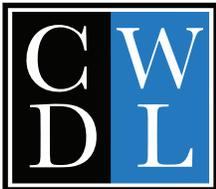


**NAPA VALLEY COLLEGE
VITICULTURE & WINERY TECHNOLOGY
FOUNDATION**

AUDIT REPORT

JUNE 30, 2017



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

NAPA VALLEY COLLEGE VITICULTURE & WINERY TECHNOLOGY FOUNDATION
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JUNE 30, 2017

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Financial Section



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Napa Valley College Viticulture & Winery Technology 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 College Viticulture & Winery Technology 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 5, 2017

NAPA VALLEY COLLEGE VITICULTURE & WINERY TECHNOLOGY FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017

	<u>2017</u>
ASSETS	
Cash and cash equivalents	\$ 191,429
Accounts receivable	1,403
Inventory	<u>125,341</u>
Total Assets	<u>318,173</u>
LIABILITIES	
Accounts payable	2,972
Due to other funds	<u>21,787</u>
Total Liabilities	<u>24,759</u>
NET ASSETS	
Unrestricted	<u>293,414</u>
Total Net Assets	<u>293,414</u>
Total Liabilities and Net Assets	<u>\$ 318,173</u>

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

**NAPA VALLEY COLLEGE VITICULTURE & WINERY TECHNOLOGY FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Unrestricted</u>
REVENUES, GAINS AND OTHER SUPPORT	
Wine sales	\$ 121,777
Interest	19
Total Revenues, Gains and Other Support	<u>121,796</u>
 EXPENSES	
Salaries & benefits	6,121
Dues & memberships	1,214
Bankcard charges	1,496
Bad debt expense	1,080
Other services	4,903
Supplies	7,167
Miscellaneous	2,499
Total Expenses	<u>24,480</u>
 CHANGE IN NET ASSETS	 <u>97,316</u>
Net assets - beginning	<u>128,663</u>
Adjustment for restatement (see note 7)	67,435
Net assets - beginning, as restated	<u>196,098</u>
Net assets - ending	<u>\$ 293,414</u>

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

**NAPA VALLEY COLLEGE VITICULTURE & WINERY TECHNOLOGY FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$	97,316
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Decrease in operating assets		
Accounts receivable		79
Prepaid expenses		69
Increase in operating liabilities		
Accounts payable		2,517
Due to/from other funds		11,568
Net cash provided by operating activities:		<u>111,549</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS 111,549

Cash and cash equivalents - beginning 79,880

Cash and cash equivalents - ending \$ 191,429

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

NAPA VALLEY COLLEGE VITICULTURE & WINERY TECHNOLOGY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017

	Program	Management and General	Total
Salaries & benefits	\$ -	\$ 6,121	\$ 6,121
Supplies	7,040	127	7,167
Other services	4,903	-	4,903
Bankcard charges	1,496	-	1,496
Dues & memberships	-	1,214	1,214
Bad debt expense	-	1,080	1,080
Miscellaneous	-	2,499	2,499
Total Expenses	\$ 13,439	\$ 11,041	\$ 24,480

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, 2017

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, 2017

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.

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

NAPA VALLEY COLLEGE VITICULTURE & WINERY TECHNOLOGY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2017, consist of cash held in county treasury of \$144,254 and banks of \$47,175 totaling \$191,429.

NOTE 3 – RESTRICTED NET ASSETS

Temporarily Restricted Net Assets

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

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. The Foundation and the District have not determined the remaining costs of Foundation operation.

NOTE 5 – INVENTORY

Napa Valley College Viticulture & Wine Technology Foundation inventory is listed at market value. Total inventory balance at June 30, 2017 consists of the following:

	6/30/2017	Average price per unit	Total value of inventory
Wine inventory - Bulk (in gallons)	2,005	\$ 20.00	\$ 40,100
Wine inventory - Bottles (Sales)	4,768	17.35	82,725
Wine inventory - Bottles (Non-sales)	145	17.35	2,516
Total			\$ 125,341

NAPA VALLEY COLLEGE VITICULTURE & WINERY TECHNOLOGY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017 was \$17,263.

NOTE 7 – RESTATEMENT

The beginning net asset balance increased by \$67,435. This was due to fair market value adjustments made to the value of inventory held by the Foundation as of June 30, 2017. See Note 5-Inventory for further details on the inventory held by the Foundation.

NOTE 8 – SUBSEQUENT EVENTS

The Foundation management evaluated subsequent events from June 30, 2017 through December 5, 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.