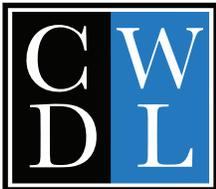


**THE NAPA VALLEY COMMUNITY COLLEGE  
DISTRICT AUXILIARY SERVICES  
FOUNDATION**

**AUDIT REPORT**

**June 30, 2017**



**COSSOLIAS | WILSON  
DOMINGUEZ | LEAVITT**  
CERTIFIED PUBLIC ACCOUNTANTS

**THE NAPA VALLEY COMMUNITY COLLEGE DISTRICT AUXILIARY SERVICES FOUNDATION**  
**TABLE OF CONTENTS**  
**JUNE 30, 2017**

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**FINANCIAL SECTION**

Independent Auditors' Report .....	1
Financial Statements	
Statement of Financial Position.....	3
Statement of Activities.....	4
Statement of Cash Flows .....	5
Statement of Functional Expenses.....	6
Notes to the Financial Statements.....	7

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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

We have audited the accompanying financial statements of The Napa Valley Community College District Auxiliary Services Foundation (the "Foundation"), which comprise the statement of financial position as of June 30, 2017, 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, 2017, 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 15, 2017

**THE NAPA VALLEY COMMUNITY COLLEGE DISTRICT AUXILIARY SERVICES FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2017**

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	<u>2017</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 697,628
Accounts receivable	39,923
Inventory	11,873
Due from other entities	77,503
<b>Total Assets</b>	<u>826,928</u>
<b>LIABILITIES</b>	
Accounts payable	262,327
Due to NVC Foundation	8,346
<b>Total Liabilities</b>	<u>270,673</u>
<b>NET ASSETS</b>	
Operating unrestricted fund	61,672
Temporarily restricted earnings	494,583
<b>Total Net Assets</b>	<u>556,255</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 826,928</u>

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

**THE NAPA VALLEY COMMUNITY COLLEGE DISTRICT AUXILIARY SERVICES FOUNDATION**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>			
Donations	\$ 14,102	\$ -	\$ 14,102
Support from college program funds	114,986	-	114,986
Grants & contracts	-	101,755	101,755
Facilities rental income	146,645	-	146,645
Café	259,804	-	259,804
Other revenues	22,122	-	22,122
Net assets released from restriction	48,321	(48,321)	-
<b>Total Revenues, Gains and Other Support</b>	<b>605,980</b>	<b>53,434</b>	<b>659,414</b>
<b>EXPENSES</b>			
Salaries & wages	164,096	-	164,096
Travel & conferences	6,498	-	6,498
Dues & memberships	275	-	275
Equipment	11,961	-	11,961
Printing and advertising	528	-	528
Repairs & maintenance	10,701	-	10,701
Cafe food & beverages	172,107	-	172,107
Supplies	15,793	-	15,793
Professional services	10,924	-	10,924
Other expenses	28,698	-	28,698
Annual administrative transfer	250,000	-	250,000
Scholarships/Awards	9,154	-	9,154
<b>Total Expenses</b>	<b>680,736</b>	<b>-</b>	<b>680,736</b>
<b>CHANGE IN NET ASSETS</b>	<b>(74,756)</b>	<b>53,434</b>	<b>(21,322)</b>
<b>Net assets - beginning</b>	<b>136,428</b>	<b>441,149</b>	<b>577,577</b>
<b>Net assets - ending</b>	<b>61,672</b>	<b>494,583</b>	<b>556,255</b>

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

**THE NAPA VALLEY COMMUNITY COLLEGE DISTRICT AUXILIARY SERVICES FOUNDATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2017**

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	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ (21,322)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Accounts receivable	2,880
Prepaid expenses	1,756
Inventory	(11,873)
Due from - Napa Valley College	(77,503)
Accounts payable	(2,542)
Deferred revenues	(15,000)
Due to - Napa Valley College	(12,476)
<b>Net cash provided by operating activities:</b>	<u>(136,081)</u>
 <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	 (136,081)
 <b>Cash and cash equivalents - beginning</b>	 <u>833,709</u>
 <b>Cash and cash equivalents - ending</b>	 <u>\$ 697,628</u>

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

**THE NAPA VALLEY COMMUNITY COLLEGE DISTRICT AUXILIARY SERVICES FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2017**

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	<b>Program</b>	<b>Administrative</b>	<b>Total</b>
Advertising and printing	\$ -	\$ 528	\$ 528
Café food and beverages	172,107	-	172,107
Dues and memberships	-	275	275
Equipment	-	11,961	11,961
Other expenses	-	28,698	28,698
Annual administrative transfer	-	250,000	250,000
Professional services	-	10,924	10,924
Repairs and maintenance	-	10,701	10,701
Salaries and wages	157,532	6,564	164,096
Scholarships and awards	9,154	-	9,154
Supplies	12,161	3,632	15,793
Travel and conferences	-	6,498	6,498
<b>Total</b>	<b>\$ 350,954</b>	<b>\$ 329,782</b>	<b>\$ 680,736</b>

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, 2017**

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**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 Office 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, 2017**

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**NOTE 1 – SUMMARY OF 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, 2017. 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, 2017**

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**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, 2017, 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, 2017**

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**NOTE 2 – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents as of June 30, 2017, consist of cash held in checking accounts totaling \$697,628.

**NOTE 3 – RESTRICTED NET ASSETS**

**Temporarily Restricted Net Assets**

Temporarily restricted net assets at June 30, 2017 consist of non-endowed program and scholarship funds totaling \$494,583.

**Permanently Restricted Net Assets**

The Foundation does not have any permanently restricted net assets as of June 30, 2017.

**NOTE 4 – DONATED MATERIALS AND SERVICES**

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 in exchange for a negotiated support fee. The Foundation has recognized \$5,354 of non-cash donations. The Foundation and the District have not determined the remaining costs of Foundation operation that are not reimbursed via the administrative support fee.

**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, 2017 was \$79,105.

**NOTE 6 – SUBSEQUENT EVENTS**

The Foundation management evaluated subsequent events from June 30, 2017 through December 15, 2017, 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.