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THE NAPA VALLEY COMMUNITY COLLEGE
DISTRICT AUXILIARY SERVICES
FOUNDATION

AUDIT REPORT

Fiscal Years Ended June 30, 2021 and 2020

THE NAPA VALLEY COMMUNITY COLLEGE DISTRICT AUXILIARY SERVICES FOUNDATION
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JUNE 30, 2021 AND 2020

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Financial Section



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of The Napa Valley Community College District Auxiliary Services Foundation (the "Foundation"), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Napa Valley Community College District Auxiliary Services Foundation as of June 30, 2021 and 2020, and the changes in 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.

CWDL, Certified Public Accountants

San Diego, California
December 21, 2021

THE NAPA VALLEY COMMUNITY COLLEGE DISTRICT AUXILIARY SERVICES FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 864,079	\$ 824,322
Accounts receivable	134,039	18,318
Prepaid expenses	-	370
Inventory	6,917	6,917
Due from other entities	853,973	655,024
Total Assets	1,859,008	1,504,951
LIABILITIES		
Accounts payable	401	398,946
Due to other entities	1,172,823	404,138
Total Liabilities	1,173,224	803,084
NET ASSETS		
Net assets without donor restriction	(54,585)	67,120
Net assets with donor restriction	740,369	634,747
Total Net Assets	685,784	701,867
Total Liabilities and Net Assets	\$ 1,859,008	\$ 1,504,951

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, 2021

June 30, 2021	Net assets without donor restriction	Net assets with donor restriction	Total
REVENUES, GAINS AND OTHER SUPPORT			
Donations	\$ 212	\$ -	\$ 212
Support from college program funds	130,647	-	130,647
Grants & contracts	-	116,972	116,972
Facilities rental income	64,965	-	64,965
Other revenues	57,548	-	57,548
Net assets released from restriction	11,350	(11,350)	-
Total Revenues, Gains and Other Support	264,722	105,622	370,344
EXPENSES			
Advertising and printing	13,859	-	13,859
Café food and beverages	6,326	-	6,326
Dues & memberships	1,157	-	1,157
Other expenses	48,354	-	48,354
Annual administrative transfer	200,000	-	200,000
Professional services	4,165	-	4,165
Repairs and maintenance	13,103	-	13,103
Salaries and wages	69,313	-	69,313
Scholarships and awards	11,350	-	11,350
Supplies	16,959	-	16,959
Bank Fees	1,841	-	1,841
Total Expenses	386,427	-	386,427
CHANGE IN NET ASSETS	(121,705)	105,622	(16,083)
Net assets - beginning	67,120	634,747	701,867
Net assets - ending	\$ (54,585)	\$ 740,369	\$ 685,784

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, 2020**

June 30, 2020	Net assets without donor restriction	Net assets with donor restriction	Total
REVENUES, GAINS AND OTHER SUPPORT			
Donations	\$ 11,200	\$ -	\$ 11,200
Support from college program funds	336,133	-	336,133
Grants & contracts	-	79,653	79,653
Facilities rental income	95,943	-	95,943
Café	169,226	-	169,226
Other revenues	20,001	-	20,001
Net assets released from restriction	31,491	(31,491)	-
Total Revenues, Gains and Other Support	663,994	48,162	712,156
EXPENSES			
Advertising and printing	20,723	-	20,723
Café food and beverages	87,587	-	87,587
Dues & memberships	910	-	910
Equipment	31,717	-	31,717
Other expenses	38,033	-	38,033
Annual administrative transfer	200,000	-	200,000
Professional services	7,970	-	7,970
Repairs and maintenance	9,128	-	9,128
Salaries and wages	159,119	-	159,119
Scholarships and awards	14,900	-	14,900
Supplies	6,882	-	6,882
Travel and conferences	429	-	429
Bank fees	6,231	-	6,231
Total Expenses	583,629	-	583,629
CHANGE IN NET ASSETS	80,365	48,162	128,527
Net assets - beginning	(13,245)	586,585	573,340
Net assets - ending	\$ 67,120	\$ 634,747	\$ 701,867

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, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (16,083)	\$ 128,527
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Decrease in operating assets		
Accounts receivable	(115,721)	3,687
Prepaid expenses	370	669
Inventory	-	150
Due from other entities	(198,949)	(110,470)
Accounts payable	(398,545)	202,932
Due to other entities	768,685	(2,568)
Net cash provided by operating activities:	<u>39,757</u>	<u>222,927</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	39,757	222,927
Cash and cash equivalents - beginning	824,322	601,395
Cash and cash equivalents - ending	<u>\$ 864,079</u>	<u>\$ 824,322</u>

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, 2021 AND 2020**

June 30, 2021	Program	Administrative	Total
Advertising and printing	\$ 13,859	\$ -	\$ 13,859
Café food and beverages	6,326	-	6,326
Dues & memberships	1,157	-	1,157
Other expenses	47,078	1,276	48,354
Annual administrative transfer	-	200,000	200,000
Professional services	1,041	3,124	4,165
Repairs and maintenance	5,503	7,600	13,103
Salaries and wages	67,927	1,386	69,313
Scholarships and awards	11,350	-	11,350
Supplies	16,959	-	16,959
Bank Fees	-	1,841	1,841
Total	\$ 171,201	\$ 215,226	\$ 386,427

June 30, 2020	Program	Administrative	Total
Advertising and printing	\$ 20,723	\$ -	\$ 20,723
Café food and beverages	87,587	-	87,587
Dues & memberships	910	-	910
Equipment	31,717	-	31,717
Other expenses	18,800	19,233	38,033
Annual administrative transfer	-	200,000	200,000
Professional services	1,993	5,978	7,970
Repairs and maintenance	3,834	5,294	9,128
Salaries and wages	155,306	3,813	159,119
Scholarships and awards	14,900	-	14,900
Supplies	6,882	-	6,882
Travel and conferences	429	-	429
Bank Fees	-	6,231	6,231
Total	\$ 343,080	\$ 240,549	\$ 583,629

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, 2021 AND 2020**

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.

THE NAPA VALLEY COMMUNITY COLLEGE DISTRICT AUXILIARY SERVICES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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, 2021 and 2020. 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, 2021 AND 2020

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, 2021 and 2020, 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, 2021 AND 2020

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Change in Accounting Principle

In June 2018, FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08). ASU 2018-08 clarifies how a not-for-profit entity determines whether a resource provider is participating in an exchange transaction or a contribution, helps an entity to evaluate whether contributions are considered conditional or unconditional by stating that a conditional contribution must have (1) a barrier that must be overcome and (2) a right of return or release of obligation, and modifies the simultaneous release option currently in GAAP, which allows a not-for-profit entity to recognize a restricted contribution directly in unrestricted net assets/net assets without donor restrictions if the restriction is met in the same period that revenue is recognized. Accounting for contributions is an issue primarily for not-for-profit entities because contributions are a significant source of revenue. However, the amendments in the ASU 2018-08 apply to all organizations that receive or make contributions of cash and other assets, including business enterprises. The amendments do not apply to transfers of assets from governments to businesses. For contributions received, ASU 2018-08 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. For contributions made, ASU 2018-08 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020.

The Foundation has implemented the provisions of this ASU as of June 30, 2021, because management believes it improves the Foundation's financial reporting.

New accounting pronouncement

In February 2016, FASB issued ASU 2016-02, *Leases* (ASU 2016-02). ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term, and a lease liability for the payments to be made to lessor, on its statement of financial position for all operating leases greater than 12 months. ASU 2016-02 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2021. Although the full impact of ASU 2016-02 on the Foundation's financial statements has not yet been determined, the future adoption of this guidance will require the Foundation to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases.

THE NAPA VALLEY COMMUNITY COLLEGE DISTRICT AUXILIARY SERVICES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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>2021</u>	<u>2020</u>
Financial assets, at year-end:		
Cash and cash equivalents	\$ 864,079	\$ 824,322
Inventory	6,917	6,917
Total Financial assets, at year-end	<u>\$ 870,996</u>	<u>\$ 831,239</u>
Restrictions for specific purposes		
Donor designated	<u>\$ 740,369</u>	<u>\$ 634,747</u>
Total contractual or donor-imposed restrictions	<u>740,369</u>	<u>634,747</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 130,627</u>	<u>\$ 196,492</u>

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2021 and June 30, 2020, consist of cash held in checking accounts totaling \$864,079 and \$824,322 respectively.

NOTE 4 – RESTRICTED NET ASSETS

Net Assets with Donor Restriction

Net assets with Donor Restriction as of June 30, 2021 and June 30, 2020, consist of endowed program, non-endowed program and scholarship funds totaling \$740,369 and \$634,747 respectively.

NOTE 5 – 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, 2021 was \$114,387 and June 30, 2020 was \$120,395.

**THE NAPA VALLEY COMMUNITY COLLEGE DISTRICT AUXILIARY SERVICES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 6 – SUBSEQUENT EVENTS

The Foundation's management evaluated subsequent events from June 30, 2021 through December 21, 2021, 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.