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NAPA VALLEY COLLEGE  
VITICULTURE & WINERY TECHNOLOGY  
FOUNDATION

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**AUDIT REPORT**

Fiscal Years Ended June 30, 2022 and 2021

**NAPA VALLEY COLLEGE VITICULTURE & WINERY TECHNOLOGY FOUNDATION**  
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**JUNE 30, 2022 AND 2021**

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## **Financial Section**

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## 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, 2022 and 2021, 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, 2022 and 2021, 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 November 15, 2022, 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  
November 15, 2022

**NAPA VALLEY COLLEGE VITICULTURE & WINERY TECHNOLOGY FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2022 AND 2021**

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	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 173,932	\$ 190,244
Accounts receivable	-	563
Prepaid expenses	-	300
Inventory	82,689	141,102
Due from other funds	34,024	8,856
<b>Total Assets</b>	<u>\$ 290,645</u>	<u>\$ 341,065</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 769	\$ 2,684
<b>Total Liabilities</b>	<u>769</u>	<u>2,684</u>
<b>NET ASSETS</b>		
Net assets without donor restriction	<u>289,876</u>	<u>338,381</u>
<b>Total Net Assets</b>	<u>289,876</u>	<u>338,381</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 290,645</u>	<u>\$ 341,065</u>

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**

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	<u>2022</u>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>	
Contributions	\$ 1,587
Wine sales	34,615
Interest	3
<b>Total Revenues, Gains and Other Support</b>	<u>\$ 36,205</u>
 <b>EXPENSES</b>	
Supplies	\$ 11,218
Wine supplies	54,631
Other services	305
Bankcard charges	1,874
Miscellaneous	3,168
Licenses and permits	657
Insurance	555
Professionsl services	5,118
Software	339
Transfer	1,450
Postage	388
<b>Total Expenses</b>	<u>79,703</u>
<b>CHANGE IN NET ASSETS</b>	<u>(43,498)</u>
 <b>Net assets without donor restriction - beginning</b>	<u>338,381</u>
<b>Net assets without donor restriction - ending</b>	<u>\$ 289,876</u>

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, 2021**

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	<u>2021</u>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>	
Wine sales	\$ 20,120
Interest	3
<b>Total Revenues, Gains and Other Support</b>	<u>\$ 20,123</u>
 <b>EXPENSES</b>	
Supplies	\$ 1,463
Other services	928
Bankcard charges	1,718
Dues & memberships	1,203
Licenses and permits	808
Miscellaneous	1,011
<b>Total Expenses</b>	<u>7,131</u>
<b>CHANGE IN NET ASSETS</b>	<u>12,992</u>
 <b>Net assets without donor restriction - beginning</b>	<u>331,048</u>
<b>Adjustment for restatement (see note 8)</b>	<u>5,659</u>
<b>Net assets without donor restriction - ending</b>	<u>\$ 338,381</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, 2022 AND 2021**

	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ (43,498)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Decrease (increase) in operating assets	
Prepaid expenses	300
Due to other funds	(25,169)
Inventory	58,413
(Decrease) increase in operating liabilities	
Accounts payable	(1,914)
Inventory adjustment restatement	(5,007)
<b>Net cash provided (used) by operating activities:</b>	<u>(16,312)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(16,312)
<b>Cash and cash equivalents - beginning</b>	<u>190,244</u>
<b>Cash and cash equivalents - ending</b>	<u>\$ 173,932</u>
	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 12,992
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Decrease in operating assets	
Prepaid expenses	(300)
Inventory	3,385
Decrease in operating liabilities	
Accounts payable	1,476
Inventory adjustment restatement	(5,659)
Due to other funds	(12,579)
<b>Net cash provided (used) by operating activities:</b>	<u>(685)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(685)
<b>Cash and cash equivalents - beginning</b>	<u>190,929</u>
<b>Cash and cash equivalents - ending</b>	<u>\$ 190,244</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, 2022 AND 2021**

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<b>June 30, 2022</b>	<b>Management and</b>		
	<b>Program</b>	<b>General</b>	<b>Total</b>
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

  

<b>June 30, 2021</b>	<b>Management and</b>		
	<b>Program</b>	<b>General</b>	<b>Total</b>
Salaries & benefits	\$ 1,463	\$ -	\$ 1,463
Other services	928	-	928
Bankcard charges	1,718	-	1,718
Dues & memberships	-	1,203	1,203
Miscellaneous	-	1,011	1,011
Licenses and permits	-	808	808
Total Expenses	\$ 4,109	\$ 3,022	\$ 7,131

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, 2022 AND 2021**

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**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, 2022 AND 2021**

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**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, 2022 and 2021. 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, 2022 AND 2021**

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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.

**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, 2022 AND 2021**

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**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, 2022 and 2021, the Foundation did not have any assets or liabilities subject to fair value measurements.

**Change in Accounting Principle**

ASU 2020-07 Presentation and Discussion by Not-for-Profit Entities for Contributed Nonfinancial Assets improves generally accepted accounting principles (GAAP) by increase the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in the update address public concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFP's as well as the amount of those contributions used in a NFP's programs and other activities. The ASU should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The amendment will not change the recognition and measurement requirements for those contributed nonfinancial assets.

**NAPA VALLEY COLLEGE VITICULTURE & WINERY TECHNOLOGY FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

**+ New accounting pronouncement**

In November, FASB issued ASU 2021-09, Leases (ASU 2021-09). ASU 2021-09 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 2021-09 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2021. Although the full impact of ASU 2021-09 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.

**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.

	<b>2022</b>	<b>2021</b>
Financial assets, at year-end:		
Cash and cash equivalents	\$ 173,932	\$ 190,244
Inventory	82,689	141,102
Total Financial assets, at year-end	<u>\$ 256,621</u>	<u>\$ 331,346</u>
Restrictions for specific purposes		
Donor designated	<u>\$ -</u>	<u>\$ -</u>
Total contractual or donor-imposed restrictions	<u>-</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 256,621</u>	<u>\$ 331,346</u>

**NOTE 3 – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents as of June 30, 2022, consist of cash held in county treasury of \$106,230 and banks of \$67,702 totaling \$173,932. On June 30, 2021, consist of cash held in county treasury of \$121,013 and banks of \$69,231 totaling \$190,244.

**NAPA VALLEY COLLEGE VITICULTURE & WINERY TECHNOLOGY FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

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**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, 2022 and 2021.

**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, 2022, and 2021, 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, 2022 and 2021 consists of the following:

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 - Shinners (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
June 30, 2021	Quantity of Units	Average price per unit	Total value of inventory
Wine inventory - Bulk (in gallons)	1,263	\$ 20	\$ 25,260
Wine inventory - Bottles (Sales)	4,028	22	86,602
Wine inventory - Bottles (Non-sales)	2,924	10	29,240
Total			\$ 141,102



**NAPA VALLEY COLLEGE VITICULTURE & WINERY TECHNOLOGY FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

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**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, 2022 was \$87,648 and June 30, 2021 was \$38,892.

**NOTE 8 – RESTATEMENT**

The beginning net asset balance decreased by \$5,081 for June 30, 2022 and increased by \$5,659 for June 30, 2021. This was due to fair market value adjustments made to the value of inventory held by the Foundation. See Note 6 Inventory, for further details on the inventory held by the Foundation.

**NOTE 9 – SUBSEQUENT EVENTS**

The Foundation's management evaluated subsequent events from June 30, 2022 through November 15, 2022, 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.