

**SANTA CLARA COUNTY FAIRGROUNDS  
MANAGEMENT CORPORATION**

Independent Auditor's Reports and  
Financial Statements

For the Years Ended  
December 31, 2022 and 2021



Certified  
Public  
Accountants

**SANTA CLARA COUNTY FAIRGROUNDS MANAGEMENT CORPORATION**  
For the Years Ended December 31, 2022 and 2021

*Table of Content*

	<i>Page</i>
Independent Auditor's Report	1
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statement of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8



## Independent Auditor's Report

To the Board of Directors  
Santa Clara County Fairgrounds Management Corporation  
San Jose, California

### ***Opinion***

We have audited the financial statements of the Santa Clara County Fairgrounds Management Corporation (Corporation), a California nonprofit public benefit corporation, which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating 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 the 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 Corporation's ability to continue as a going concern for one year after the date that the financial statements are issued.

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

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 GAAS 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 GAAS, 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 the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation'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.

*Macias Gini & O'Connell LLP*

Walnut Creek, California  
December 1, 2023

**Santa Clara County Fairgrounds Management Corporation**

Statements of Financial Position

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 3,856,517	\$ 2,437,101
Accounts receivable, net	60,098	95,871
Receivable from the County	1,456,964	2,002,514
Prepaid expense	71,200	91,848
Total current asset	<u>5,444,779</u>	<u>4,627,334</u>
Noncurrent assets:		
Improvements, furniture and equipment, net	<u>2,974,091</u>	<u>2,317,488</u>
Total assets	<u>\$ 8,418,870</u>	<u>\$ 6,944,822</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	\$ 312,978	\$ 113,990
Accrued liabilities	371,096	325,309
Unearned revenue - non-monetary exchange, current	233,656	3,000
Loans payable, current	3,520	-
Customer deposits	341,976	202,516
Total current liabilities	<u>1,263,226</u>	<u>644,815</u>
Long-term liabilities:		
Unearned revenue - non-monetary exchange, net of current	-	230,656
Loans payable - net of current	146,480	819,772
Total long-term liabilities	<u>146,480</u>	<u>1,050,428</u>
Total liabilities	<u>1,409,706</u>	<u>1,695,243</u>
<b>Net Assets</b>		
Net assets without donor restrictions	<u>7,009,164</u>	<u>5,249,579</u>
Total liabilities and net assets	<u>\$ 8,418,870</u>	<u>\$ 6,944,822</u>

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

**Santa Clara County Fairgrounds Management Corporation**

Statements of Activities

For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Revenue and Support Without Donor Restrictions</b>		
Property management	\$ 3,219,424	\$ 2,978,287
Off track betting	1,197,063	1,012,519
County Fair	93,174	70,231
Venue sales & event services	104,900	456,792
Food and beverages	197,295	139,806
Hosted events	-	16,441
County reimbursements	3,452,613	2,841,454
Other income	513,105	549,776
Total revenue and support without donor restrictions	<u>8,777,574</u>	<u>8,065,306</u>
<b>Functional Expenses</b>		
Program services	5,053,198	3,224,337
Management and general	<u>2,634,563</u>	<u>2,139,265</u>
Total functional expenses	<u>7,687,761</u>	<u>5,363,602</u>
<b>Change in net assets before extraordinary item</b>	1,089,813	2,701,704
Extraordinary item - forgiveness of loans payable	<u>669,772</u>	<u>627,450</u>
<b>Change in net assets</b>	1,759,585	3,329,154
Net assets without donor restrictions, beginning of year	<u>5,249,579</u>	<u>1,920,425</u>
Net assets without donor restriction, end of year	<u>\$ 7,009,164</u>	<u>\$ 5,249,579</u>

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

**Santa Clara County Fairgrounds Management Corporation**

Statement of Functional Expenses

For the Year Ended December 31, 2022

	<b>Program Services</b>	<b>Management and General</b>	<b>Total</b>
Salaries and benefits	\$ 769,687	\$ 1,019,412	\$ 1,789,099
Security and sheriff	1,379,284	74,547	1,453,831
Utilities	1,089,740	30,961	1,120,701
Consultant and contractor services	160,277	730,270	890,547
Repairs and maintenance	649,787	30,788	680,575
Depreciation	175,564	171,134	346,698
Professional services	1,200	293,432	294,632
Supplies	228,450	59,481	287,931
Others	79,668	133,742	213,410
Insurance	161,324	6,324	167,648
Marketing	78,971	59,393	138,364
Equipment rental	111,328	16,894	128,222
Racing forms	64,648	-	64,648
Food and beverage cost	38,861	-	38,861
Entertainment	36,850	-	36,850
Bank and credit card fees	20,152	7,421	27,573
Fees and licenses	7,407	764	8,171
Total	<u>\$ 5,053,198</u>	<u>\$ 2,634,563</u>	<u>\$ 7,687,761</u>

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

**Santa Clara County Fairgrounds Management Corporation**

Statement of Functional Expenses

For the Year Ended December 31, 2021

	<b>Program Services</b>	<b>Management and General</b>	<b>Total</b>
Salaries and benefits	\$ 585,322	\$ 797,130	\$ 1,382,452
Utilities	849,878	24,083	873,961
Consultant and contractor services	102,676	721,625	824,301
Security and sheriff	626,113	-	626,113
Depreciation	170,982	156,297	327,279
Supplies	199,359	81,940	281,299
Professional services	3,400	263,276	266,676
Repairs and maintenance	178,764	3,022	181,786
Equipment rental	144,600	15,757	160,357
Insurance	142,452	6,013	148,465
Marketing	70,177	59,450	129,627
Racing forms	48,002	-	48,002
Bank and credit card fees	20,972	9,138	30,110
Entertainment	28,350	-	28,350
Others	24,382	-	24,382
Food and beverage cost	23,435	-	23,435
Fees and licenses	5,473	1,534	7,007
Total	<u>\$ 3,224,337</u>	<u>\$ 2,139,265</u>	<u>\$ 5,363,602</u>

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



**Santa Clara County Fairgrounds Management Corporation**

Statements of Cash Flows

For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 1,759,585	\$ 3,329,154
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation	346,698	327,279
Forgiveness of loans payable	(669,772)	(627,450)
Change in operating assets and liabilities		
Accounts receivable, net	35,773	136,361
Receivable from the County	545,550	(1,629,699)
Prepaid expenses	20,648	(7,012)
Accounts payable	198,988	(22,753)
Accrued liabilities	45,787	13,384
Customer deposits	139,460	(185,299)
Net cash provided by operating activities	<u>2,422,717</u>	<u>1,333,965</u>
<b>Cash flows from financing activities:</b>		
Repayment of notes payable - related party	-	(5,534)
Repayment of loans payable	-	(27,718)
Proceeds from loans	-	669,772
Net cash provided by financing activities	<u>-</u>	<u>636,520</u>
<b>Cash flows from investing activities:</b>		
Acquisition of improvements, furniture, and equipment	<u>(1,003,301)</u>	<u>(732,497)</u>
Net change in cash and cash equivalents	<u>1,419,416</u>	<u>1,237,988</u>
Cash and cash equivalents, beginning of year	<u>2,437,101</u>	<u>1,199,113</u>
Cash and cash equivalents, end of year	<u>\$ 3,856,517</u>	<u>\$ 2,437,101</u>
<b>Supplemental Disclosures of Cash Flow Information</b>		
Cash paid during the year for interest	\$ 7,692	\$ 2,654
<b>Supplemental Disclosure of Noncash Financing Activities</b>		
Forgiveness of loans payable	\$ 669,772	\$ 627,450

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

**SANTA CLARA COUNTY  
FAIRGROUNDS MANAGEMENT CORPORATION**

Notes to Financial Statements  
For the Years Ended December 31, 2022 and 2021

**Note 1: Nature of Operations and Governing Body**

Santa Clara County Fairgrounds Management Corporation (Corporation) was incorporated as a California nonprofit public benefit corporation on March 28, 1995, to operate the Santa Clara County Fairgrounds in the best interests of the citizens of Santa Clara County, by organizing and operating the annual Santa Clara County Fair, as well as various educational, cultural and community functions on such fairgrounds. In addition, it is licensed to conduct off track betting operations. The Corporation is located in San Jose, California.

**Note 2: Summary of Significant Accounting Policies**

Basis of Accounting

The financial statements of the Corporation have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The financial statements are presented in accordance with Financial Accounting Standards (ASC) 958, *Not-for-Profit Entities*. Under ASC 958, the Corporation has two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Net Assets

Net assets without donor restrictions are resources not subject to donor-imposed restrictions. Net assets with donor restrictions are resources subject to donor-imposed restrictions. As of and for the years ended December 31, 2022 and 2021, the Corporation did not receive any resources that are subject to donor-imposed restrictions and had no net assets with donor restrictions.

Use of Estimates

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

Cash

Cash and cash equivalents include highly liquid investments and investments with an original maturity of three months or less at the time of purchase, and exclude donor restricted receipts and amounts designated for long-term purposes. The Corporation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Corporation has not experienced any losses in such accounts. Management believes it is not exposed to any significant risk on their cash accounts.

Accounts Receivable

Accounts receivable consist primarily of amounts billed for services provided. The Corporation provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are

**SANTA CLARA COUNTY**  
**FAIRGROUNDS MANAGEMENT CORPORATION**

Notes to Financial Statements  
For the Years Ended December 31, 2022 and 2021

still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance for doubtful accounts as of December 31, 2022 and 2021, were \$5,374.

Improvements, Furniture and Equipment

Land improvements, building improvements, furniture and equipment are recorded as assets, net of accumulated depreciation and amortization. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the related assets, which ranges from 3 to 7 years for furniture and equipment and 5 to 15 years for land improvements and building improvements. The Corporation capitalizes all improvements, furniture and equipment acquisitions in excess of \$5,000 individually.

In accordance with the terms of the management agreement with the County of Santa Clara (County), all improvements become the property of the County upon purchase, however, the Corporation has the beneficial use of all assets purchased. In the event that the agreement is canceled or otherwise terminated in any manner, title to the improvements shall be and remain the property of the County. Since the County owns the improvements, these “right-to-use assets” are amortized rather than depreciated by the Corporation over their estimated useful lives. The Corporation is responsible for maintaining insurance coverage on all improvements.

Accrued Vacation

Accrued vacation represents vacation earned, but not taken as of December 31, 2022 and 2021, and is included in “accrued liabilities” in the statements of financial position. The accrued vacation balance as of December 31, 2022 and 2021 was \$93,279 and \$84,014, respectively.

Unearned Revenue

Unearned revenue represents advances of resources or revenue received in advance of the earnings process being completed.

Customer Deposits

Customer deposits represent advance payments received from customers for which the Corporation must perform future services.

Revenue and Support

The Corporation recognizes revenue and support on the accrual basis of accounting. Revenue generated from property management, off track betting, the annual County Fair, events, food and beverages, parking, Bingo, hosted events, and other income is recognized as revenue in the period in which it is earned. Subsidies and contributions from local governments and the public are recognized as an increase in revenue and support without donor restrictions if expenses are incurred in the current period which effectively fulfill the restrictions of the subsidies and/or contributions.

Significant revenue and support categories and descriptions for each are as follows:

Property Management – The Corporation enters into a License Agreement with licensees for the temporary use of a designated location on the Fairgrounds for a specific term. The licensee agrees to pay the Corporation a monthly license fee in connection with the permitted use. The Corporation also collects a monthly use fee from guests for the temporary uses of a designated space in the Recreational Vehicle location on the Fairgrounds.

**SANTA CLARA COUNTY**  
**FAIRGROUNDS MANAGEMENT CORPORATION**

Notes to Financial Statements  
For the Years Ended December 31, 2022 and 2021

Bingo – Revenue generated from Bingo games conducted twice a week, Tuesdays and Thursdays. There were no Bingo revenue for the years ended December 31, 2022 and 2021.

Off Track Betting – Revenue generated from satellite wagering commissions and city tax from Golden Gate, Los Alamitos and other horse racing locations.

County Fair – An annual event produced by the Corporation. Revenues are generated from admission fees, parking fees, food and beverage sales, sponsorships, and vendor revenue sharing.

Venue Sales & Events Services – The Corporation enters into agreements with licensees for the temporary use of a building or outdoor space on the Fairgrounds for a specified event within an agreed upon term. The licensee pays the Corporation a use fee plus any additional charges for labor, services, and equipment used in relationship to the event.

Food and Beverages – Income generated from concession and catering services provided by the Corporation staff at events. The Corporation also enters into a License Agreement with food truck vendors for the temporary use of space. In consideration, the licensee pays the Corporation a use fee.

Hosted Events – In addition to the annual County Fair, the Corporation typically produces four (4) events during the year: Hop ‘N Vine Festival & Market, Fourth of July Celebration, Puptoberfest, and the Wednesday Night Music Series (WNMS). Revenues are generated from admission fees, parking fees, food and beverage sales, sponsorships, and vendor revenue sharing.

County Reimbursements – Represents reimbursement from the County for costs incurred for usage of the facility for COVID-19 testing and vaccination purposes.

Other Income – Other income consists primarily of sponsorship and grants received.

In-Kind Services

The Corporation receives significant support from volunteer services each year, principally in connection with the annual County Fair, Bingo and other events. Contributed services which require a specialized skill and which the Corporation would have paid for if not donated, are recorded at the estimated fair market value at the time the services are rendered. The Corporation may also receive donated services that do not require specific expertise but which are nonetheless central to the Corporation’s operations. These contributed services are not significant and thus are not reflected in the financial statements.

Non-Monetary Exchanges

The Corporation accounts for non-monetary exchanges based on the fair value of the assets or services involved. The Corporation received property improvements in exchange for promotion and facility use services in connection with the arena facility at the Santa Clara County Fairgrounds. The value of this transaction was determined based on the fair value of the property improvements received. See Note 4.

**SANTA CLARA COUNTY**  
**FAIRGROUNDS MANAGEMENT CORPORATION**

Notes to Financial Statements  
For the Years Ended December 31, 2022 and 2021

Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and statements of functional expenses. Functional expenses are identified and charged to a specific department based on the source of the expense.

Income Tax Status

The Corporation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and 23701(d) of the California Revenue and Taxation Code. In addition, the Corporation qualified for the charitable contribution deduction under Section 170(b)(1)(A)(ii) and has been classified as an organization other than a private foundation under Section 509(a)(2) of the Internal Revenue Code.

Uncertainty in Income Taxes

U.S. GAAP provides accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Corporation in its federal and state exempt Corporation tax returns are more likely than not to be sustained upon examination.

Certain Significant Risks and Uncertainties

The Corporation operates in a changing environment that involves a number of risks, some of which are beyond the Corporation's control that could have a material adverse effect on the Corporation's business operating results and financial condition. These risks include, among others, variability and uncertainty of revenues and operating results, and dependence on key personnel.

Marketing

The Corporation's policy is to expense marketing costs as the costs are incurred. Marketing expense for the years ended December 31, 2022 and 2021 totaled \$138,364 and \$129,627, respectively.

Reclassifications

Certain amounts for the year ended December 31, 2021 have been reclassified in order to be consistent with the presentation for the year ended December 31, 2022. These reclassifications had no effect on the change in net assets for the year ended December 31, 2021.

Recently Issued Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, requiring lessees to be recognized on the statement of financial position as assets and liabilities for the rights and obligations created by their leases with lease terms more than 12 months. Current guidance only requires capital leases to be recognized on the balance sheet. The Corporation implemented this ASU effective January 1, 2021 and the implementation has no impact to the Corporation's financial statements.

Extraordinary Item

Extraordinary items are both 1) unusual in nature, and 2) infrequent in occurrence. The forgiveness of the outstanding loans payable qualifies as an extraordinary item for the years ended December 31, 2022 and 2021.

**SANTA CLARA COUNTY  
FAIRGROUNDS MANAGEMENT CORPORATION**

Notes to Financial Statements  
For the Years Ended December 31, 2022 and 2021

**Note 3: Improvements, Furniture and Equipment**

Improvements, furniture and equipment consisted of the following:

	2022	2021
Right-of-Use Assets (purchased improvements which became property of the County)		
Land and building improvements	\$ 2,953,268	\$ 2,388,977
Work in progress	99,086	87,972
Less: Accumulated depreciation	(816,468)	(791,800)
	2,235,886	1,685,149
 Furniture and Equipment Owned by the Corporation		
Furniture and equipment	1,687,022	1,259,126
Less: Accumulated depreciation	(948,817)	(626,787)
	738,205	632,339
 Total	\$ 2,974,091	\$ 2,317,488

Depreciation and amortization expense for the years ended December 31, 2022 and 2021 was \$346,698 and \$327,279, respectively.

**Note 4: Unearned Revenue – Non-Monetary Exchange**

During the year ended December 31, 2013, the Corporation received property improvements in exchange for promotion and facility use services in connection with the arena facility at the Santa Clara County Fairgrounds. The term of the non-monetary exchange agreement is for a period of not to exceed twelve years from the agreement effective date of May 20, 2011. Fair value of this transaction was determined based on the fair value of the property improvements received.

The fair value of the property improvements received and promotion and facility use services provided as of December 31, consisted of the following:

	2022	2021
Fair value of property improvements received	\$ 264,301	\$ 264,301
Fair value of promotion and facility use services provided	(30,645)	(30,645)
	233,656	233,656
Current portion	(233,656)	(3,000)
	\$ -	\$ 230,656

**SANTA CLARA COUNTY  
FAIRGROUNDS MANAGEMENT CORPORATION**

Notes to Financial Statements  
For the Years Ended December 31, 2022 and 2021

**Note 5: Loans Payable**

In June 2021, the Corporation was awarded the second draw of a Payroll Protection Program (PPP) loan in the amount of \$669,772. The loan has an interest rate of 1.0% and matures on June 8, 2026. In March 2022, the Corporation received approval from the U.S. Small Business Administration for the forgiveness of the outstanding first PPP loan draw of \$669,772 and related interest.

In October 2020, the Corporation was awarded the Economic Injury Disaster loan in the amount of \$150,000. The loan has an interest rate of 2.75%. The Corporation is required to pay \$641 monthly starting October 2021 which will first be applied to reduce outstanding interest and then principal. The remaining balance will be payable in October 2050.

Loans payable as of December 31 consist of the following:

	2022	2021
Payroll Protection Program loan	\$ -	\$ 669,772
Economic Injury Disaster loan	150,000	150,000
	150,000	819,772
Current portion	(3,520)	-
	\$ 146,480	\$ 819,772

The future maturities of the loan payable are as follows:

Year ending December 31,	Economic Injury Disaster
2023	\$ 3,520
2024	3,710
2025	3,814
2026	3,920
2027	4,029
Thereafter	131,007
	\$ 150,000

**SANTA CLARA COUNTY**  
**FAIRGROUNDS MANAGEMENT CORPORATION**

Notes to Financial Statements  
For the Years Ended December 31, 2022 and 2021

**Note 6: Related Party Transactions**

The Corporation is managing the Fairgrounds property owned by the County. The Corporation contracts with the County in the course of normal business activities, including the County providing legal, fire marshal, and sheriff services. The County has invoiced the Corporation for services provided. Furthermore, the County bills the Corporation for services necessary for normal business activities. Some of these expenses are passed on to the customers. In the event these expenses are deemed uncollectible from customers, the Corporation will reduce the amounts owed to the County accordingly.

The Corporation also receives reimbursement from the County for costs incurred for usage of the facility for COVID-19 testing purposes. During the year ended December 31, 2022 and 2021, the County reimbursement was \$3,452,613 and \$2,841,454, respectively. At December 31, 2022 and 2021, the receivable from the County related to COVID-19 cost reimbursements was \$1,456,964 and \$2,002,514, respectively.

**Note 7: Management Agreement**

In April 2000, the Corporation entered into an agreement with the County to act as manager of the Fairgrounds property. Under the agreement, the Corporation assumes responsibility for managing existing and subsequent improvements, and activities on the property for the County, and for advising the County on potential future developments of the property. The Corporation is responsible for covering annual operating expenses, capital improvement expenses and debts through revenue and support received. The County makes all decisions regarding the specific projects in the Fairgrounds revitalization plan and has delegated the responsibility for the execution of the plan to the Corporation. The County may also terminate the agreement at its convenience at any time and for any reason or for no reason at all by providing ninety days prior written notice to the Corporation. The agreement expired on December 31, 2019. The Corporation and the County entered into an Amended and Restated Management Agreement (Agreement) with an effective date of January 1, 2020, for a term of twenty years. The Agreement outlines the rights and duties of the Corporation.

**Note 8: Retirement Plans**

Multi-employer defined contribution retirement plan

The Corporation has a defined contribution retirement plan for all eligible employees. Contributions to the plan are determined by labor contracts. The contributions made to the plan for the years ended December 31, 2022 and 2021 were \$37,634 and \$28,962, respectively.

401(k) plan

The Corporation also has a 401(k) plan enabling employees who meet the requirement of providing in excess of 1,000 hours of service and 18 years of age to defer a portion of their income. The employees are 100% vested in any employer contributions after completing six years of service. The Corporation's contributions to the plan for the years ended December 31, 2022 and 2021, were \$97,549 and \$66,530, respectively. The cost of administering the plan is paid by the Corporation.



**SANTA CLARA COUNTY**  
**FAIRGROUNDS MANAGEMENT CORPORATION**  
Notes to Financial Statements  
For the Years Ended December 31, 2022 and 2021

**Note 9: Liquidity and Availability of Resources**

As part of the Corporation's liquidity management, it has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due.

At December 31, 2022, the Corporation has \$5,373,579 of financial assets available within one year of the statement of financial position date for its operations, consisting of cash and cash equivalents of \$3,856,517, accounts receivable of \$60,098, and receivable from the County of \$1,456,964. All of the balances are without donor restrictions and are available for operations.

At December 31, 2021, the Corporation has \$4,535,486 of financial assets available within one year of the statement of financial position date for its operations, consisting of cash and cash equivalents of \$2,437,101, accounts receivable of \$95,871, and receivable from the County of \$2,002,514. All of the balances are without donor restrictions and are available for operations.

**Note 10: Subsequent Event**

Management evaluated all activity through December 1, 2023, the date the financial statements were available for issuance, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to financial statements.