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**NAPA VALLEY COLLEGE
VITICULTURE & WINERY TECHNOLOGY
FOUNDATION**

AUDIT REPORT

JUNE 30, 2023 AND 2022

NAPA VALLEY COLLEGE VITICULTURE & WINERY TECHNOLOGY FOUNDATION
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JUNE 30, 2023 AND 2022

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Financial Section



INDEPENDENT AUDITORS' REPORT

Board of Directors
Napa Valley College Viticulture & Winery Technology Foundation
Napa, California

Report on Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of Napa Valley College Viticulture & Winery Technology 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 College Viticulture & Winery Technology 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 Viticulture & Winery Technology 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 December 19, 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.



San Diego, California
December 19, 2023

NAPA VALLEY COLLEGE VITICULTURE & WINERY TECHNOLOGY FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 92,529	\$ 173,932
Accounts receivable	6,759	-
Prepaid expenses	-	-
Inventory	67,691	82,689
Due from other funds	110,168	34,024
Total Assets	\$ 277,147	\$ 290,645
LIABILITIES		
Accounts payable	\$ 362	\$ 769
Total Liabilities	362	769
NET ASSETS		
Net assets without donor restriction	276,785	289,876
Total Net Assets	276,785	289,876
Total Liabilities and Net Assets	\$ 277,147	\$ 290,645

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

**NAPA VALLEY COLLEGE VITICULTURE & WINERY TECHNOLOGY FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2023**

REVENUES, GAINS AND OTHER SUPPORT

Wine sales	33,077
Interest	3
In-Kind	48,089
Total Revenues, Gains and Other Support	<u>\$ 81,169</u>

EXPENSES

Supplies	\$ 1,444
Wine supplies	14,999
Other services	653
Bankcard charges	2,663
Dues & memberships	1,587
Miscellaneous	3,275
Licenses and permits	2,084
Insurance	1,550
Professional services	6,349
Software	323
Consult Program Advisors	2,778
In-Kind	48,089
Salaries	8,467

Total Expenses 94,260

CHANGE IN NET ASSETS (13,091)

Net assets without donor restriction - beginning 289,876

Net assets without donor restriction - ending \$ 276,785

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

**NAPA VALLEY COLLEGE VITICULTURE & WINERY TECHNOLOGY FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2022**

REVENUES, GAINS AND OTHER SUPPORT

Contributions	\$	1,587
Wine sales		34,615
Interest		3
Total Revenues, Gains and Other Support	\$	<u>36,205</u>

EXPENSES

Supplies	\$	11,218
Wine supplies		54,631
Other services		305
Bankcard charges		1,874
Dues & memberships		-
Miscellaneous		3,168
Licenses and permits		657
Insurance		555
Professionsl services		5,118
Software		339
Transfer		1,450
Postage		388
Total Expenses		<u>79,703</u>

CHANGE IN NET ASSETS

Net assets without donor restriction - beginning		<u>338,381</u>
Net assets without donor restriction - ending	\$	<u>289,876</u>

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

NAPA VALLEY COLLEGE VITICULTURE & WINERY TECHNOLOGY FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (13,091)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Decrease (increase) in operating assets	
Accounts receivable	(6,759)
Due to other funds	(76,145)
Inventory	14,998
(Decrease) increase in operating liabilities	
Accounts payable	(406)
Inventory adjustment restatement	(5,007)
Net cash provided (used) by operating activities:	<u>(86,410)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(86,410)
Cash and cash equivalents - beginning	<u>173,932</u>
Cash and cash equivalents - ending	<u>\$ 87,522</u>
	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (43,498)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Decrease in operating assets	
Accounts Receivable	563
Prepaid expenses	300
Due to other funds	(25,169)
Inventory	58,413
Decrease in operating liabilities	
Accounts payable	(1,914)
Inventory adjustment restatement	(5,007)
Net cash provided (used) by operating activities:	<u>(16,312)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(16,312)
Cash and cash equivalents - beginning	<u>190,244</u>
Cash and cash equivalents - ending	<u>\$ 173,932</u>

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

NAPA VALLEY COLLEGE VITICULTURE & WINERY TECHNOLOGY FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

June 30, 2023	Management and		Total
	Program	General	
Insurance	\$ 1,550	\$ -	\$ 1,550
Professional services	6,349	-	6,349
Software	323	-	323
Consult Program Advisors	2,778	-	2,778
Salaries	8,467	-	8,467
Supplies	16,442	-	16,442
Other services	653	-	653
Bankcard charges	2,663	-	2,663
Dues & memberships	1,587	-	1,587
Miscellaneous	-	3,275	3,275
In-Kind	48,089	-	48,089
Licenses and permits	-	2,084	2,084
Total Expenses	\$ 88,900	\$ 5,359	\$ 94,259

June 30, 2022	Management and		Total
	Program	General	
Insurance	\$ 555	\$ -	\$ 555
Professional services	5,118	-	5,118
Software	339	-	339
Transfer	1,450	-	1,450
Postage	388	-	388
Supplies	65,849	-	65,849
Other services	305	-	305
Bankcard charges	1,874	-	1,874
Dues & memberships	-	-	-
Miscellaneous	-	3,168	3,168
Licenses and permits	-	657	657
Total Expenses	\$ 75,878	\$ 3,825	\$ 79,703

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

NAPA VALLEY COLLEGE VITICULTURE & WINERY TECHNOLOGY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Napa Valley College Viticulture & Winery Technology Foundation (the “Foundation”) was incorporated 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, the 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.

NAPA VALLEY COLLEGE VITICULTURE & WINERY TECHNOLOGY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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 year 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.

NAPA VALLEY COLLEGE VITICULTURE & WINERY TECHNOLOGY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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.

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.

NAPA VALLEY COLLEGE VITICULTURE & WINERY TECHNOLOGY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

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 did not have any assets or liabilities subject to fair value measurements.

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.

NAPA VALLEY COLLEGE VITICULTURE & WINERY TECHNOLOGY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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	\$ 92,529	\$ 173,932
Inventory	67,691	82,689
Total Financial assets, at year-end	<u>\$ 160,220</u>	<u>\$ 256,621</u>
Restrictions for specific purposes		
Donor designated	\$ -	\$ -
Total contractual or donor-imposed restrictions	<u>-</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 160,220</u>	<u>\$ 256,621</u>

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2023, consist of cash held in banks of \$92,529 totaling \$92,529. On June 30, 2022, consist of cash held in banks of \$173,932 totaling \$173,932.

NAPA VALLEY COLLEGE VITICULTURE & WINERY TECHNOLOGY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 4 – RESTRICTED NET ASSETS

Net Assets with Donor Restriction

The Foundation did not have any net assets with donor restriction as of June 30, 2023 and 2022.

NOTE 5- CONTRIBUTED NONFINANCIAL ASSETS

The District contributes to the Foundation by providing facilities and equipment (see Note 1) and by paying the personnel costs of the Foundation’s paid staff. The Foundation and the District have not determined the remaining costs of Foundation operation. During the fiscal years ended June 30, 2023, and 2022, the Foundation did not receive any non-financial assets.

NOTE 6 – INVENTORY

Napa Valley College Viticulture & Wine Technology Foundation inventory is listed at market value. Total inventory balance as of June 30, 2023 and 2022 consists of the following:

June 30, 2023	Quantity of Units	Average price per unit	Total value of inventory
Sales			
Wine inventory - Bulk (in gallons)	891	25	\$ 21,890
Wine inventory - Labeled (bottled)	1,341	14	18,975
Wine Inventory - Shiners (bottled)	399	14	5,506
Non-Sales			
Wine Inventory - Library (bottled)	836	10	8,360
Wine Inventory (to the public) - Trial Lots (bottled)	1,728	8	12,960
Total			\$ 67,691
June 30, 2022	Quantity of Units	Average price per unit	Total value of inventory
Sales			
Wine inventory - Bulk (in gallons)	1,422	\$ 23	\$ 32,118
Wine inventory - Labeled (bottled)	562	14	8,048
Wine Inventory - Shiners (bottled)	1,197	14	16,519
Non-Sales			
Wine Inventory - Library (bottled)	894	10	8,940
Wine Inventory (to the public) - Trial Lots (bottled)	2,130	8	15,975
Total			\$ 81,600

NAPA VALLEY COLLEGE VITICULTURE & WINERY TECHNOLOGY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 7 – 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 \$109,992 and June 30, 2022 was \$87,648.

NOTE 8 – 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.