

# *Allan Hancock College*

## *Viticulture & Enology Foundation*



### **AGENDA**

Board of Directors

Quarterly Meeting

April 12, 2017

3:30 PM

Captain's Room

Building B

Room—B-102

**Allan Hancock College Viticulture & Enology Foundation**



**AGENDA**

Board of Directors

Quarterly Meeting

Wednesday, April 12, 2017 – 3:30 PM  
 Captain's Room B-102, Building B

	<b><u>Page</u></b>	<b><u>Est. Time</u></b>
1. Call to Order		3:30 PM
2. Public Comment		
<p>The section of the agenda is intended for members of the public to address the board on items involving the foundation. Public comment not pertaining to specific agenda items is welcome under public comment. <i>Please note that Board members are prohibited by the Brown Act from responding to comments made regarding topics not on the official agenda.</i> Testimony on specific agenda items will be welcome during consideration of the item by the Board. When public testimony is completed regarding a specific agenda item, discussion is then confined to board members only. This practice is in accordance with laws governing Board of Directors public meetings.</p>		
3. Action Items		3:30 PM
3.A. Approval of December 14, 2016 Meeting Minutes	3	
<p>A recommendation to approve the minutes of the December 14, 2016 meeting.</p>		
3.B. Approval to Engage Glenn Burdette, Certified Public Accountants, to Establish Winery Process Cost Accounting	7	
<p>A recommendation to approve contracting with Glenn Burdette to provide consulting services to develop a winery process cost accounting system.</p>		
3.C. Authorization and Approval of AHC Viticulture & Enology Foundation Operating Activities	8	
<p>A recommendation to approve the proposed authority matrix as presented or as revised by the board of directors.</p>		
3.D. Approvals Related to AHC Foundation's 40 <sup>th</sup> Anniversary on October 21, 2017.	9	
<p>A recommendation to approve the price point for wine purchase and to approve wine names and labels for AHC Foundation's 40<sup>th</sup> anniversary.</p>		

	<b><u>Page</u></b>	<b><u>Est. Time</u></b>
4. Information Items		4:00 PM
4.A. Financial Report	10	
A report on year-to-date financial data ending March 31, 2017.		
4.B. Winery Inventory Report	13	
A report on inventory as of March 31, 2017.		
4.C. Donation Report	15	
A report on donations.		
4.D. Independent Auditor's Report	16	
A report on the audited financial statements for the year ended June 30, 2016.		
4.E. Recent/Upcoming Events	29	
A report on recent and/or upcoming events.		
4.F. Proposed Viticulture and Enology Program Plan	31	
A review and discussion of the initial draft plan.		
5. New Business/Oral Reports		
6. Adjournment		4:30 PM
7. The next meeting of the Board of Directors will be the Annual Meeting on June 21, 2017 at 3:30 PM in the Captain's Room, Building B.		

In compliance with the Americans with Disabilities Act, if you need assistance to participate in this meeting, please contact the President's Office at (805) 922-6966 ext. 3245. Please make requests 48 hours prior to the meeting in order to make reasonable arrangements to ensure accessibility to this meeting.

Alfredo Koch  
Foundation President

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**ALLAN HANCOCK COLLEGE**  
**Viticulture & Enology Foundation**

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Alfredo Koch, President  
Larry Lahr, Vice President  
Michael Black, Treasurer  
Richard Mahon, Secretary  
Kevin G. Walthers, Board Member

Minutes  
Board of Directors  
Regular Meeting  
Wednesday, December 14, 2016

Allan Hancock College  
Captain's Room B 102, Building B  
800 South College Drive, Santa Maria, CA 93454

1. Call to Order

Alfredo Koch called the meeting to order at 3:35 p.m. with the following directors present: Michael Black, Alfredo Koch, Larry Lahr, and Richard Mahon. Kevin Walthers arrived later.

Absent: None

Also present: Paul Kendrick, Linda Reed, Mike Sandoval, Keli Seyfert, Brook Williams

2. Public Comment

No public comment was made.

3. Action Items

3.A. Approval of September 21, 2016 Annual Meeting Minutes

On a motion by Larry Lahr, seconded by Richard Mahon, the Foundation board voted to approve the minutes of the September 21, 2016 annual meeting as submitted.  
(Ayes: Black, Koch, Lahr, Mahon; Noes: None; Abstentions: None; Absent: Walthers)

4. Information Items

4.A. A Marketing Plan Proposal

Alfredo Koch introduced the student, Paul Kendrick, and instructor, Brook Williams. Paul presented a marketing plan for the new winery that he developed in Brook's AG 105 Wine Marketing and Sales class last fall and updated recently. It is a practical approach. He reviewed the competitive SWOT analysis (strengths/weaknesses, opportunities/threats). For positioning, AHC can produce estate wines and prestigious AVAs. He suggested distribution at more local retailers. Promotional activities could include a winemaker/fundraiser dinner in collaboration with the culinary department, and a Hall of Fame dinner with alumni. For product and pricing he used an average of 600 cases at \$16 to \$25 per bottle retail and at 30 percent discount wholesale, for a potential of \$9,000. Branding is important; labels need to stand out. He researched Captain Hancock, whose grandfather started California's first premium winery. He showed his label design for Hancock Signature Wines, a blue label with gold trim, for wines from the AHC vineyard. For the Cabernet blend he showed a tribute label to Captain Hancock, The Count, and for the Torrontes, he suggested Captain's Gold.

Dr. Walthers asked Paul how he sees the tasting room working. Currently, there are two tasting booths on wheels in the winery. As far as staffing, you can do tastings by appointment only. There are licensing issues with where you can sell your wine, just within the premises or off-site. Old Town Market used a temporary permit. We can sell at discount to Wandering Dog, for example, and pour it, but they must sell it at their site. Dr. Walthers expressed appreciation for Paul's coherent plan and suggested that his Hancock Signature Wines label concept be turned over to students in the graphic design program. Alfredo has been talking to them.

#### 4.B. Engagement of Students in Sales, Marketing, and Promotion.

Alfredo Koch and Brook Williams, part-time instructor, discussed efforts to engage viticulture and enology students in the sale, marketing, and promotion of AHC wines. Brook will teach AG 114 Wine Business in the fall and AG 105 Wine Marketing and Sales in the spring. All related marketing, sales, and promotional events will be conducted by students to the extent that is legally possible. As part of these courses, labels and promotional designs will be produced with the help of the fine arts department and other campus departments as needed.

Brook commented that it is important to maintain continuity in brand and strategy for two or three years. Class meets once a week for three hours, and in-store tastings take time. Dr. Walthers stressed that class time needs to be class time to cover learning objectives, but field trips are possible. Timelines, bottling, and labels need to be charted. Michael Black explained that we need to know when costs accumulate to set it up in cost accounting. Alfredo suggested creating a lab course allowing students to work in the tasting room. Brook suggested a small, hands-on capstone class to manage the winery. Dr. Mahon asked how the courses fit with employment opportunities. Paul said most students are already working in the industry, some as winemakers and some new like him. Many locals are interested in the agriculture, and most do not know about sales. Alfredo said that the tasting room class is only eight weeks with so much to cover and wondered if cooperative education could be offered for working in the tasting room. Larry Lahr asked if there is an opportunity with PCPA for tastings at intermission. Michael Black suggested looking into a more flexible license.

#### 4.C. The Role of Auxiliary Accounting Services

Keli Seyfert explained that Auxiliary Accounting Services provides accounting and reporting services for the Viticulture and Enology Foundation, which includes the following: reconciling wine sales cash receipts and preparing them for deposit at Rabobank; recording wine sales activity in the ONESolution software program; invoicing retailers for wine purchased at wholesale prices; depositing and posting cash and non-cash donations; reconciling the bank account; tracking and reporting on the inventory; approving and printing purchase orders; preparing invoices and reimbursement requests for payment; printing and mailing checks; preparing the financial statements; remitting taxes and reports to state and federal agencies; preparing for the annual audit and 990 tax return.

#### 4.D. Financial Report

Michael Black reviewed the balance sheet and the income statement for the Viticulture and Enology Foundation for the period July 1, 2016 through November 30, 2016. Income was primarily the \$65,000 donated by CoastHills Community Foundation and from wine sales. The amount under District/College Support is reimbursement for the balance on the filter purchased by the district. He noted that it is a fund accounting report, and we are moving towards cost accounting.

#### 4.E. Winery Inventory Report

The board reviewed the inventory report as of November 30, 2016. Alfredo Koch and Mike Sandoval explained the process for recording and approving inventory movement. Mike said that all checks and cash are placed in a security bag and reconciled each day. Alfredo and Bruce Wade count inventory weekly and update the spreadsheet. Alfredo signs the log approving every bottle that goes out.

#### 4.F. Facility Security and Access to the Winery Premises

Richard Mahon updated the board on the implementation of security measures. The main winery door has a numerical entry lock, and security codes have been assigned to five people plus maintenance staff, as authorized by the board. The system tracks whose code is used. The garage door, a heavy roll-up, can only be opened from the inside, and the other door remains locked at all times.

#### 4.G. Point of Sale (POS) System and Accounting for Valuation on the Inventory Report

Michael Black reported that staff is in discussion with an outside consultant to determine the cost to configure the POS system that was removed from the bookstore to meet the needs of the viticulture and enology program. He is researching cost accounting standards for grape and wine production with the objective of establishing a system for valuation of cost of goods and inventory. We could set up at least two of the Toshiba POS registers in the winery, and we might keep the Square for off-site events. VinNow is a fairly inexpensive web-based system with web interface, POS tracking interface, wine club, and monthly charge. It is a modular system that we can add to. Michael said he would like to talk to Chris Brown and Brook Williams about their winery experience with cost accounting. The auditors want to see an inventory and capital assets and value included in our books.

#### 4.H. Donation Report

Alfredo Koch reported that the Viticulture and Enology Foundation received a donation of \$65,000 from CoastHills Community Foundation representing the proceeds of the Rancho Vino Fundraiser held on September 10, 2016, in partnership with Presqu'ile Winery. Also, M.A. Silva USA of Santa Rosa donated 5,000 printed silktop noble corks.

4.I. Recent/Upcoming Events

Alfredo Koch reported that the AHC Winery held a wine sale on November 5, 2016 and a 30 percent off holiday sale on the first three Thursdays and Fridays in December.

4.J. Need for Electrical Upgrade and Refrigerated Container at the Winery

Alfredo Koch explained the need for an electrical upgrade that will cost approximately \$15,200 because some winery equipment uses a higher voltage. There is also a need to store wines in a refrigerated container that could be placed outside the winery and would cost approximately \$12,000. He asked for direction from the board on possible steps to implement these improvements and if the district would provide funding for the electrical upgrade. Larry Lahr suggested sharing costs with another department (Industrial Technology) if they also need it. Michael Black said we will have to look into funding the electrical upgrade.

5. New Business/Oral Reports

Dr. Mahon commented that the most discouraging of his dean responsibilities is the need to cancel classes, some in viticulture and enology. He met with several faculty to discuss ways to increase enrollment. A broad plan for the program to thrive is a work in progress.

Alfredo brought up the need to update program flyers/brochures and to update the old video, a short television commercial. Michael Black suggested he engage Andrew Masuda in Public Affairs. Alfredo also used to attend the Unified Symposium in Sacramento to promote the program with funding from a grant to cover the \$2,000 cost for a booth plus insurance.

Brook Williams noted that an article in the January Sunset magazine listed community colleges that have bonded wineries, and AHC was not listed. Dr. Mahon suggested notifying them that they left us out and requesting a profile on our bonded winery.

Keli Seyfert asked who will review and sign off on inventory once a week during Alfredo's sabbatical. Dr. Mahon said he would do it, if Mike Sandoval reminds him.

Dr. Mahon wished Alfredo the best during his sabbatical this spring.

6. Adjournment

Alfredo Koch adjourned the meeting at 5:05 p.m.

7. The next regular board of directors meeting will be on Wednesday, March 15, 2017 at 3:30 PM in the Captain's Room, Building B.

Richard Mahon  
Foundation Secretary



## *AHC Viticulture & Enology Foundation*



To: Board of Directors	<b>ACTION ITEM</b>
From: Michael Black, Treasurer	Date: April 12, 2017
Subject: Approval to Engage Glenn Burdette, Certified Public Accountants, to Establish Winery Process Cost Accounting	Item Number: 3.B.
	Enclosure(s): Page 1 of 1

### BACKGROUND

Glenn Burdette, a local accounting firm, works with many clients in the wine industry. Senior Audit Manager in the firm, Erin Nagle, estimates that it would cost around \$5,000 to provide the necessary guidance to Auxiliary Accounting Services staff to establish a winery process cost accounting system. This is necessary to bring the district into compliance with accounting and regulatory requirements by June 30, 2017 fiscal year end.

### FISCAL IMPACT

Consulting cost of \$5,000 will be paid by the Viticulture & Enology Foundation.

### RECOMMENDATION

A recommendation to approve contracting with Glenn Burdette to provide consulting services to develop a winery process cost accounting system.





## ***AHC Viticulture & Enology Foundation***



To: Board of Directors	<b>ACTION ITEM</b>
From: Michael Black, Treasurer	Date: April 12, 2017
Subject: Authorization and Approval of AHC Viticulture & Enology Foundation Operating Activities	Item Number: 3.C.
	Enclosure(s): Page 1 of 1

### BACKGROUND

The AHC Viticulture & Enology Foundation needs to formalize authorization and approval authority for various operating activities. The foundation treasurer proposes the following authority matrix for consideration by the board:

<b>Transaction/Activity</b>	<b>Position Title Authorized to Approve</b>	<b>Transaction or Dollar Threshold</b>
Employee Schedule, Overtime Approval	Dean of Academic Affairs	All
Purchases (excluding Capital Equipment)	Dean of Academic Affairs	Up to \$1,000
Purchases (excluding Capital Equipment)	V.P. Finance and Administration	\$1,001 to \$10,000
Purchases	AHC President	Greater than \$10,000
Capital Equipment Purchases	AHC President	All Purchases
Pricing	AHC President or V.P. Finance and Administration	All Pricing
New Releases	AHC President	All, in advance
Labels	AHC President	All, prior to printing
Donations Received	V.E. Foundation Treasurer or Executive Director of College Advancement	All
Donations of Wine	AHC President or V.P. Finance and Administration	All
Inventory Movement and Releases (Bottle Transfer Log must be signed by one of those authorized every time bottles are removed.)	AHC President, AHC V.P. Finance and Administration, AHC V.P. Academic Affairs, AHC Dean of Academic Affairs, or V.E. Foundation President	All

### FISCAL IMPACT

Potential to improve sales margins and manage costs.

### RECOMMENDATION

A recommendation to approve the proposed authority matrix as presented or as revised by the board of directors.



## AHC Viticulture & Enology Foundation



To: Board of Directors	<b>ACTION ITEM</b>
From: Michael Black, Treasurer	Date: April 12, 2017
Subject: Approvals Related to AHC Foundation's 40 <sup>th</sup> Anniversary on October 21, 2017	Item Number: 3.D.
	Enclosure(s): Page 1 of 1

### BACKGROUND

Executive Director of College Advancement, Susan Houghton, will be present to discuss this item and answer questions.

The AHC Foundation is asking the board to set a price point for wine they will purchase from the AHC Winery for this event:

- 2015 Chardonnay
- 2014 Pinot Noir
- 2014 Cases of Sparkling Wine (36 cases)

Below are name and label concepts for the board's consideration and approval:

1. **First Class** – This has multiple connotations.
  - a. First class flights
  - b. First class representing when the school was started
  - c. High quality wine
2. **CAVU** – This one is an acronym commonly used by pilots at the time. It stands for “Ceiling and Visibility Unrestricted.” It basically means there are clear flying conditions but could be a metaphor for a clear future ahead or the sky is the limit. It also sounds elegant.
3. **Hancock Aviator** – This one is self-explanatory.
4. **Sparkling Flight** – This one has a couple of meanings.
  - a. Sparkling refers to sparkling wine, and flight obviously means flying.
  - b. A flight is also a tasting of multiple wines.
5. **High Flyer** or **Fly Higher**
6. **Hancock Steel**
7. **Silk and Leather** – Refers to silk scarfs and leather jackets, popular with pilots.

### FISCAL IMPACT

The price point will determine the impact on the Viticulture & Enology Foundation budget.

### RECOMMENDATION

A recommendation to approve the price point for wine purchase and to approve wine names and labels for AHC Foundation's 40<sup>th</sup> anniversary.



*AHC Viticulture & Enology Foundation*



To: Board of Directors	<b>INFORMATION ITEM</b>
From: Michael Black, Treasurer	Date: April 12, 2017
Subject: Financial Report for AHC Viticulture & Enology Foundation	Item Number: 4.A.
	Enclosure(s): Page 1 of 3

BACKGROUND

Attached are the balance and income sheets for the AHC Viticulture and Enology Foundation as of March 31, 2017.

**AHC Viticulture & Enology Fdtn**  
**Balance Sheet**  
**As of March 31, 2017**

**Assets**

Rabobank Checking	94,766
<b>Total Assets:</b>	<b>94,766</b>

**Liabilities**

Accounts Payable	(74)
Sales Tax Payable	103
<b>Total Liabilities:</b>	<b>29</b>

**Fund Balance**

Fund Balance, July 1	54,711
Current Income(Loss)	40,026
<b>Total Fund Balance:</b>	<b>94,737</b>
<b>Total Liabilities and Fund Balance:</b>	<b>\$94,766</b>

**AHC Viticulture & Enology Fdtn**  
**Income Statement**  
**As of March 31, 2017**

**Revenue**

Sales & Commissions	20,464
Sales Returns & Allow	-17
Sales Discounts	-5,024
Contributed Gifts/Grants/Endw	67,004
Non-Cash Contribution	10,509
<b>Total Revenues:</b>	<b>92,936</b>

**Expenditures**

Technology Supplies	137
Office/Operational Supplies	2,053
In-Kind Supply Contribution	10,403
Printing	2,151
Food Supplies	406
Indep Contractor (Individuals)	700
Service Contracts (Businesses)	9,114
Off-Site-Conference/Bus Exp	1,246
Non-Tech Licenses,Permits,Fees	822
Technology Services	200
Facility Leases	200
Land Lease	800
Legal Fees	106
Misc Operating Expenses	1,191
Fngprnt/Bckgrnd/Psy Tst/Poly	22
District/College Support	20,226
Postage/Express Services	12
Advertising	1,400
Merchant Fees	272
Cash Over and Short	15
Equipment	1,434
<b>Total Expenditures:</b>	<b>52,910</b>
<b>Net Income(Loss)</b>	<b>40,026</b>

**Fund Balance**

Fund Balance, July 1	54,711
<b>Current Balance:</b>	<b>\$94,737</b>



***AHC Viticulture & Enology Foundation***



To: Board of Directors	<b>INFORMATION ITEM</b>
From: Alfredo Koch, President	Date: April 12, 2017
Subject: Winery Inventory Report	Item Number: 4.B.
	Enclosure(s): Page 1 of 2

BACKGROUND

Attached is the inventory report as of March 31, 2017.

**Allan Hancock College Viticulture & Enology Foundation  
Board Inventory Report for January - March 2017**

	Prior reported Physical Count 12/31/16	Retail Price per bottle	equals: Prior reported Inventory Valuation 12/31/16	less: Jan-Mar 17 Sales	less: Jan-Mar 17 Donations	less: Jan-Mar 17 Tasting	less: Jan-Mar 17 Adjustments	equals: Physical Count 03/31/17	Retail Price per bottle	equals: Inventory Valuation 03/31/17
2015 Albarino (added Mar17)	0	\$ -	\$ -	-	-	-	120	120	\$ -	0
2014 Cabernet Sauvignon	0	\$ 18.48	-	0	0	0	0	0	\$ 18.48	\$ -
2015 Chardonnay Barrels (added Mar17)	0	17.59	-	-40	-48	-4	250	158	16.63	2,627.54
Chardonnay Stainless Steel 2014	0	13.86	-	0	0	0	0	0	13.86	-
Magnum	10	36.95	369.50	-2	-1	0	1	8	36.95	295.60
Pinot Noir AHC 2014 (Estate SBC)	1423	16.63	23,664.49	-23	-45	-3	-1	1351	16.63	22,467.13
Pinot Noir Rose 2014	4	13.86	55.44	-1	-1	-2	0	0	13.86	-
2015 Pinot Noir Rose (added Mar17)	0	14.82	-	-2	-8	-1	236	225	18.48	4,158.00
Red Wine Paso Robles 2014 (Bordeaux)	207	14.78	3,059.46	-9	-3	-4	-1	190	14.78	2,808.20
Syrah AHC 2014 (Estate Syrah)	0	18.48	-	0	0	0	0	0	18.48	-
Syrah SBC 2014	546	16.63	9,079.98	-26	-7	-4	-4	505	16.63	8,398.15
2012 White Wine	581	13.86	8,052.66	-9	-25	-3	-6	538	13.86	7,456.68
2015 Torrontes (added Mar17)	0	-	-	0	0	0	120	120	-	-
	0	-	-	0	0	0	0	0	-	-
Total	2771		\$ 44,281.53	-112	-138	-21	715	3215		\$ 48,211.30

130 Bottles of 2015 Chardonnay Oak Barrels added to inventory on 03/01/2017

120 Bottles of 2015 Pinot Noir Rose added to inventory on 03/01/2017

120 Bottles of 2015 Albarino added to inventory on 03/08/2017 (not being sold as of 3/8)

120 Bottles of 2015 Torrontes added to inventory on 03/08/2017 (not being sold as of 3/8)

120 bottles of 2015 Chardonnay Oak Barrels added to inventory on 03/09/2017

116 bottles of 2015 Pinot Noir Rose added to inventory on 03/09/2017



## *AHC Viticulture & Enology Foundation*



To: Board of Directors	<b>INFORMATION ITEM</b>
From: Alfredo Koch, President	Date: April 12, 2017
Subject: Donation Report	Item Number: 4.C.
	Enclosure(s): Page 1 of 1

### BACKGROUND

The foundation has received the following donations that have not previously been reported to the board.

- Foxen Vineyard and Winery in Santa Maria donated four used wine barrels and two used wine racks in August 2016 for use in the AHC winery.
- Zotovich Wine Enterprises of Newport Beach donated 400 cases of glass wine bottles in August 2016 for use in the AHC winery.
- Crop Production Services, Inc. of Santa Maria donated the following chemicals in November 2016 for use in the student vineyard: 2.5 gallons Forfeit 280, 1 gallon Freeway 4X1GA, 1 quart Venue 8X1QT, and 2.5 gallons Suppress EC 2x2.5GA.
- Crop Production Services, Inc. of Santa Maria donated ground cover in December 2016 for use in the student vineyard: max organic builder cover crop 50#/lb (rye grain) and UC937 barley 50#EA (barley) Lot MP16-169 (3.00).
- Bellum, LLC of San Luis Obispo donated the following grapes in December 2016: 1,859 pounds of Malbec, 1,777 pounds of Petite Verdot, and 2,768 pounds of Cabernet Sauvignon grapes.
- The Santa Barbara Vintner's Foundation donated \$2,000 on January 12, 2017 to be used as needed for the viticulture and enology program.
- Crop Production Services, Inc. of Santa Maria donated 2.5 gallons of Forfeit 280 on January 30, 2017 for use in the student vineyard.
- An anonymous donor from Lompoc donated a high pressure air hose with stand on March 9, 2017 for use in the AHC winery;
- The Santa Maria Chapter of California Women for Agriculture donated \$250 on March 9, 2017 for the agribusiness/viticulture and enology program.




**AHC Viticulture & Enology Foundation**


To: Board of Directors	<b>INFORMATION ITEM</b>
From: Michael Black, Treasurer	Date: April 12, 2017
Subject: Independent Auditor's Report	Item Number: 4.D.
	Enclosure(s): Page 1 of 13

BACKGROUND

Attached is the report on the audited financial statements for the year ended June 30, 2016 from Vavrinek, Trine, Day & Co., LLP, Certified Public Accountants.

**ALLAN HANCOCK COLLEGE  
VITICULTURE AND ENOLOGY FOUNDATION  
(A California Nonprofit Corporation)**

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**ANNUAL FINANCIAL REPORT  
WITH  
INDEPENDENT AUDITOR'S REPORT**

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**JUNE 30, 2016**

**ALLAN HANCOCK COLLEGE  
VITICULTURE AND ENOLOGY FOUNDATION  
(A CALIFORNIA NONPROFIT CORPORATION)**

**JUNE 30, 2016**

**TABLE OF CONTENTS**

	<u>Page</u>
INDEPENDENT AUDITOR'S 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 Financial Statements.....	7



## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Allan Hancock College Viticulture and Enology Foundation  
Santa Maria, California

We have audited the accompanying financial statements of the Allan Hancock College Viticulture and Enology Foundation (the Foundation) (a California nonprofit corporation), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, cash flows, and functional expenses 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 from 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 Foundation'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 Foundation'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 Allan Hancock College Viticulture and Enology Foundation as of June 30, 2016, 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.

*Vannest, Time, Day & Co., LLP*

Rancho Cucamonga, California  
December 9, 2016

**ALLAN HANCOCK COLLEGE  
VITICULTURE AND ENOLOGY FOUNDATION  
(A CALIFORNIA NONPROFIT CORPORATION)**

**STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2016**

## ASSETS

## Current Assets

Cash and cash equivalents	\$ 75,403
Accounts receivable	589
Inventory	18,285
Total Assets	\$ 94,277

## LIABILITIES

## Current liabilities

Accounts payable	\$ 21,281
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## NET ASSETS

## Unrestricted

TOTAL LIABILITIES AND NET ASSETS	\$ 72,996 \$ 94,277
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See the accompanying notes to financial statements.

**ALLAN HANCOCK COLLEGE  
VITICULTURE AND ENOLOGY FOUNDATION  
(A CALIFORNIA NONPROFIT CORPORATION)**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

	Unrestricted
Support	
Contributions	\$ 59,554
Fee revenue	32,240
In-kind contributions	10,670
Other income	955
Total Support and Revenues	103,419
Expenses	
Program	32,510
Operating	1,550
Total Expenses	34,060
CHANGE IN NET ASSETS	69,359
NET ASSETS, BEGINNING OF YEAR	3,637
NET ASSETS, END OF YEAR	\$ 72,996

See the accompanying notes to financial statements.

**ALLAN HANCOCK COLLEGE  
VITICULTURE AND ENOLOGY FOUNDATION  
(A CALIFORNIA NONPROFIT CORPORATION)**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2016**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 69,359
Change in operating assets and liabilities	
Accounts receivable	(589)
Inventory	(18,285)
Accounts payable	21,239
Net Cash Flows From Operating Activities	<u>71,724</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	71,724
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>3,679</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 75,403</u></u>

See the accompanying notes to financial statements.



**ALLAN HANCOCK COLLEGE  
VITICULTURE AND ENOLOGY FOUNDATION  
(A CALIFORNIA NONPROFIT CORPORATION)**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Program</u>	<u>Operating</u>	<u>Total</u>
Office/Operational supplies	\$ 3,061	\$ 151	\$ 3,212
Printing	579	-	579
Food supplies	533	-	533
Independent contractor expense	296	-	296
Service contracts	233	-	233
Non-tech licenses, permits, fees	1,968	60	2,028
Repairs	219	-	219
Equipment rental	219	-	219
Legal fees	-	659	659
District/College support	19,083	-	19,083
Miscellaneous operational expenses	281	-	281
Postage	-	21	21
Bank/Merchant services charges	-	659	659
Cash over/short	(32)	-	(32)
Equipment	1,070	-	1,070
Scholarships	5,000	-	5,000
Total Expenses	<u>\$ 32,510</u>	<u>\$ 1,550</u>	<u>\$ 34,060</u>

See the accompanying notes to financial statements.

**ALLAN HANCOCK COLLEGE  
VITICULTURE AND ENOLOGY FOUNDATION  
(A CALIFORNIA NONPROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

***NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES***

**Organization**

The Allan Hancock College Viticulture and Enology Foundation (the Foundation) (a California nonprofit corporation) was incorporated in the State of California in 2014 as a nonprofit public benefit corporation. The Foundation was organized to support Allan Hancock Joint Community College District's (the District) educational and cultural programs in areas of Agribusiness, Viticulture and Enology, as well as operate certain facilities related to such programs. The Foundation is a Voluntary Health and Welfare Organization as defined by the Financial Accounting Standards Board (FASB) Accounting Standards of Codification (ASC) Topic 958.

**Financial Statement Presentation**

The Foundation prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The financial statements include the accounts maintained by and directly under the control of the Foundation.

The accompanying financial statements are presented in accordance with FASB ASC 958-210-50. Under ASC 958-210-50, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the Foundation is required to present a statement of cash flows. The Foundation does not use fund accounting. Revenues and expenses are recorded when incurred in accordance with the accrual basis of accounting. At fiscal year end, the Foundation only had unrestricted net assets.

The Foundation and the District are financial interrelated organizations as defined by ASC Topic 958-605, *Transfers of Assets to a Nonprofit or Charitable Trust that Holds Contributions for Others*. Under ASC Topic 958-605, the Foundation reflects contributions received for the benefit of the District as revenue in its financial statements. The expenses related to these contributions are accounted for under program and supporting services.

**Fair Value Measurements**

The fair value of equity and debt securities with readily determinable fair values approximates their respective quoted market prices. Because of the inherent uncertainty of valuation methods, those estimated values might differ significantly from those used had a market existed. All other financial instruments' fair values approximate their carrying amounts due to the short maturities of these instruments.

**Support and Expenses**

Contributions are measured at their fair value at the date of contribution and are reported as an increase in net assets. The Foundation reports gifts of cash or other assets in the category designated by the donor. The Foundation reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulation about where the contributions are to be spent, the Foundation reports these contributions as unrestricted.

**ALLAN HANCOCK COLLEGE  
VITICULTURE AND ENOLOGY FOUNDATION  
(A CALIFORNIA NONPROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**Donated Services, Goods, and Facilities**

Donated services and facilities are not reflected in the financial statements since there is no readily determined method of valuing these services.

Donated goods in the amount of \$10,670 were recognized in the financial statements as in-kind contributions and in-kind expenses.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Classification of Current and Noncurrent Assets and Liabilities**

The Foundation considers assets and liabilities that can reasonably be expected, as part of its normal operations, to be converted to cash or liquidated within twelve months of the statement of net assets date to be current. All other assets and liabilities are considered noncurrent.

**Cash and Cash Equivalents**

Cash and cash equivalents consist of cash held in checking with maturities of less than 90 days. The Foundation maintains cash balances in financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2016, the Foundation's deposits were fully insured.

**Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Based on management's current available knowledge, an allowance for doubtful accounts is not deemed necessary.

**Inventory**

Inventory primarily consists of wine held for sale. Inventory is stated at the lower of cost or market. The cost is recorded as an expense as the inventory is sold.

**ALLAN HANCOCK COLLEGE  
VITICULTURE AND ENOLOGY FOUNDATION  
(A CALIFORNIA NONPROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**Income Taxes**

The Foundation is a charitable, not-for-profit, tax-exempt organization qualified under provisions of Section 501(c)(3) of the Internal Revenue Code and corresponding California provisions. Accordingly, no provision for income taxes has been provided in the financial statements. The Foundation has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(A)(vi). The Foundation annually files information returns, Forms 990, 199, and RRF-1, with the appropriate agencies. There was no unrelated business activity income.

The Foundation's Federal informational and California State informational tax returns for the year ended June 30, 2015, are open to audit.

The Foundation has adopted FASB ASC Topic 740 that clarifies the accounting for uncertainty in tax positions taken, or expected to be taken, on a tax return and provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if, based on its merits, the position is more likely than not to be sustained on audit by the taxing authorities. Management believes that all tax positions taken to date are highly certain and, accordingly, no accounting adjustment has been made to the financial statements.

**Allocation of Functional Expenses**

The costs of providing the various programs, fundraising, and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and operating activities.

***NOTE 2 - ACCOUNTS RECEIVABLE***

Wine sales receivable	<u>\$ 589</u>
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***NOTE 3 - ACCOUNTS PAYABLE***

Amounts due to Allan Hancock Joint Community College District	\$ 19,091
Vendor payables	<u>2,190</u>
	<u>\$ 21,281</u>

**ALLAN HANCOCK COLLEGE  
VITICULTURE AND ENOLOGY FOUNDATION  
(A CALIFORNIA NONPROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

***NOTE 4 - UNRESTRICTED NET ASSETS***

At June 30, 2016, unrestricted net assets consisted of the following:

Unrestricted	
Undesignated	<u>\$ 72,996</u>

***NOTE 5 - SUBSEQUENT EVENTS***

The Foundation's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements through December 9, 2016, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.



## *AHC Viticulture & Enology Foundation*



To: Board of Directors	<b>INFORMATION ITEM</b>
From: Alfredo Koch, President	Date: April 12, 2017
Subject: Recent/Upcoming Events	Item Number: 4.E.
	Enclosure(s): Page 1 of 2

### BACKGROUND

Recent events include the following:

- AHC wines were poured at the Spring Gathering on March 1, 2017 at the Lompoc Valley Center, spearheaded by the College Advancement Team.

Save the dates for the upcoming events listed on the attached 2017 Wine Tasting and Sales Event Schedule.

## ALLAN HANCOCK COLLEGE WINERY

### 2017 Wine Tasting and Sales Event Schedule

#### AHC and Community Events

##### **President's Circle/Boosters Tail Gate Party**

Allan Hancock College Football Field  
Saturday, September 30<sup>th</sup>  
1:30 p.m.

##### **AHC Foundation 40th Anniversary**

Jet Center  
Saturday, October 21<sup>st</sup>  
Time TBD

##### **CoastHills/PCPA**

AHC Board Room  
March 2018  
5:00 p.m. – 7:00 p.m.

#### Marketing Events

##### **Santa Barbara Vintners Festival Grand Tasting**

River View Park, Buellton  
Saturday, April 22<sup>nd</sup>  
1:00 p.m. – 4:00 p.m.

##### **Spring Wine Sale**

Allan Hancock College Winery  
Sunday, May 21<sup>st</sup>  
12 noon – 4:00 p.m.

##### **Los Olivos Jazz Festival**

Lavinia Campbell Park, Los Olivos  
Saturday, June 3<sup>rd</sup>  
1:00 p.m. – 4:00 p.m.

##### **Event Name TBD**

Dana Cultural Center, Nipomo  
Sunday, June 25<sup>th</sup>  
1:00 p.m. – 4:00 p.m.

##### **Boys & Girls Club Tour & Taste of the Valley**

Orcutt Union Plaza, Old Town Orcutt  
Saturday, September 2<sup>nd</sup>  
11:30 a.m. – 2:30 p.m.

##### **Grapes and Grains Festival**

Elks Field, Santa Maria  
Saturday, October 7<sup>th</sup>

##### **SB Vintners Celebration of Harvest Festival**

Old Mission of Santa Ines, Solvang  
Saturday, October 7<sup>th</sup>

##### **Santa Barbara Vintners Festival Grand Tasting**

River View Park, Buellton  
Saturday, April 22<sup>nd</sup>  
12 noon – 4:00 p.m.

##### **Fall Wine Sale**

Allan Hancock College Winery  
Sunday, November 5<sup>th</sup>  
12 noon – 4:00 p.m.


**AHC Viticulture & Enology Foundation**


To: Board of Directors	<b>INFORMATION ITEM</b>
From: Richard Mahon, Secretary	Date: April 12, 2017
Subject: Proposed Viticulture and Enology Program Plan	Item Number: 4.F.
	Enclosure(s): Page 1 of 9

BACKGROUND

College leadership has been requesting the development of a comprehensive plan to guide the viticulture and enology program as well as the AHC Winery. The attached document is an initial rough draft in response to that request. The plan is envisioned as a work in progress that will be presented at future Viticulture & Enology Foundation board meetings for review and comment.



**ALLAN HANCOCK COLLEGE**  
**VITICULTURE AND ENOLOGY PROGRAM PLAN**

**THE NEED FOR A PLAN**

Like other academic programs at Allan Hancock College, the agribusiness department has conducted both annual and comprehensive program reviews. The creation of the college's winery included the *Allan Hancock College Vineyard and Winery Business Plan*. Despite this good work, there is no single document that provides a succinct history, profile, and development plan for the viticulture and enology academic program and the resource needs for the winery and sale of the college's wine. What follows will provide less detail than these earlier documents in order to provide a broader overview of the program's past and anticipated future.

**HISTORY OF THE PROGRAM AND COMPARISON TO SIMILAR PROGRAMS**

Allan Hancock College launched a program in viticulture and enology in the 1990s. Along with Santa Rosa Junior College and Napa Valley College, it is one of only three wine programs in California Community Colleges with a bonded winery. The program was launched during the presidency of Dr. Ann Foxworthy and was initially staffed by one full-time instructor, Merilark Padgett, who left the college to take a full-time position in the viticulture program at Santa Rosa Junior College. The past several years, the full-time instructor has been Dr. Alfredo Koch. During the last 10 years the program has doubled in number of students and courses.

Both Napa Valley College and Santa Rosa Junior College have mature viticulture programs.

The Napa Valley program is called "Viticulture and Winery Technology" (VWT). The program website indicates that the program is designed to "prepare students for careers in the North Coast wine industry." The college offers:

Programs:	Required program units:
AS Viticulture	45
AS Winemaking	45
AS Marketing and Sales	38
Certificate Viticulture	30
Certificate Wine Marketing and Sales	21

Napa offers a total of 47 discrete courses (20 are 1-unit, two are 2-unit, 25 are 3-unit courses). Napa's VWT 130, General Viticulture, is common to each of the college's five programs. The college's spring 2017 online class schedule lists 21 courses.

Santa Rosa Junior College offers programs in both Viticulture (VIT) and Wine Studies (WINE). There appear to be no certificate options in either program.

Programs:	Required program units:
AS Viticulture	32
AS Wine Studies: Enology	28
AS Wine Business and Marketing	26.5

AS Wine Studies, Wine Evaluation and Service	22
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Santa Rosa offers many courses below 2 units (30, most of which are 1.5 units), two 2-unit courses, 14 3-unit courses, and one 4-unit course (Introduction to Enology). The spring 2017 Santa Rosa Junior College schedule of classes lists seven Viticulture classes and 14 Wine Studies classes, for a total of 21 course offerings.

Allan Hancock offers three degree and two certificate programs in wine-related fields. These are identified in the college catalog and schedule of classes as agribusiness and are blended with the recently developed stand-alone courses in general agriculture.

Program:	Required program units:
AS Enology/Viticulture	22
AS/Certificate Wine Business	22
AS/Certificate Viticulture	26

Allan Hancock offers 37 wine-related courses, of which 19 are 3-unit courses. The spring 2017 schedule of classes listed 15 wine-related course offerings, though some of these have been cancelled due to low enrollment (though spring 2017 may not be representative due to the sabbatical leave of Alfredo Koch). As of February 5, 2017, the online course schedule shows active head-count enrollment of 129 students, with the greatest enrollment in Ag 101, Intro to Winemaking/Enology in Santa Ynez (27), Ag 315, Fertilizers and Plant Nutrition (26) Ag 121/141, Viticulture Operations (25), and Ag 311/322 Winemaking (16).

Of concern is the impression that the course pathway for the agriculture program at Allan Hancock College is not clear to the instructional and counseling faculty, and therefore almost certainly unclear to students. When asked to sketch out a suggested sequence of courses, lead faculty Alfredo Koch proposed a sequence of classes that exceeded the unit requirements of the program but without including all of the courses actually required for the program. There is no course planner in the college catalog or other advising documents, and it is not uncommon for courses to be cancelled due to inadequate enrollment. The first and most pressing need for the program is to develop a clear and widely publicized course sequence which will guide students toward certificate/degree completion.

The dean has contacted his peers and faculty at both Napa and Santa Rosa in order to establish a collegial relationship and open the possibility of information and strategy sharing. A member of the Napa Valley College Foundation visited Allan Hancock on March 28 and indicated a further willingness to share information and strategy.

The greatest current need for the program is (1) to clarify and communicate to the college community the academic requirements of the various degree and certificate programs and (2) to expand enrollment to move the program to a more solid apportionment-funding foundation.

### **VITICULTURE AND ENOLOGY: Transfer or CTE?**

California community colleges serve multiple missions, chief of which are preparing students for transfer and providing students the skills for direct entry into the workforce. The viticulture and

enology program at Allan Hancock is ideally placed to serve both goals. The proximity of Cal Poly San Luis Obispo means that students oriented toward transfer have a world-class institution with a substantial focus on agriculture less than an hour away. The growth and prevalence of wineries in northern Santa Barbara County translates into many employment opportunities for students seeking workforce readiness. The question, therefore, is not transfer or CTE, but how to organize classes so that both goals can be met by students taking the program's offerings.

Associate faculty member Ric Fuller has suggested that a CTE curriculum that would provide significant preparation for local vineyards would include courses in:

Mechanized Farm Equipment (3-4 units)  
 Agricultural Spanish  
 Ag Shop Welding and Shop Skills  
 Pest Control Advisor (discrete courses or independent program—The college already offers AG 130 a semester course with 6 hours per week of Integrated Pest Management. Other short courses could be offered.)

A program below 18 semester units may be approved by the college without Chancellor's Office pre-approval. Programs of 18 or more units must be state approved.

### **Expanding the Program**

A variety of approaches should be pursued to expand the program, including:

- the development of an alumni database would serve multiple goals. First, it would provide data for the college to support claims that graduates of the programs (and even students who do not complete a program) find gainful employment in the wine field. More important, for those program alumni who are willing to participate, maintaining contact with past students would provide more opportunities for students to make connections with local industry and find their own pathway to jobs. The program has begun working on the database.
- developing internships would also provide opportunities for students to link their classroom experience to the circumstances and demands they will encounter when they obtain jobs in the local wine industry.
- the program should expand the use of both the program website (<http://www.hancockcollege.edu/agribusiness/program.php>) and develop a Viticulture and Enology Facebook page (both already developed), which can increase awareness both of the program itself and presentations of the program in the surrounding community; local employers seeking trained entry level staff could post job opportunities on the Facebook page; the college might also include a link to the Santa Barbara Vintners jobs webpage (<http://www.sbcountywines.com/classifieds.html>). Some of these responsibilities might be addressed by hiring a student worker.
- should the program develop a wine club, both the webpage and Facebook page could become conduits to the wine club.

## **DEVELOPING A VITICULTURE AND ENOLOGY CALENDAR**

The AHC viticulture and enology program participates in community events throughout the calendar year, and the rhythm of the harvest cycle aligns with the college's academic calendar imperfectly at best. Some community events involve ad hoc support for events organized by the AHC Foundation or by other units on campus (CTE, PCPA, STEM, etc.) while others are annual events in which the program should have a presence i.e., Grapes and Grains in October or the Lompoc Rotary Wine Auction in March. The program needs to develop a calendar to ensure that the college has a presence at the most important community events.

In addition, the program is challenged by the fact that the grape harvest—perhaps the most important single event to which students should be exposed—takes place very early in the fall semester, and before new students in the program are prepared to benefit fully from participating in the process. Thus the program needs to develop an additional calendar that tracks the life cycle of the grape vines through the seasons in a way that connects the classroom to the vineyard as thoroughly as possible.

Events outside of the local area should also be calendared, including the annual (January) Unified Wine Symposium in Sacramento. Events which involve travel or support costs need to be built into the program budget.

- AHC Spring Wine Sale, May 21, 2017, noon to 4 p.m.
- Los Olivos Jazz and Olive Festival, June 3, 2017
- Event at Dana Cultural Center in Nipomo, June
- President's Circle/Boosters Tailgate Party, September 30, 2017
- Grapes and Grains Festival, October 7, 2017
- AHC Foundation's 40<sup>th</sup> Anniversary, October 21, 2017
- AHC Fall Wine Sale, November 5, 2017, noon to 4 p.m.

### **The Budget**

Like other programs on campus, the viticulture and enology program is funded through a variety of program codes. In recent years the planned budget has been as high as \$58,000. Appendix A includes a proposed budget for annual needs of non-fixed costs for the program.

### **The Viticulture & Enology Foundation Budget and the AHC Foundation**

The viticulture and enology program has received generous community support throughout its life, more so when Terri Lee Coleman has been asked to develop support within the AHC community. In fall 2016 the Viticulture & Enology Foundation received an especially generous donation as a result of the Coast Hills/Presqu'île fund-raiser, which brought approximately \$60,000 into the program. The intended use of the funds was described broadly, so there are few practical limits on the use of the funds. In the absence of any way to replenish these funds at their current level, the program should be hesitant to spend the money too quickly. There has been an indirect indication for the AHC Foundation (not the Viticulture & Enology Foundation) that Terri Lee Coleman might again be assigned to dedicate some time to the viticulture and enology program.

There have also been problems with the AHC Foundation approaching staff directly and seeking support in pouring wine at AHC Foundation events without communicating these plans to the dean. This has led to the pouring of wine away from the winery, in possible violation of ABC guidelines, and in staff needing to work overtime without pre-approval (which nearly led to the refusal to approve the employee's timesheet). The program appreciates and would like to develop a productive working relationship with the AHC Foundation.

### **Staffing**

The viticulture and enology program has functioned as well as it has because of the extraordinary support of the faculty. This includes the sole full-time instructor Alfredo Koch (on sabbatical leave in spring 2017) and the great dedication of part-time faculty including Chris Brown and Ric Fuller.

For many years, the viticulture and enology program ran with no dedicated staff. Full-time faculty member Alfredo Koch received reassigned time (.4) to serve as a coordinator, and his duties included not only overseeing all aspects of the vineyard and winery, but also developing and overseeing curriculum for a non-viticulture and enology agriculture program. Former student employee Michael Sandoval provided service to the program prior to being hired into his current temporary position. Finally in early fall 2016, the pending arrival of Strong Workforce dollars from the Chancellor's Office allowed the program to anticipate funding for a full-time lab position, much like the five full-time staff members that provide support to the science labs. The dean submitted a PAR/NE for a temporary position to begin immediately with the understanding that recruitment for a "permanent" position would be forthcoming. (The Strong Workforce dollars have an assured three-year horizon, so they are not permanent, though they would provide support for staff to develop the wine sales aspect of the program sufficiently to allow the program to become more self-funding.)

Unfortunately, as of the end of March 2017, no approval has been provided for the permanent position and memories vary as to the commitment to fund the position. Michael Sandoval now has under 70 days of eligibility in the temporary position with no clarity on funding for a full-time position, indicating that the winery will once again be without any staff support.

### **Equipment**

Most of the basic facility infrastructure is present in O-211, the college's winery facility. Recent additions include a mobile pizza oven, used to support events at the winery, in the college's vineyard, and (since the oven is mounted on a trailer) potentially at other sites in the community. The support element subject to the greatest recent contention concerns the electrical service available in the winery. AC current at 110, 208, and 480 is currently available. Anecdotal instruction from college administrators has ranged from potential willingness to provide additional electrical service, to the insistence that the program require manufacturers to reconfigure equipment for the electrical service already available. This question needs to be resolved definitively.

The next major asset needed by the program is a refrigerated container, which would serve multiple pressing needs. By providing additional storage space, it would free up a significant amount of space within O-211. This would remove individual bottles of wine from unsecured places from which they can be easily removed (though it should be noted that weekly inventories indi-

cate that there is less and less shrinkage in the inventory). A *refrigerated* storage container would also make it possible to store wines that need to be maintained at a constant temperature.

Of late there has been some interest in acquiring a table sorter.

## **THE WINERY**

### **Staffing** (faculty and staff responsibilities)

For many years, the Allan Hancock viticulture and enology program did *not* include a bonded winery. All work was completed by the faculty (full and part-time) and by student workers. Starting in fall 2016, the program gained a temporary full-time staff position, with the understanding that the temporary position was preliminary to a permanent position in the 2016-17 year using Strong Workforce funding. The permanent position has not yet been posted. Staff have to work to support faculty efforts even while they are supervised by administrative personnel, not by faculty. The program would benefit from making a crosswalk between the responsibilities in the position rank used by Human Resources and the duties actually fulfilled in the program. With the addition of the bonded winery to the program, it is certain that the program cannot subsist without ongoing staff support.

### **The Facility**

The winery (O-211) is used to teach the program's winemaking classes. Although it is a large space, much of it is taken up with storage for program hardware and wine barrels. There does not seem to be consensus about the best configuration of the space. At times it has been suggested that shelving should be installed that would allow most of the space from floor to ceiling on the south wall to be used to move wine barrels out of the middle of the space, but there does not seem to be consensus about this suggestion yet.

The courtyard adjacent to O-211 includes more assets that support the program. There has been ongoing discussion about the desirability of investing in a refrigerated storage container; this would meet multiple goals, including (1) moving wine out of O-211 and making the teaching space more useable, and (2) moving wine into a locked space and thus increasing inventory control.

The installation of a cooled container would require that the college provide an electrical connection to power the container, but the college's facilities department has been cool at best to suggestions to modify the utility infrastructure in the facility. In part as a result of the lack of storage, campus facilities moved several already moldy boxes of wine glass to the garage of the college's former AHC Foundation office on South College Drive.

### **Wine Sales**

With the addition of the bonded winery, the college now enjoys the ability to bottle larger quantities of wine. Much of this wine is used in support of the campus vineyard and college advancement activities, and the college should set a target for the number of bottles of wine to be used for this activity.

The college also wishes wine to be sold with the proceeds used to partially support the program. This raises the question of how to sell the wine. Wine is already available for purchase by college staff and the community one day a week (Wednesdays in spring 2017). Small quantities are available at local retailers (which?), and some local restaurants have expressed interest in selling Allan Hancock wine by the glass. Faculty have also expressed an interest in setting up a through-the-mail wine club, especially as this is one of the fastest growing segments in the wine business.

As part of the effort to build recognition for the college's wines, a percentage of bottles of wine should be set aside for promotional purposes. Commonly used metrics in the industry suggests that 5 percent each for donations and sample/consumption and 2 to 3 percent for entry into competitions.

Despite significant fluctuation by season, gross sales of the college's wine has been robust, with sales as high as \$7,508.43 in May 2016 and as low as \$249.45 in January 2017. Average sales since the winery opened have been \$2,758.77.

### **Who's in charge?**

Colleges function broadly under the umbrella of shared governance. The unique element of faculty expertise (whether full or part time) means that administrators should move slowly when asserting their authority over academic programs. The viticulture and enology program, however, is unlike any other program on campus in many ways, but chief among these are (1) the need to oversee the vineyard which follows its own seasonal calendar with no reference to the academic calendar, (2) the strict rules that govern the production and sale of alcohol, and (3) the hitherto loosely defined nature of the elements of the program.

Authority for the development of curriculum will likely rest with faculty for any foreseeable future. Responsibility for the *offering* of curriculum is a shared responsibility between faculty and administration (and the program should aspire to improve scheduling practices to minimize the cancellation of courses for low enrollment). Oversight and responsibility for staff (not faculty) evaluation is an administrative responsibility. Responsibility for decision-making in the winery is currently poorly defined: who has the authority to approve pricing for wines? Who has the authority to approve gifts of wine to support local charitable causes? Who has the authority to approve college participation in community events, knowing that they are likely to commit staff to work outside of their usually scheduled hours?

It would be very beneficial to the program to clarify these questions since the lack of clarity means that needless time is spent just trying to figure out who is authorized to make a decision.

**Appendix A: Wine Sales to date**

**AHC V&E Foundation  
Net Sales by Month  
Oct15 - Mar17**

<b>Month</b>	<b>Net Sales</b>
October 2015	\$4,126.31
November 2015	6,758.90
December 2015	4,096.04
January 2016	826.65
February 2016	3,058.01
March 2016	1,490.51
April 2016	3,214.46
May 2016	7,508.43
June 2016	1,161.04
July 2016	262.40
August 2016	1,031.07
September 2016	2,832.23
October 2016	623.62
November 2016	5,928.27
December 2016	3,479.05
January 2017	249.45
February 2017	252.57
March 2017	781.18
<b>Total Sales</b>	<b>\$47,680.19</b>

**Appendix B: Fluctuating Costs**