's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Cherry Festival Association, as of December 31, 2024, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (Government Auditing Standards). 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 Cherry Festival Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Cherry Festival Association's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

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### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether 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 guarantee that and audit conducted in accordance with GAAS and *Government 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgement 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 the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Cherry Festival Association'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 Cherry Festival Association'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 of and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2024, on our consideration of the Cherry Festival Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Cherry Festival Association's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cherry Festival Association's internal control over financial reporting and compliance.

San Bernardino, California  
March 4, 2024

CHERRY FESTIVAL ASSOCIATION  
STATEMENT OF FINANCIAL POSITION  
 DECEMBER 31, 2024

ASSETS

Cash (Note 2)	\$ 335,866
Accounts Receivable	740.00
Inventory	400.00
Total Current Assets	<u>337,006</u>

TOTAL ASSETS

\$ 337,006LIABILITIES AND NET ASSETS

Liabilities	
Other Liabilities	<u>\$ -</u>
Total Liabilities	-

NET ASSETS

Without Donor Restrictions	<u>337,006</u>
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TOTAL LIABILITIES AND  
NET ASSETS\$ 337,006

The Notes to Financial Statements are an integral part of this statement.

CHERRY FESTIVAL ASSOCIATION  
STATEMENT OF ACTIVITIES  
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024

	<u>WITHOUT DONOR RESTRICTIONS</u>
<u>SUPPORT AND REVENUE</u>	
Program Revenue	\$ 486,674
Interest Income	9,967
Total Support and Revenue	<u>496,641</u>
 <u>EXPENSES</u>	
Accounting	7,049
Advertising	22,033
Beer Garden	21,053
Donations/Grants	14,930
Entertainment	270,515
Gate	2,791
Grounds	183,446
Insurance	6,341
Merchandise	2,888
Office	4,829
Parade	8,819
Permits	7,932
Rental Fees	25,000
Salary/Contracted Services	37,075
Sales Tax	6,990
Supplies	97,661
Other	3,219
Total Expenses	<u>722,571</u>
Change in Net Assets	(225,930)
Net Assets, January 1, 2024	<u>562,936</u>
Net Assets, December 31, 2024	<u>\$ 337,006</u>

The Notes to Financial Statements are an integral part of this statement.

CHERRY FESTIVAL ASSOCIATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2024

Cash Flows from Operating Activities	
Change in Net Assets	\$ (237,037)
Cash Flows from Investing Activities	
Interest Income	<u>9,967</u>
Net Increase in Cash	(227,070)
Cash - January 1, 2024	<u>562,936</u>
Cash - December 31, 2024	<u><u>\$ 335,866</u></u>

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CHERRY FESTIVAL ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cherry Festival Association is a charitable, nonprofit organization that provides community events for area residents and others. The community parade is attended by thousands of people and the Cherry Festival is attended by over 40,000 people over a four day period.

Cherry Festival Association is a not-for-profit organization exempt from federal income taxes under Section 501(c)(4) of the Internal Revenue Code. As such, it is also exempt from state income taxes, and contributions by the public are deductible for income tax purposes to the extent allowed by federal and state law.

On an ongoing basis, Cherry Festival Association is funded primarily by contributions from the general public, corporate sponsors and earnings from the festival.

CASH

Cash includes amounts on deposit in checking and savings accounts.

PUBLIC SUPPORT, REVENUE AND EXPENSES

Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and nature of any donor restrictions. All contributions are considered to be without donor restrictions unless specifically restricted by the donor or subject to legal restrictions.

Cherry Festival Association records contributions in the with donor restriction class of net assets if they are received with donor stipulations that limit their use through either purpose or time restrictions or both. When donor restrictions expire – that is, when the purpose restriction is fulfilled or the time restriction expires – net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. It is Cherry Festival Association's policy to record donor-restricted contributions received and expended in the same accounting period as contributions with donor restrictions and as net assets released from restrictions. Contributions restricted to the purchase of property or equipment are considered to be met when the asset is placed in service.

Contributions are recorded when cash or unconditional promises-to-give have been received or ownership of donated assets to be used directly in the operations is transferred to Cherry Festival Association. Other revenue is recorded when earned.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CHERRY FESTIVAL ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

DONATED SERVICES

Many volunteers have contributed significant amounts of their time to activities of Cherry Festival Association. However, since those donated services neither create or enhance nonfinancial assets nor require specialized skills, the value of the contributed services is not recorded in the accompanying financial statements. Management has not quantified the amount or value of those donated services.

PROMISES-TO-GIVE

As of December 31, 2024, there were no unconditional promises-to-give. Therefore, no allowance for uncollectable receivables has been established.

NET ASSET CLASSIFICATIONS

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Association and the changes therein are classified and reported as follows:

- Net Assets Without Donor Restrictions – Net assets without donor restrictions are net assets that are not subject to donor-imposed restrictions. All the Association’s activities are included in this category. These assets may be designated for specific purposes by action of the Board of Directors for special programs, expenditures for plant and equipment, and/or general operating support.
- Net Assets With Donor Restrictions – Net assets with donor restriction are net assets that are subject to donor-imposed restrictions which can be fulfilled either by actions of the Association pursuant to those restrictions and/or expire with the passage of time. The Association does not have any restricted net assets at December 31, 2024.

2. DEPOSITS

Cash at December 31, 2024, consisted of the following:

Deposits:

Cash on Hand and in Banks	<u>\$ 335,866</u>
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Interest Rate Risk

Interest rate risk is the risk that changes in 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. The Association manages its exposure to interest rate risk by maintaining their cash in federally insured interest-bearing bank accounts.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The Association does not have a formal investment policy that limits its investment choices other than the limitations of State law.

CHERRY FESTIVAL ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Association does not place limits on the amount it may invest in any one issuer. At December 31, 2024, the Association had no concentration of credit risk.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the Association's deposits may not be returned to it. However, the California Government code requires that a financial institution secure deposit made by 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 public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. Cash balances held in banks and in revolving funds are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). All cash held by the financial institutions is fully insured or collateralized.

3. DATE THROUGH WHICH SUBSEQUENT EVENTS ARE EVALUATED

Cherry Festival Association has evaluated through March 4, 2024 whether there are any subsequent events that should be considered for inclusion in these financial statements. That date is when the financial statements are available to be issued.

Jeanette L. Garcia,  
CPA

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

Independent Auditor's Report

To the Board of Directors  
Cherry Festival Association  
Beaumont, California

We have audited, 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, the financial statements of the governmental activities of the Cherry Festival Association as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Cherry Festival Association's basic financial statements, and have issued our report thereon dated March 4, 2024.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Cherry Festival Association's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cherry Festival Association's internal control. Accordingly, we do not express an opinion on the effectiveness of Cherry Festival Association's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses of significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Cherry Festival Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



San Bernardino, California  
March 4, 2024

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