

Allan Hancock College

Viticulture & Enology Foundation



Board of Directors Meeting

December 6, 2022

3:30 PM

Allan Hancock College
Captain's Room B102





Allan Hancock College Viticulture & Enology Foundation



Board of Directors

Quarterly Meeting

December 6, 2022

3:30 p.m. to 4:30 p.m.

Captain's Room B102

AGENDA

	<u>Page</u>	<u>Est. Time</u>
1. Call to Order		3:30 PM
2. Public Comment		
<p>This 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> Public comment on an agenda item or another topic must be submitted in advance, no later than one hour before the start of the meeting, on December 6, 2022, via email to: evalenzuela@hancockcollege.edu. Comments will be read by district staff for the record during the meeting.</p>		
3. Action Items		3:30 PM
3.A. Approval of September 21, 2022 Meeting Minutes	3	
<p>A recommendation that the board approve the minutes from the September 21, 2022 meeting.</p>		
3.B. Acceptance of Donations	5	
<p>A recommendation that the board approve the received donations.</p>		
3.C. Election of Directors and Officers	6	
<p>A recommendation to approve the election of the proposed slate of directors and officers.</p>		
4. Information Items		3:45 PM
4.A. Student Club Activities and Winery Permits	7	
<p>Information regarding student club activities and winery permits will be presented.</p>		

	<u>Page</u>	<u>Est. Time</u>
4.B. Allan Hancock College Wine Festival Update	8	
An update on information about a proposed Allan Hancock College Wine Festival will be presented.		
4.C. 5K Run and Walk Fundraiser	9	
An update on the 5K Run and Walk Fundraiser scheduled May 6, 2023 will be provided.		
4.D. 2022 Harvest Update	10	
An update on the production of grape and wine will be provided.		
4.E. V&E Foundation Cash Flow	11	
Information regarding V&E Foundation cash flow will be provided.		
4.F. Allan Hancock College Winery Holiday Sale	12	
Information regarding AHC Winery holiday sale will be provided.		
4.G. Audit Report for the AHC Viticulture & Enology Foundation, FY 2022	13	
The final audit report for the AHC Viticulture & Enology Foundation, FY 2022 will be provided.		
4.H. Winery Board Inventory Report	32	
A report on year-to-date financial data ending October 31, 2022.		
4.I. Financial Report	35	
A report on year-to-date financial data ending October 31, 2022.		
5. New Business/Oral Reports		4:20 PM
6. Adjournment		4:30 PM

The next regular meeting of the board of directors will be held on March 15, 2023.

In compliance with the Americans with Disabilities Act, if you need assistance to participate in this meeting, please contact the associate superintendent/vice president of finance and administration's office at (805) 922-6966 ext. 3939 or email Espie Valenzuela at evalenzuela@hancockcollege.edu. Please make requests 48 hours prior to the meeting in order to make reasonable arrangements to ensure accessibility to this meeting.

Kevin G. Walthers, Ph.D.
Foundation President

ALLAN HANCOCK COMMUNITY COLLEGE
Viticulture & Enology Foundation



Kevin G. Walthers, Ph.D., Board President
 Suzanne Levy, Vice President
 Eric D. Smith, Treasurer
 Sean J. Abel, Secretary
 Alfredo Koch, Ph.D., Board Member

Minutes
 Board of Directors
 Quarterly Meeting
 Wednesday, September 21, 2022
 3:30 p.m.

Allan Hancock College
 Captain's Room B102
 800 South College Drive, Santa Maria, CA 93454

1. Call to Order

Dr. Kevin G. Walthers called the meeting to order at 3:30 p.m. with the following directors present: Sean J. Abel, Alfredo Koch, Suzanne Levy and Eric D. Smith.

Absent: None

Guests present: Kelsie Norris, Keli Seyfert

Note taker: Espie Valenzuela

2. Public Comment

No public comments were received.

3. Action Items

3.A. Approval of July 14, 2022 Meeting Minutes

On a motion by Alfredo Koch seconded by Sean Abel, the board approved the minutes from the July 14, 2022 board meeting.

(Ayes: Abel, Koch, Levy, Smith, Walthers; Noes: None; Abstentions: None; Absent: None)

3.B. Acceptance of Donations

On a motion by Alfredo Koch seconded by Sean Abel, the board approved the donations received

(Ayes: Abel, Koch, Levy, Smith, Walthers; Noes: None; Abstentions: None; Absent: None)

3.C. Approval of AHC Wine Festival for August 12, 2023

On a motion by Suzanne Levy seconded by Alfredo Koch, the board approved a revised date for the AHC Wine Festival for June 3, 2023.

(Ayes: Abel, Koch, Levy, Smith, Walthers; Noes: None; Abstentions: None; Absent: None)

4. Information Items

4.A. Estimated Grape and Wine Production Plan for 2022

K. Norris provided the production plan for the 2022 harvest. The plan is to produce about 600 cases of wine. The plan is to sell approximately three tons of Pinot Noir grapes. Dr. Walthers suggested having a window of solicitation for those who are interested in buying. This will ensure all is accounted for. Forthgoing, find a reasonable place to post the sale of wine, such as our website.

4.B. HAC Bulk Wine Update

K. Norris provided an update regarding the current inventory of bulk wine a of September 1, 2022.

4.C. California Department of Food and Agriculture (CDFA) Grant

Information regarding the California Department of Food and Agriculture (CDFA) Grant was presented by A. Koch. The grant is for \$130,000 and is currently in its final signatures. The grant includes a digital application related to agriculture production. A. Koch will work with IT Services to create the digital application. A name is needed for the application. S. Levy suggested the name “Eco Nourishment.”

4.D. Fundraiser Dinner at AHC Winery

A. Koch shared the idea to gain funding for the Foundation and stated his last discussion with the student club was to propose an open house November 5, 2022. This event would include tapas. Another event suggested was to host a dinner at the winery in spring, possibly April 2023. Dr. Walthers mentioned there is much planning for the dinner and ask for a full agenda. S. Levy suggested putting a subcommittee together and volunteered to assist A. Koch and S. Abel.

4.E. Winery Board Inventory Report

K. Seyfert presented the wine inventory reports on year-to-date financial data ending fiscal year June 30, 2022 and July 31, 2022.

4.F. Financial Report

K. Seyfert discussed the financial statements detailing the report on year-to-date financial data ending fiscal year June 30, 2022 and July 31, 2022.

5. New Business/Oral Reports

E. Smith added the parking and event logistics for the Wine Festival tentatively scheduled for June 3, 2023 should be shared with J. Hooten.

A. Koch mentioned the 5K Run and Walk Fundraiser is scheduled in May 2023.

6. Adjournment

The next meeting of the board of directors will be held on December 6, 2022 at 3:30 p.m.

adjourned 4:20 p.m.

Kevin G. Walthers, Ph.D.
Board President Secretary



AHC Viticulture & Enology Foundation



To: Board of Directors	ACTION ITEM
From: Eric D. Smith, Treasurer	Date: December 6, 2022
Subject: Acceptance of Donations	Item Number: 3.B.
	Enclosure(s): Page 1 of 1

BACKGROUND

The donation(s) below are in support of the Allan Hancock College Viticulture & Enology Program. All products donated will be used in the winery and agribusiness program.

- On November 21, 2022, George & Jane Roach gave a monetary donation in the amount of \$1,500.

FISCAL IMPACT

None

RECOMMENDATION

Staff recommends that the board accept the donation(s) received.



AHC Viticulture & Enology Foundation



To: Board of Directors	ACTION ITEM
From: Kevin G. Walthers, President	Date: December 6, 2022
Subject: Election of Directors and Officers	Item Number: 3.C.
	Enclosure(s): Page 1 of 1

BACKGROUND

In accordance with Article III Section 6 of the Bylaws, “The Board shall hold an annual meeting for the purpose of organization, selection of directors and officers, and the transaction of other business.” Additionally, Article II Sections 2 and 4 of the Bylaws specify the following: “There shall be only one class of membership of this corporation and it shall consist of the Board of Directors....Each member shall have one (1) vote for all purposes.”

Article III Section 3 of the Bylaws provides for four ex-officio members of the Board of Directors to serve in their capacity as: Superintendent/President, Associate Superintendent/Vice President of Finance and Administration, Dean of the Life and Physical Sciences Program, and Coordinator of the Agricultural Business Program. The Bylaws further provide for one member of the Board of Directors to be appointed by the Allan Hancock Joint Community College District Board of Trustees.

Below is the proposed slate of officers and directors:

President Kevin G. Walthers, Superintendent/President
 Secretary Sean J. Abel, Dean, Life and Physical Sciences
 Treasurer Eric D. Smith, Associate Superintendent/Vice President, Finance and Administration
 Vice President Suzanne Levy, Allan Hancock Joint Community College District Trustee
 Board Member Alfredo Koch, Coordinator/Instructor, Agribusiness/Viticulture and Enology

FISCAL IMPACT

None

RECOMMENDATION

Staff recommends that the board approve the election of the proposed slate of officers and directors.



AHC Viticulture & Enology Foundation



To: Board of Directors	INFORMATION ITEM
From: Sean J. Abel, Secretary	Date: December 6, 2022
Subject: Student Club Activities and Winery Permits	Item Number: 4.A.
	Enclosure(s): Page 1 of 1

BACKGROUND

Several club activities will take place at the Campus Winery, and we need to know when we are able to open for tastings and when we are not able to do so. Visits to Alcohol Beverage Control office in San Luis Obispo may help to clarify these issues for future activities. We think that perhaps some activities must be performed before or after we open for tastings.

Currently under the California Alcoholic Beverage Control (ABC) Act you do not need a license to serve alcohol if you're hosting a private party that meets the following requirements:

- You don't charge for or sell the alcohol you serve.
- Your party is not open to the general public at the time you serve the alcohol. However, an event authorization shall not be issued for use at the premises for more than 4 days in a calendar year.

There is also a Responsible Beverages Service (RBS) training required in Santa Barbara County. To meet the new training requirement, any on-premises alcohol server or manager must register in the RBS Portal, take training from an authorized RBS Training Provider, and pass the ABC Alcohol Server Certification examination within 30 days of completing the training. Servers and managers must be certified within 60 days of their first date of employment.

The V&E faculty and staff are investigating the implications of these regulations for our college events on campus.



AHC Viticulture & Enology Foundation



To: Board of Directors	INFORMATION ITEM
From: Sean J. Abel, Secretary	Date: December 6, 2022
Subject: Allan Hancock College Wine Festival Update	Item Number: 4.B.
	Enclosure(s): Page 1 of 1

BACKGROUND

Las Positas College, MiraCosta College, CSU Fresno, and CSU Cal Poly, San Luis Obispo have accepted our invitation for our Wine Festival scheduled June 10, 2023.

UC Davis and Napa Valley College are undecided. They have been informed of the possibility to have rooms for two days and dinner on Friday.

Santa Rosa Junior College has declined their participation for this event.

Next is to plan for promotions, sponsors, food snacks, bathrooms, police, etc.



AHC Viticulture & Enology Foundation



To: Board of Directors	INFORMATION ITEM
From: Sean J. Abel, Secretary	Date: December 6, 2022
Subject: 5K Run and Walk Fundraiser	Item Number: 4.C.
	Enclosure(s): Page 1 of 1

BACKGROUND

Following the successful previous experience, we are repeating the 5K Run and Walk Fundraiser, May 6, 2023. Registration is open in Eventbrite.

<https://www.eventbrite.com/e/allan-hancock-college-viticulture-and-enology-club-5k-fun-run-tickets-409351139277?aff=ebdssbdestsearch>

We are planning on promotions and a save the date AHC email.



AHC Viticulture & Enology Foundation



To: Board of Directors	INFORMATION ITEM
From: Sean J. Abel, Secretary	Date: December 6, 2022
Subject: 2022 Harvest Update	Item Number: 4.D.
	Enclosure(s): Page 1 of 1

BACKGROUND

We have finished harvesting grapes for the 2022 season. We received a total of 9.62 tons of grapes this year. The breakdown of that tonnage and the gross gallons produced are below. We are currently on track to produce about 500 cases of the 2022 Vintage.

Allan Hancock College 2022 Production			Gross Gal	Gal after Loss (10%)	Final Estimated Cases
Updated: 11/21/22					
Varietal	Vineyard	Tons			
Chardonnay	AHC	1.16	138	124.2	52
Albariño	AHC	0.5	78	70.2	30
Torrontés	AHC	0.43	42	37.8	16
Sauvignon Blanc	NFV	0.73	102	91.8	39
Pinot Rose	AHC	0.53	104	93.6	39
Pinot Noir	AHC	2.94	413	371.7	156
Syrah	AHC	1.36	184	165.6	70
Malbec	TTT	1.22	173	155.7	65
Cabernet Sauvignon	AHC	0.26	52	46.8	20
Grenache	NFV	0.49	63	56.7	24
Malbec Rose	AHC	0	17	15.3	6
Syrah Rose	AHC	0	30	27	11
TOTALS		9.62	1396	1214.1	511



AHC Viticulture & Enology Foundation



To: Board of Directors	INFORMATION ITEM
From: Sean J. Abel, Secretary	Date: December 6, 2022
Subject: V & E Foundation Cash Flow	Item Number: 4.E.
	Enclosure(s): Page 1 of 1

BACKGROUND

The cash on hand for the Viticulture and Enology Foundation is low. We would like to discuss possible short term and long-term solutions to increase cash for the foundation.



To: Board of Directors	INFORMATION ITEM
From: Sean J. Abel, Secretary	Date: December 6, 2022
Subject: AHC Winery Holiday Sale	Item Number: 4.F.
	Enclosure(s): Page 1 of 1

BACKGROUND

We are having a Holiday Half-Case Special. The special will run through the month of December 2022. The half-case includes a bottle of our 2017 Sparkling Wine, 2018 Red Blend, 2019 Cabernet Sauvignon, 2019 Merlot, 2020 Chardonnay and 2020 Pinot Noir. The special is being offered at 25% off.

ALLAN HANCOCK COLLEGE
WINERY

Hancock Holiday

HALF-CASE SPECIAL

Include Hancock wines in your holiday celebrations!

The Allan Hancock College Winery is offering 25 percent off a six-bottle special. Wine Club members can stack their discounts for an even better deal. We offer curbside pickup at the winery or shipping via UPS to more than 35 states. Don't wait! This offer is only good while supplies last.

Included in our special:

- 2020 Chardonnay
- 2017 Sparkling Wine
- 2020 Pinot Noir
- 2019 Cabernet Sauvignon
- 2019 Merlot
- 2018 Red Blend

To purchase, visit www.hancockcollege.edu/winery



AHC Viticulture & Enology Foundation



To: Board of Directors	INFORMATION ITEM
From: Eric D. Smith, Treasurer	Date: December 6, 2022
Subject: Audit Report for the AHC Viticulture & Enology Foundation, FY 2022	Item Number: 4.G.
	Enclosure(s): Page 1 of 19

BACKGROUND

Attached is the final audit report for the AHC Viticulture & Enology Foundation, FY 2022.



See what's possible.

ALLAN HANCOCK COLLEGE VITICULTURE AND
ENOLOGY FOUNDATION
(A NON PROFIT ORGANIZATION)

FINANCIAL STATEMENTS

Fiscal Years Ended June 30, 2022 and 2021

ALLAN HANCOCK COLLEGE VITICULTURE AND ENOLOGY FOUNDATION
(A NONPROFIT ORGANIZATION)
TABLE OF CONTENTS
June 30, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

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

Report on Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of Allan Hancock College Viticulture and Enology Foundation (the Foundation) (a California nonprofit corporation), 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 Allan Hancock College Viticulture and Enology 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 Allan Hancock College Viticulture and Enology 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 8, 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.

CWDL, Certified Public Accountants

San Diego, California
November 11, 2022

FINANCIAL STATEMENTS

ALLAN HANCOCK COLLEGE VITICULTURE AND ENOLOGY FOUNDATION
(A NONPROFIT ORGANIZATION)
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 44,720	\$ 55,906
Accounts receivable	1,439	-
Inventory	114,089	120,128
Deferred crop costs	-	24,047
Prepaid expenses	1,200	1,413
Total assets	\$ 161,448	\$ 201,494
LIABILITIES		
Accounts payable	\$ 2,526	\$ 5,521
Total liabilities	2,526	5,521
NET ASSETS		
Net assets without donor restrictions	158,877	191,148
Net assets with donor restrictions	45	4,825
Total net assets	158,922	195,973
Total liabilities and net assets	\$ 161,448	\$ 201,494

ALLAN HANCOCK COLLEGE VITICULTURE AND ENOLOGY FOUNDATION
(A NONPROFIT ORGANIZATION)
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
JUNE 30, 2022

Year Ended June 30, 2022	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 1,525	\$ -	\$ 1,525
In-kind contributions	22,732	-	22,732
Winery sales, net	6,014	-	6,014
Total Support and Revenue	30,271	-	30,271
EXPENSES			
Program	61,836	4,780	66,616
General and administrative	706	-	706
Total Expenses	62,542	4,780	67,322
Change in Net Assets	(32,271)	(4,780)	(37,051)
Net Assets - Beginning of Year	191,148	4,825	195,973
Net Assets - End of Year	\$ 158,877	\$ 45	\$ 158,922

See accompany notes to the financial statements

ALLAN HANCOCK COLLEGE VITICULTURE AND ENOLOGY FOUNDATION
(A NONPROFIT ORGANIZATION)
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
JUNE 30, 2021

Year Ended June 30, 2021	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 1,513	\$ -	\$ 1,513
In-kind contributions	50,226	-	50,226
Winery sales, net	8,285	(2,438)	5,847
Other revenue	767	-	767
Total Support and Revenue	60,791	(2,438)	58,353
EXPENSES			
Program	30,531	20,185	50,716
Management and general	5,090	-	5,090
Total Expenses	35,621	20,185	55,806
Change in Net Assets	25,170	(22,623)	2,547
Net Assets - Beginning of Year	165,978	27,448	193,426
Net Assets - End of Year	\$ 191,148	\$ 4,825	\$ 195,973

**ALLAN HANCOCK COLLEGE VITICULTURE AND ENOLOGY FOUNDATION
(A NONPROFIT ORGANIZATION)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022**

Year Ended June 30, 2022	General and		
	Program	Administrative	Total
Office/Operational supplies	\$ 17,952	\$ 472	\$ 18,424
Printing	230	-	230
Food supplies	1,348	-	1,348
Conference/Business expense	3,152	-	3,152
Service contracts	504	-	504
Non-tech licenses, permits, fees	957	70	1,027
Repairs	5,070	-	5,070
Technology services	19,799	-	19,799
Legal Fees	338	-	338
Sales/Use Tax Expense	531	-	531
Postage/Express Services	1,044	97	1,141
Advertising	1,198	-	1,198
Bank and merchant fees	1,695	20	1,715
Cash over/short	-	47	47
Loss-Disposal of assets	4,294	-	4,294
Equipment	8,504	-	8,504
Total	\$ 66,616	\$ 706	\$ 67,322

**ALLAN HANCOCK COLLEGE VITICULTURE AND ENOLOGY FOUNDATION
(A NONPROFIT ORGANIZATION)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021**

Year Ended June 30, 2021	General and		
	Program	Administrative	Total
Office/Operational supplies	\$ 2,473	\$ 1,104	\$ 3,577
Printing	59	-	59
Food supplies	528	-	528
Conference/Business expense	1,212	-	1,212
Non-tech licenses, permits, fees	710	-	710
Technology services	19,298	-	19,298
Postage/Express services	758	59	817
Advertising	30	-	30
Bank and merchant fees	-	3,927	3,927
Loss-Disposal of assets	4,096	-	4,096
Equipment	21,552	-	21,552
Total	\$ 50,716	\$ 5,090	\$ 55,806

**ALLAN HANCOCK COLLEGE VITICULTURE AND ENOLOGY FOUNDATION
(A NONPROFIT ORGANIZATION)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND JUNE 30, 2021**

Year Ended June 30,	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (37,051)	\$ 2,547
Reconciliation to net cash provided (used) by operating activities:		
Effect on changes in:		
Accounts receivable	(1,439)	1,373
Inventory	6,039	(5,836)
Deferred crop costs	24,047	(5,229)
Prepaid expenses	213	(1,413)
Accounts payable	(2,995)	(5,111)
Net Cash (Used) by Operating Activities	<u>(11,186)</u>	<u>(13,669)</u>
Net (Decrease) in Cash and Cash Equivalents	(11,186)	(13,669)
Cash and Cash Equivalents - Beginning of Year	<u>55,906</u>	<u>69,575</u>
Cash and Cash Equivalents - End of Year	<u>\$ 44,720</u>	<u>\$ 55,906</u>

**ALLAN HANCOCK COLLEGE VITICULTURE AND ENOLOGY FOUNDATION
(A NONPROFIT ORGANIZATION)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND JUNE 30, 2021**

NOTE 1 – 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) and the Allan Hancock College (the College) educational and cultural programs in areas of Agribusiness, Viticulture and Enology, as well as operate certain facilities related to such programs.

Financial Statement Presentation

The accompanying financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-210-50. Under ASC 958-210-50, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. 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.

The Foundation and the College are financially interrelated organizations as defined by Transfers of Assets to a Nonprofit or Charitable Trust that Holds Contributions for Others. The Foundation reflects contributions received for the benefit of the College as revenue in its financial statements. The expenses related to these contributions are accounted for under program and supporting services.

Net Asset Accounting

To ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of net asset accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset types established according to their nature and purpose. Separate accounts are maintained for each net asset type; however, in the accompanying financial statements, net asset types that have similar characteristics have been combined into groups as follows:

Net Assets Without Donor Restrictions - Net assets available for general use and not subject to donor restrictions. Net assets without donor restrictions represents all resources over which the Board of Directors has discretionary control for use in operating the Foundation.

Net Assets With Donor Restrictions - Net assets that are contributions and endowment investment earnings subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity. The Foundation reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**ALLAN HANCOCK COLLEGE VITICULTURE AND ENOLOGY FOUNDATION
(A NONPROFIT ORGANIZATION)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND JUNE 30, 2021**

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 net assets without donor restrictions 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 net assets without donor restrictions. The Foundation also receives sales revenue from wine production through the operation of the Viticulture and Enology program.

Donated Goods and Services

Donated goods primarily consist of various items used during the wine making process. Donated services comprise of legal services for general Foundation operations. The value of these donated goods and services are included in the financial statements in the amounts of \$22,732 and \$50,226 as in-kind contributions and in-kind expenses, for the years ended June 30, 2022 and 2021, respectively.

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.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in a checking account. 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, 2022 and 2021, the Foundation's deposits were fully insured.

Accounts Receivable

Accounts receivable consists primarily of wine sales invoiced but monies not yet received. Management has deemed all amounts as collectible; therefore, no allowance for doubtful accounts is considered necessary.

Inventory

Inventory consists of wine held for sale and wine that has yet to be bottled. At June 30, 2022 and 2021, inventory consisted of bottled wine of \$58,467 and \$85,424, respectively, and bulk wine of \$55,622 and \$34,704, respectively. Inventory is stated at the lower of cost or net realizable value. The cost is recorded as an expense as the inventory is sold.

**ALLAN HANCOCK COLLEGE VITICULTURE AND ENOLOGY FOUNDATION
(A NONPROFIT ORGANIZATION)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND JUNE 30, 2021**

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Crop Costs

Deferred crop costs are costs that are incurred in the current year that relate to the following season's harvest. Costs consist primarily of land preparation, irrigation, and cultivation. The costs are deferred and charged to cost of goods sold when the related crop is harvested and sold. At June 30, 2022 and 2021, deferred crop costs were \$- and \$24,047, respectively.

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 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. The Foundation's Federal informational tax returns for the years ended June 30, 2019, 2020, and 2021, are open to audit by the Federal authorities. California State informational returns for the years ended June 30, 2018, 2019, 2020, and 2021, are open to audit by State authorities.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2022 and 2021, were \$1,198 and \$30, respectively.

Allocation of Functional Expenses

The costs of program and supporting services 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.

**ALLAN HANCOCK COLLEGE VITICULTURE AND ENOLOGY FOUNDATION
(A NONPROFIT ORGANIZATION)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND JUNE 30, 2021**

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Change in the 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.

New Accounting Pronouncements

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.

**ALLAN HANCOCK COLLEGE VITICULTURE AND ENOLOGY FOUNDATION
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND JUNE 30, 2021**

NOTE 2 – WINERY SALES REVENUE

The Foundation operates a winery as part of the Viticulture and Enology program. Income and expenses for the winery for the fiscal year were as follows:

	2022	2021
Sales	\$ 71,374	\$ 113,759
Less: Cost of Sales	(65,360)	(107,452)
Gross profit	<u>\$ 6,014</u>	<u>\$ 6,307</u>

Winery sales revenue and cost of sales are reported net of discounts, estimated returns, and sales taxes.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the Statement of Financial Position date, comprise the following:

	2022	2021
Financial assets, at year-end:		
Cash and cash equivalents	\$ 44,720	\$ 55,906
Accounts receivable	1,439	-
Total financial assets, at year-end	<u>\$ 46,159</u>	<u>\$ 55,906</u>
Restrictions for specific purposes:		
Donor designated	\$ 45	\$ 4,825
Total contractual or donor-imposed restrictions	45	4,825
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 46,114</u>	<u>\$ 51,081</u>

Liquidity Management

To manage liquidity, the Foundation structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. District staff on behalf of the Foundation management monitor daily cash balances.

NOTE 4 – ACCOUNTS PAYABLE

Accounts payable at June 30, 2022 and 2021, represent amounts owed by the Foundation as follows:

	2022	2021
Vendor payables	\$ 1,595	\$ 4,155
Sales tax payables	931	1,366
Total	<u>\$ 2,526</u>	<u>\$ 5,521</u>

**ALLAN HANCOCK COLLEGE VITICULTURE AND ENOLOGY FOUNDATION
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND JUNE 30, 2021**

NOTE 5 – RESTRICTIONS ON NET ASSETS

Donor-restricted net assets with time and/or purpose restrictions consist of the following at June 30, 2022 and 2021:

	2022	2021
Various donor restricted funds related to net assets	\$ 45	\$ 4,825

NOTE 6 – CONTRIBUTED NONFINANCIAL ASSETS

During the fiscal year ended June 30, 2022 and 2021, the Foundation received a variety of nonfinancial asset donations.

Description	2022	2021	Utilization in program/activities	Donor restrictions	Valuation techniques and inputs
Professional Services	\$ 275	\$ -	V&E legal review	Unrestricted	Donated services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services
Equipment & Supplies	\$ 21,557	\$ 34,291	V&E program	Unrestricted	Donated items are valued and are reported at the estimated fair value in the financial statements based on current rates for similar items.
Equipment	\$ 900	\$ 15,935	V&E program	Unrestricted	Donated items are valued and are reported at the estimated fair value in the financial statements based on current rates for similar items.
Total	<u>\$ 22,732</u>	<u>\$ 50,226</u>			

NOTE 7 – RELATED PARTY TRANSACTIONS

The Allan Hancock College Viticulture and Enology Foundation leases wine making facilities and the Hancock Vineyard from the Allan Hancock Joint Community College District on a yearly basis. Lease expense for the year ending June 30, 2022, amounted to a total of \$500. A number of District employees have donated their time and experience to the Foundation's program services during the year. However, these donated services are not reflected in the financial statements because the recognition criteria was not met.

In addition, at June 30, 2022 and 2021, the Foundation owed the District \$98 and \$35, respectively, for salaries and benefits and other administrative related services.

**ALLAN HANCOCK COLLEGE VITICULTURE AND ENOLOGY FOUNDATION
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND JUNE 30, 2021**

NOTE 8 – SUBSEQUENT EVENTS

The Foundation's management has evaluated events or transactions from June 30, 2022 through November 11, 2022 which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that require additional disclosure in the Foundation's financial statements.



AHC Viticulture & Enology Foundation



To: Board of Directors	INFORMATION ITEM
From: Eric D. Smith, Treasurer	Date: December 6, 2022
Subject: Winery Board Inventory Report	Item Number: 4.H.
	Enclosure(s): Page 1 of 3

BACKGROUND

Attached are the winery board inventory reports for the AHC Viticulture and Enology Foundation as of October 31, 2022.

**Allan Hancock College Viticulture & Enology Foundation
Board Inventory Report - Bottled Wines
October 31, 2022**

Vintage/Varietal	FY23 Beginning Inventory (Bottles)	Minus: YTD Sales	Minus: YTD Donations	Minus: YTD Winery Use	Plus/Minus: YTD Adjustments	Plus: YTD Inventory Additions	FY23 Ending Inventory (Bottles)	Cost per Bottle	FY23 Ending Inventory Cost Value	Retail Cost per Bottle	FY23 Ending Retail Cost Value
2017 Sparkling Wine	265	-70	-6	-18	0	0	171	7.96	1,361.71	20.00	3,420.00
2017 Sparkling Wine (2nd Bottling)	225	0	0	0	0	0	225	7.95	1,787.93	20.00	4,500.00
2018 Bordeaux (Blend)	969	-173	-4	-12	0	0	780	8.04	6,268.21	12.00	9,360.00
2018 Torrontes (Old)	13	-11	0	-2	0	0	0	4.42	0.00	15.00	-
2018 Centennial Sparkling 1.5 L	43	-17	0	-1	0	0	25	17.01	425.22	45.00	1,125.00
2019 Cabernet Sauvignon	1,369	-117	-7	-8	0	0	1,237	8.08	9,989.74	18.00	22,266.00
2019 Chardonnay	6	-3	-1	-2	0	0	0	8.61	0.00	15.00	-
2019 Grenache	23	-23	0	0	0	0	0	8.26	0.00	18.00	-
2019 Merlot	337	-70	0	-4	0	0	263	7.53	1,981.53	18.00	4,734.00
2019 Syrah	623	-178	-3	-25	0	0	417	6.97	2,905.79	20.00	8,340.00
2019 Torrontes	338	-37	-16	-11	0	0	274	12.39	3,394.38	15.00	4,110.00
2020 Albarino	125	-92	0	-33	0	0	0	15.42	0.00	15.00	-
2020 Cabernet Sauvignon	0	0	0	-2	0	600	598	14.29	8,547.60	18.00	10,764.00
2020 Chardonnay	748	-137	-18	-21	0	0	572	14.90	8,521.28	15.00	8,580.00
2020 Pinot Noir	771	-272	-33	-33	0	0	433	13.69	5,929.25	20.00	8,660.00
2020 Syrah	0	0	0	-2	0	680	678	12.88	8,731.74	20.00	13,560.00
2021 Albarino	0	-1	0	0	0	408	407	7.25	2,951.08	15.00	6,105.00
2021 Chardonnay	0	0	0	-2	0	360	358	8.22	2,942.97	15.00	5,370.00
2021 Malbec	0	-114	-6	-9	0	588	459	7.81	3,585.85	20.00	9,180.00
2021 Pinot Noir	0	0	0	-2	0	1,722	1,720	7.30	12,556.98	20.00	34,400.00
2021 Pinot Rose	0	-34	-6	-9	0	360	311	7.28	2,263.18	15.00	4,665.00
2021 Torrontes	0	0	0	-2	0	309	307	8.10	2,485.36	15.00	4,605.00
2021 Zinfandel	0	-20	0	-2	0	288	266	7.47	1,987.29	18.00	4,788.00
Total Number of Bottles	5,855	-1,369	-100	-200	0	5,315	9,501				
Cost Value Totals	\$ 58,467.36	\$ (14,151.11)	\$ (1,174.75)	\$ (2,213.99)	\$ -	\$ 47,689.60	\$ 88,617.14		\$ 88,617.14		\$ 168,532.00

**Allan Hancock College Viticulture & Enology Foundation
Board Inventory Report - Bulk Wines
October 31, 2022**

Vintage/Varietal	Beginning Inventory Bulk Gallons	Ending Inventory Bulk Gallons	FY23 Ending Inventory Cost Value	FY23 Ending Inventory Cost/Gallon	FY23 Ending Inventory Cost Value (Case Equivalent)
2019 Blanc de Noir (Sparkling)	25.56	25.56	698.12	27.31	65.00
2020 Cabernet Sauvignon	17.0	5.0	425.31	85.06	202.45
2020 Malbec	12.5	11.0	521.35	47.40	112.80
2021 Cabernet Sauvignon	59.0	59.0	1,493.21	25.31	60.23
2021 Cabernet Sauvignon	100.5	100.5	2,738.08	27.24	64.84
2021 Chardonnay Sparkling Cuvee	60.0	60.0	1,464.58	24.41	58.10
2021 Grenache	163.0	156.5	3,945.35	25.21	60.00
2021 Malbec (Triple T Vineyard - Happy Canyon)	139.0	5.0	139.03	27.81	66.18
2021 Red Field Blend	59.0	59.0	2,050.56	34.76	82.72
2021 Syrah	236.0	236.0	5,335.49	22.61	53.81
2021-Touriga	59.0	59.0	1,368.05	23.19	55.19
2022 Albarino	0.0	75.0	893.62	11.91	28.36
2022 Cabernet Sauvignon	0.0	39.3	428.29	10.90	25.94
2022 Chardonnay	0.0	132.0	1,780.71	13.49	32.11
2022 Grenache	0.0	59.0	806.44	13.67	32.53
2022 Malbec (A)	0.0	103.0	1,029.85	10.00	23.80
2022 Malbec (B)	0.0	70.0	762.85	10.90	25.94
2022 Malbec Rose	0.0	15.0	196.15	13.08	31.12
2022 Pinot Noir	0.0	52.0	566.69	10.90	25.94
2022 Pinot Noir	0.0	118.0	1,340.44	11.36	27.04
2022 Pinot Noir	0.0	177.0	2,255.86	12.74	30.33
2022 Pinot Noir	0.0	59.0	969.91	16.44	39.13
2022 Pinot Rose	0.0	78.0	912.15	11.69	27.83
2022 Pinot Rose	0.0	20.0	245.20	12.26	29.18
2022 Sauvignon Blanc	59.0	92.5	1,198.76	12.96	30.84
2022 Syrah	0.0	174.0	1,896.23	10.90	25.94
2022 Syrah Rose	0.0	30.0	326.94	10.90	25.94
2022 Torrontes	0.0	44.0	479.51	10.90	25.94
Total number of Gallons	1,973.56	2,114.36			
Cost Value Totals			\$ 36,268.74	\$ 17.15	\$ 40.83



AHC Viticulture & Enology Foundation



To: Board of Directors	INFORMATION ITEM
From: Eric D. Smith, Treasurer	Date: December 6, 2022
Subject: Financial Report	Item Number: 4.I.
	Enclosure(s): Page 1 of 3

BACKGROUND

Attached are the income statement and balance sheets for the AHC Viticulture and Enology Foundation as of October 31, 2022.

AHC Viticulture & Enology Foundation
Statement of Financial Position
For The Period Ending 10/31/2022

Assets

Claim on Cash	30,034
Cash on Hand	100
Accounts Receivable	363
Due From Other Funds	80
Inventory-Bulk Wine	36,269
Inventory-Bottled Wine	88,617
Total Assets:	<u>155,463</u>

Liabilities

Accounts Payable	1,573
Sales Tax Payable	136
Total Liabilities:	<u>1,709</u>

Fund Balance

Fund Balance, July 1	158,922
Current Income (Loss)	(5,169)
Total Fund Balance:	<u>153,754</u>
Total Liabilities and Fund Balance:	<u>155,463</u>

**AHC Viticulture & Enology Foundation
Statement of Operations
For The Period Ending 10/31/2022**

Revenue

Contributions, Gifts, Grants & Endowments	15
Non Cash Contribution	7,658
Other Local Revenues	1
Net Revenue	7,673

Wine Operations

Shipping Fee Revenue	394
Sales and Commission	24,391
Sales Discounts	(8,069)
Net Sales	16,716
Cost of Goods Sold	(17,491)
Gross Profit (Loss)	(775)
Gross Profit Margin	-4.6%
Total Revenues	6,898

Expenditures

Office/Operational Supplies	13,079
In Kind Supply Expense	1,078
Inventory Allocation Expense	(28,288)
Non Instr Printing	2,352
Food - Business Meetings/Events	825
Service Contracts (Businesses)	12,743
Travel - All Travel Costs	2,434
In Kind-Software/Technology Licenses	6,580
Repairs (Labor-Diagnostic)	175
Sales Tax Expense	137
Postage/Express Services	287
Merchant Fees	664
Cash Over and Short	0
Total Expenditures	12,067
Net Income (Loss)	(5,169)

Fund Balance

Fund Balance, July 1	158,922
Current Balance	<u>\$153,754</u>