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**THE NAPA VALLEY COMMUNITY COLLEGE
DISTRICT AUXILIARY SERVICES
FOUNDATION**

AUDIT REPORT

JUNE 30, 2024 and 2023

THE NAPA VALLEY COMMUNITY COLLEGE DISTRICT AUXILIARY SERVICES FOUNDATION
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JUNE 30, 2024 AND 2023

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Financial Section



INDEPENDENT AUDITORS' REPORT

Board of Directors
Napa Valley Community College District Auxiliary Services Foundation
Napa, California

Report on Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of Napa Valley Community College District Auxiliary Services Foundation (the "Foundation"), as of and for the years ended June 30, 2024 and 2023, and the related notes to financial statements, which collectively comprise the Foundation'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 Napa Valley Community College District Auxiliary Services Foundation as of June 30, 2024 and 2023, and the changes to 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Napa Valley Community College District Auxiliary Services Foundation 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 opinions.

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 Foundation's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 opinions. 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:

- 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 Foundation'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 Foundation's ability to continue as a going concern for a reasonable period.

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2024 on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Foundation'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 the Foundation's internal control over financial reporting and compliance.



San Diego, California
December 18, 2024

THE NAPA VALLEY COMMUNITY COLLEGE DISTRICT AUXILIARY SERVICES FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 138,620	\$ 556,134
Accounts receivable	47,635	25,710
Prepaid expenses	19,249	-
Inventory	7,743	5,427
Due from other entities	795,009	611,944
Total Assets	\$ 1,008,256	\$ 1,199,215
LIABILITIES		
Accounts payable	\$ 67,984	\$ 6,343
Deferred revenue	1,966	2,154
Total Liabilities	69,950	8,497
NET ASSETS		
Net assets without donor restriction	186,912	284,868
Net assets with donor restriction	751,394	905,850
Total Net Assets	938,306	1,190,718
Total Liabilities and Net Assets	\$ 1,008,256	\$ 1,199,215

The notes to financial statements are an integral part of this statement.

**THE NAPA VALLEY COMMUNITY COLLEGE DISTRICT AUXILIARY SERVICES FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2024**

	Net assets without donor restriction	Net assets with donor restriction	Total
REVENUES, GAINS AND OTHER SUPPORT			
Donations	\$ -	\$ 873	\$ 873
Support from college program funds	-	317,684	317,684
Sales	106,087	-	106,087
Other contracted services	18,757	-	18,757
Facilities rental income	60,610	-	60,610
Café	134,027	-	134,027
Other revenues	286,684	-	286,684
Net assets released from restriction	473,013	(473,013)	-
Total Revenues, Gains and Other Support	\$ 1,079,178	\$ (154,456)	\$ 924,722
EXPENSES			
Advertising and printing	\$ 31,706	\$ -	\$ 31,706
Café food and beverages	126,191	-	126,191
Dues and memberships	575	-	575
Equipment	62,900	-	62,900
Other expenses	111,448	-	111,448
Licenses and permits	710	-	710
Insurance	1,435	-	1,435
Building improvements	19,277	-	19,277
Transfer within DAS	165,993	-	165,993
Postage	98	-	98
Professional development / Travel	203,104	-	203,104
Professional services	3,779	-	3,779
Repairs and maintenance	31,504	-	31,504
Salaries and wages	344,042	-	344,042
Scholarships and awards	29,911	-	29,911
Supplies	24,394	-	24,394
Bank Fees	13,101	-	13,101
Rentals	6,966	-	6,966
Total Expenses	1,177,134	-	1,177,134
CHANGE IN NET ASSETS	(97,956)	(154,456)	(252,412)
Net assets - beginning	284,868	905,850	1,190,718
Net assets - ending	\$ 186,912	\$ 751,394	\$ 938,306

The notes to financial statements are an integral part of this statement.

**THE NAPA VALLEY COMMUNITY COLLEGE DISTRICT AUXILIARY SERVICES FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2023**

	Net assets without donor restriction	Net assets with donor restriction	Total
REVENUES, GAINS AND OTHER SUPPORT			
Donations	\$ -	\$ 119,931	\$ 119,931
Support from college program funds	-	222,913	222,913
Sales	129,165	-	129,165
Grants & contracts	160,255	-	160,255
Other contracted services	209	-	209
Facilities rental income	62,535	-	62,535
Café	99,912	-	99,912
Other revenues	476,251	-	476,251
Net assets released from restriction	307,114	(307,114)	-
Total Revenues, Gains and Other Support	\$ 1,235,441	\$ 35,730	\$ 1,271,171
EXPENSES			
Advertising and printing	\$ 115,270	\$ -	\$ 115,270
Café food and beverages	140,975	-	140,975
Dues and memberships	4,564	-	4,564
Equipment	1,533	-	1,533
Other expenses	75,490	-	75,490
Transfer to District	150,450	-	150,450
Transfer within DAS	21,948	-	21,948
Postage	435	-	435
Professional Development / Travel	92,757	-	92,757
Professional services	5,723	-	5,723
Repairs and maintenance	41,274	-	41,274
Salaries and wages	305,969	-	305,969
Scholarships and awards	25,684	-	25,684
Supplies	25,961	-	25,961
Bank fees	12,683	-	12,683
Rentals	15,606	-	15,606
Total Expenses	1,036,322	-	1,036,322
CHANGE IN NET ASSETS	199,119	35,730	234,849
Net assets - beginning	85,749	870,120	955,869
Net assets - ending	\$ 284,868	\$ 905,850	\$ 1,190,718

The notes to financial statements are an integral part of this statement.

THE NAPA VALLEY COMMUNITY COLLEGE DISTRICT AUXILIARY SERVICES FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (252,412)	\$ 234,849
Adjustments to reconcile change in net assets to net cash provided by/ (used in) by operating activities:		
Decrease in operating assets		
Accounts receivable	(21,925)	26,639
Prepaid expenses	(19,249)	2,608
Inventory	(2,316)	(458)
Due from other entities	(400,605)	(509,600)
Accounts payable	61,641	(9,274)
Deferred revenue	(188)	1,400
Due to other entities	217,540	135,278
Net cash provided by/ (used in) operating activities:	(417,513)	(118,559)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	(417,513)	(118,559)
Cash and cash equivalents - beginning	556,134	674,693
Cash and cash equivalents - ending	\$ 138,621	\$ 556,134

The notes to financial statements are an integral part of this statement.

**THE NAPA VALLEY COMMUNITY COLLEGE DISTRICT AUXILIARY SERVICES FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

June 30, 2024	Program	Administrative	Total
Advertising and printing	\$ 31,706	\$ -	\$ 31,706
Café food and beverages	126,191	-	126,191
Dues and memberships	575	-	575
Equipment	62,900	-	62,900
Other expenses	111,448	-	111,448
Licenses and permits	710	-	710
Insurance	1,435	-	1,435
Building improvement	19,277	-	19,277
Transfer within DAS	-	165,993	165,993
Postage	98	-	98
Professional development / Travel	203,104	-	203,104
Professional services	2,834	945	3,779
Repairs and maintenance	18,272	13,232	31,504
Salaries and wages	344,042	-	344,042
Scholarships and awards	29,911	-	29,911
Supplies	24,394	-	24,394
Bank Fees	-	13,101	13,101
Rentals	6,966	-	6,966
Total	\$ 983,863	\$ 193,271	\$ 1,177,134

June 30, 2023	Program	Administrative	Total
Advertising and printing	\$ 115,270	\$ -	\$ 115,270
Café food and beverages	140,975	-	140,975
Dues and memberships	4,564	-	4,564
Equipment	1,533	-	1,533
Other expenses	75,488	-	75,488
Transfer to District	-	150,450	150,450
Transfer within DAS	-	21,948	21,948
Postage	435	-	435
Professional Development / Travel	92,757	-	92,757
Professional services	1,431	4,292	5,723
Repairs and maintenance	17,335	23,939	41,274
Salaries and wages	305,969	-	305,969
Scholarships and awards	25,684	-	25,684
Supplies	25,961	-	25,961
Bank Fees	-	12,683	12,683
Rentals	15,606	-	15,606
Total	\$ 823,010	\$ 213,312	\$ 1,036,322

The notes to financial statements are an integral part of this statement.

**THE NAPA VALLEY COMMUNITY COLLEGE DISTRICT AUXILIARY SERVICES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Napa Valley Community College District Auxiliary Services Foundation (the "Foundation") was incorporated on October 2013 as a non-profit public corporation for the purpose of promoting and assisting the educational mission of Napa Valley Community College District (the "District"). In fulfilling its mission, Foundation employees support on campus programs and services in addition to supporting regional business and industry. The Foundation is governed by a Board of Directors and the District President serves as the Foundation Chief Executive Officer and Board Chair.

Estimates

The preparation of 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.

Basis of Accounting

The Foundation's policy is to prepare its financial statements on the accrual basis of accounting, consequently, revenues are recognized when earned rather than when cash is received, and certain expenses and purchases of assets are recognized when the obligation is incurred rather than when cash is disbursed.

Financial Statement Presentation

The Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Unrestricted net assets include all resources available for use by the Board of Directors and management's discretion in carrying out the activities of the Foundation in accordance with its Bylaws. Temporarily or permanently restricted net assets are only expendable for the purpose specified by the donor or through the passage of time. When a restriction expires (that is, when a stipulated time restriction ends, or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets. Permanently restricted net assets are generally required to be held by the Foundation in perpetuity while the earnings on those assets are available for use by the Foundation to support its activities. Donors can place restrictions on the earnings from permanently restricted contributions at the time the contributions are made or pledged. Fund accounting is not used in the Foundation's financial statement presentation.

THE NAPA VALLEY COMMUNITY COLLEGE DISTRICT AUXILIARY SERVICES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, continued

Contributions

Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the revenue is recognized. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the existence or nature of any donor restrictions.

Non-cash contributions of goods, materials, and facilities are recorded at the fair value at the date of contribution. Contributed services are recorded at fair value at the date of contribution if they are used to create or enhance a non-financial asset or require specialized skills, are provided by someone possessing those skills, and would have to be purchased by the Foundation if not donated.

Income Taxes

The Foundation is a 509(a)(1) publicly supported nonprofit organization that is exempt from income taxes under Section 501(a) and 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Foundation is also exempt from state franchise or income tax under Section 23701(d) of the California Revenue and Taxation Code.

Income that is not related to exempt purposes, less applicable deductions, is subject to federal and state income taxes. The Foundation did not have any net unrelated business income for the years ended June 30, 2024 and 2023. It is management's belief that the Foundation does not hold any uncertain tax positions that would materially impact the financial statements.

Capital Assets

The Foundation has not adopted a policy to capitalize asset purchases in conformance with generally accepted accounting principles because the Foundation does not own, nor does it have plans to acquire, property or equipment. The property and equipment used by the Foundation in its operations is owned by the District.

Deferred Revenue

Deferred revenue arises when potential revenue does not meet the criteria for recognition in the current period and when resources are received by the Foundation prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the Foundation has a legal claim to the resources, the liability for deferred revenue is removed from the statement of financial position and revenue is recognized.

**THE NAPA VALLEY COMMUNITY COLLEGE DISTRICT AUXILIARY SERVICES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, continued

Cash and Cash Equivalents

The Foundation considers cash and cash equivalents to include cash in commercial checking accounts and demand deposits in money market funds that are used for operational purposes. Cash and cash equivalents exclude highly-liquid investments restricted for endowment, which are instead reported as investments. Cash and cash equivalent balances, at times, may be in excess of the Federal Deposit Insurance Corporation insurance limit of \$250,000.

Investments

The Foundation's method of accounting for investments is the fair value method. Fair value is determined by published quotes when they are readily available. Adjustments to fair values are included in the accompanying statement of financial position and statement of activities.

Accounts Receivable

Accounts receivable consist primarily of noninterest-bearing amounts due for services performed. The Foundation does not consider that the allowance for doubtful accounts is necessary as management believes all receivables are collectible. Uncollectible receivable will be written off in the year it deemed uncollectible.

Prepaid Expenses

Represent payments made to vendors and others for services that will benefit periods beyond June 30.

Inventory

Inventory consists of food and beverages in the Cafe. The cost is recorded as an expense as the inventory is sold.

Accounts Payable

All payables are reported as liabilities in the Statements of Financial Position. In general, all payables, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the Foundation.

Net Assets

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

- Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. The

THE NAPA VALLEY COMMUNITY COLLEGE DISTRICT AUXILIARY SERVICES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, continued

Foundation's board may designate assets without restrictions for specific operational purpose from time to time.

- Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Due to Grantor Governments

Due to represents payables to the district or vendors for their respected invoices amounts.

Fair Value Measurements

The Fair Value Measurements Topic of the *FASB Accounting Standards Codification* establishes a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. As of June 30, 2024 and 2023, the Foundation does not have any assets or liabilities subject to fair value measurements.

THE NAPA VALLEY COMMUNITY COLLEGE DISTRICT AUXILIARY SERVICES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, continued

Allocation of Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Personnel costs and occupancy expenses are allocated based on time and effort. The financial statements also report categories of expenses that are attributed to program service activities or supporting services activities. These expenses are generally directly attributable to a functional category with no significant allocations between program service activities and supporting service activities occurring.

NOTE 2 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization’s financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts not available include amounts set aside for program services that could be drawn upon if the Board of Directors approves that action.

	<u>2024</u>	<u>2023</u>
Financial assets, at year-end:		
Cash and cash equivalents	\$ 138,620	\$ 556,134
Inventory	7,743	5,427
Total Financial assets, at year-end	<u>\$ 146,364</u>	<u>\$ 561,563</u>
Restrictions for specific purposes		
Donor designated	\$ 751,394	\$ 905,850
Total contractual or donor-imposed restrictions	<u>751,394</u>	<u>905,850</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ (605,030)</u>	<u>\$ (344,288)</u>

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2024 and June 30, 2023, consist of cash held in checking accounts totaling \$138,620 and \$556,134, respectively.

NOTE 4 – RESTRICTED NET ASSETS

Net Assets with Donor Restriction

Net assets with Donor Restriction as of June 30, 2024 and June 30, 2023, consist of endowed program, non-endowed program and scholarship funds totaling \$751,394 and \$905,850 respectively.

**THE NAPA VALLEY COMMUNITY COLLEGE DISTRICT AUXILIARY SERVICES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 5- CONTRIBUTED NON-FINANCIAL ASSETS

During the fiscal years ended June 30, 2024 and 2023, the Foundation received supplies and materials:

Description	2024	2023	Utilization in program/activities	Donor restrictions	Valuation techniques and inputs
Supplies and materials	\$ 27,287	\$ 110,012		Donor restrictions	Donated items are valued and are reported at the estimated fair value in the financial statements based on current rates for similar items.
Total	\$ 27,287	\$ 110,012			

NOTE 6 – RELATED PARTIES

As described in Note 1, the Foundation is a supporting organization of the District; therefore, transactions between the Foundation and the District, District personnel, students at the College, and programs of the College, are expected. Per the Foundation’s Bylaws, the District President is responsible for Foundation operations and District personnel serve in ex-officio and voting capacities on the Foundation’s Board.

The Foundation was further supported by the involvement of District personnel in the Foundation’s events and programs. District staff has calculated the dollar value of the involvement of District personnel in Foundation operations. The amount calculated for the Foundation as of June 30, 2024, was \$207,285 and June 30, 2023 was \$100,830.

NOTE 7 – SUBSEQUENT EVENTS

The Foundation’s management evaluated subsequent events from June 30, 2024 through December 18, 2024, the date the financial statements were issued. The District concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements.