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NAPA VALLEY COLLEGE
DISTRICT AUXILIARY SERVICES FOUNDATION

AUDIT REPORT

JUNE 30, 2023 AND 2022

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Financial Section

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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, 2023 and 2022, and the related notes to the 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, 2023 and 2022, and the changes to its net assets and its 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. 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 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.

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 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 November 30, 2023, 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.

CWDL, Certified Public Accountants

San Diego, California
December 19, 2023

THE NAPA VALLEY COMMUNITY COLLEGE DISTRICT AUXILIARY SERVICES FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
Cash and cash equivalents	$ 556,134	$ 674,693
Accounts receivable	25,710	52,349
Prepaid expenses	-	2,608
Inventory	5,427	4,969
Due from other entities	611,944	237,622
Total Assets	$ 1,199,215	$ 972,241
LIABILITIES		
Accounts payable	$ 6,343	$ 15,617
Deferred revenue	2,154	755
Due to other entities	-	-
Total Liabilities	8,497	16,372
NET ASSETS		
Net assets without donor restriction	284,868	85,749
Net assets with donor restriction	905,850	870,120
Total Net Assets	1,190,718	955,869
Total Liabilities and Net Assets	$ 1,199,215	$ 972,241

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
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2022

	Net assets without donor restriction	Net assets with donor restriction	Total
REVENUES, GAINS AND OTHER SUPPORT			
Donations	$ -	$ 120,272	$ 120,272
Support from college program funds		304,006	304,006
Sales	33,075		33,075
Grants & contracts	328,768	-	328,768
Other contracted services	8,379	-	8,379
Facilities rental income	44,691		
Café	22,914		
Other revenues	218,271	-	218,271
Net assets released from restriction	294,527	(294,527)	-
Total Revenues, Gains and Other Support	$ 950,625	$ 129,751	$ 1,080,376
EXPENSES			
Advertising and printing	$ 133,735	$ -	$ 133,735
Café food and beverages	67,933		67,933
Dues and memberships	1,877		1,877
Equipment	17,468	-	17,468
Other expenses	12,368	-	12,368
Transfer to District	178,203		178,203
Transfer within DAS	25,331	-	25,331
Postage	50	-	50
Professional Development / Travel	87,995	-	87,995
Professional services	15,708	-	15,708
Repairs and maintenance	33,317	-	33,317
Salaries	170,645	-	170,645
Benefits	39,462	-	39,462
Scholarships and awards	6,261	-	6,261
Supplies	7,657	-	7,657
Bank fees	12,002		12,002
Bad Debt Expense	279	-	279
Total Expenses	810,291	-	810,291
CHANGE IN NET ASSETS	140,334	129,751	270,085
Net assets - beginning	(54,585)	740,369	685,784
Net assets - ending	$ 85,749	$ 870,120	$ 955,869

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, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 234,849	$ 270,840
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Decrease in operating assets		
Accounts receivable	26,639	81,690
Prepaid expenses	2,608	(2,608)
Inventory	(458)	1,948
Due from other entities	(509,600)	(795,396)
Accounts payable	(9,274)	15,216
Deferred Revenue	1,400	-
Due to other entities	135,278	238,924
Net cash provided by operating activities:	(118,559)	(189,386)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(118,559)	(189,386)
Cash and cash equivalents - beginning	674,693	864,079
Cash and cash equivalents - ending	$ 556,134	$ 674,693

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, 2023 AND 2022

June 30, 2023	Program	Administrative	Total
Advertising and printing	$ 115,270	$ -	$ 115,270
Café food and beverages	140,975	-	140,975
Dues & 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

June 30, 2022	Program	Administrative	Total
Advertising and printing	$ 133,735	$ -	$ 133,735
Café food and beverages	67,933	-	67,933
Dues & memberships	1,877	-	1,877
Equipment	17,468	-	17,468
Other expenses	12,368		12,368
Transfer to District	-	178,203	178,203
Transfer within DAS		25,331	25,331
Postage	50	-	50
Professional Development / Travel	87,995		87,995
Professional services	3,927	11,781	15,708
Repairs and maintenance	13,993	19,324	33,317
Salaries and wages	210,107	-	210,107
Scholarships and awards	6,261	-	6,261
Supplies	7,657	-	7,657
Bank Fees	-	12,002	12,002
Bad Debt Expense	-	279	279
Total	$ 563,371	$ 246,920	$ 810,291

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

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 nonprofit 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.

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, 2023 and 2022. 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.

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.

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, 2023 and 2022, the Foundation does not have any assets or liabilities subject to fair value measurements.

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.

Change in Accounting Principle

In February 2016, the Financial Accounting Standards Board (FASB) established Accounting Standards Codification (ASC) Topic 842, Leases, (ASC Topic 842) by issuing Accounting Standards Update (ASU) No. 2016-02, which is effective January 1, 2022, and requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. The new standard establishes a right-of-use model (ROU) that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statement of operations. On June 30, 2023, the Foundation had no leases requiring recognition under ASC Topic 842.

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.

	2023	2022
Financial assets, at year-end:		
Cash and cash equivalents	$ 556,134	$ 674,693
Inventory	5,427	4,969
Total Financial assets, at year-end	$ 561,563	$ 679,662
Restrictions for specific purposes		
Donor designated	$ 905,850	$ 1,062,876
Total contractual or donor-impossed restrictions	905,850	1,062,876
Financial assets avaialable to meet cash needs for general expenditure within one year	$ (344,288)	$ (383,214)

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2023 and June 30, 2022, consist of cash held in checking accounts totaling $556,134 and $674,693 respectively.

NOTE 4 – RESTRICTED NET ASSETS

Net Assets with Donor Restriction

Net assets with Donor Restriction as of June 30, 2023 and June 30, 2022, consist of endowed program, non-endowed program and scholarship funds totaling $905,850 and $1,062,876 respectively.

NOTE 5- CONTRIBUTED NONFINANCIAL ASSETS

During the fiscal years ended June 30, 2023 and 2022, the Foundation received supplies and materials:

Description	2023	2022	Utilization in program/activities	Donor restrictions	Valuation techniques and inputs
Supplies and materials	$ 110,012	$ 125,576		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	$ 110,012	$ 125,576			

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, 2023, was $100,830 and June 30, 2022 was $92,706.

NOTE 7 – SUBSEQUENT EVENTS

The Foundation's management evaluated subsequent events from June 30, 2023 through December 19, 2023, 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.