



Annual Financial Report  
June 30, 2019

**Desert Community College District**  
**Auxiliary Services**  
(A California Nonprofit Corporation)

**DESERT COMMUNITY COLLEGE DISTRICT AUXILIARY SERVICES  
(A California Nonprofit Corporation)**

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JUNE 30, 2019**

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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Desert Community College District Auxiliary Services  
Palm Desert, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Desert Community College District Auxiliary Services (the Auxiliary) (a California nonprofit corporation), which comprise the statement of financial position as of June 30, 2019, 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 Auxiliary'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 Auxiliary'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 Auxiliary as of June 30, 2019, 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.

## **Emphasis of Matter**

As discussed in Note 1 to the financial statements, the Auxiliary has adopted the provisions of Financial Accounting Standards Board Accounting Standards Update No. 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. Accordingly, the June 30, 2018, financial statements have been adjusted to adopt this standard. Our opinion is not modified with respect to this matter.

## **Other Matters - Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Fund level Statement of Activities is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "Eide Sully LLP".

Rancho Cucamonga, California  
December 13, 2019

**DESERT COMMUNITY COLLEGE DISTRICT AUXILIARY SERVICES**  
**(A California Nonprofit Corporation)**

**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2019**

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ASSETS

Current Assets

|                                     |                  |
|-------------------------------------|------------------|
| Cash                                | \$ 2,481,455     |
| Accounts receivable                 | 81,653           |
| Accounts receivable - related party | 21,974           |
| Total Current Assets                | <u>2,585,082</u> |

Noncurrent Assets

|                     |                     |
|---------------------|---------------------|
| Capital assets, net | 78,236              |
| Total Assets        | <u>\$ 2,663,318</u> |

LIABILITIES AND NET ASSETS

Current Liabilities

|                                  |                |
|----------------------------------|----------------|
| Accounts payable                 | \$ 29,594      |
| Accounts payable - related party | 222,311        |
| Deposit                          | 1,000          |
| Total Current Liabilities        | <u>252,905</u> |

NET ASSETS

|                                  |                     |
|----------------------------------|---------------------|
| Assets without donor restriction | 2,315,800           |
| Assets with donor restriction    | 94,613              |
| Total Net Assets                 | <u>2,410,413</u>    |
| Total Liabilities and Net Assets | <u>\$ 2,663,318</u> |

See the accompanying notes to financial statements.

**DESERT COMMUNITY COLLEGE DISTRICT AUXILIARY SERVICES**  
**(A California Nonprofit Corporation)**

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

|                                      | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>        |
|--------------------------------------|---------------------------------------|------------------------------------|---------------------|
| <b>REVENUES</b>                      |                                       |                                    |                     |
| Contributions                        | \$ 39,951                             | \$ -                               | \$ 39,951           |
| Commission income                    | 389,133                               | -                                  | 389,133             |
| Golf driving range                   | 206,448                               | -                                  | 206,448             |
| Rental income                        | 224,415                               | -                                  | 224,415             |
| Conference revenue                   | -                                     | 17,782                             | 17,782              |
| Miscellaneous income                 | 9,787                                 | -                                  | 9,787               |
| Assets released from restrictions    | 25,844                                | (25,844)                           | -                   |
| Total Revenues                       | <u>895,578</u>                        | <u>(8,062)</u>                     | <u>887,516</u>      |
| <b>EXPENSES</b>                      |                                       |                                    |                     |
| Program expenses                     | 470,048                               | -                                  | 470,048             |
| Operating expenses                   | 142,330                               | -                                  | 142,330             |
| Total Expenses                       | <u>612,378</u>                        | <u>-</u>                           | <u>612,378</u>      |
| <b>OTHER INCOME</b>                  |                                       |                                    |                     |
| Interest                             | 795                                   | -                                  | 795                 |
| <b>CHANGE IN NET ASSETS</b>          | 283,995                               | (8,062)                            | 275,933             |
| <b>NET ASSETS, BEGINNING OF YEAR</b> | <u>2,031,805</u>                      | <u>102,675</u>                     | <u>2,134,480</u>    |
| <b>NET ASSETS, END OF YEAR</b>       | <u>\$ 2,315,800</u>                   | <u>\$ 94,613</u>                   | <u>\$ 2,410,413</u> |

See the accompanying notes to financial statements.

**DESERT COMMUNITY COLLEGE DISTRICT AUXILIARY SERVICES**  
**(A California Nonprofit Corporation)**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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|  |                            |
|--|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES   |                            |
| Change in Net Assets   | \$ 275,933                 |
| Adjustments to Reconcile Change in Net Assets<br>to Net Cash From Operating Activities |                            |
| Depreciation   | 17,232                     |
| Change in assets and liabilities   |                            |
| Accounts receivable  | (694)                      |
| Accounts receivable - related party  | 2,462                      |
| Accounts payable   | 17,638                     |
| Accounts payable - related party   | 119,041                    |
| Net Cash Flows From Operating Activities   | <u>431,612</u>             |
| NET CHANGE IN CASH   | 431,612                    |
| CASH, BEGINNING OF YEAR  | <u>2,049,843</u>           |
| CASH, END OF YEAR  | <u><u>\$ 2,481,455</u></u> |

See the accompanying notes to financial statements.

**DESERT COMMUNITY COLLEGE DISTRICT AUXILIARY SERVICES**  
**(A California Nonprofit Corporation)**

**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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|  | <u>Program</u>    | <u>Operating</u>  | <u>Total</u>      |
|--|-------------------|-------------------|-------------------|
| Golf driving range expenses                | \$ 86,055         | \$ -              | \$ 86,055         |
| Support for District programs              | 355,038           | -                 | 355,038           |
| Textbook for District library              | 28,955            | -                 | 28,955            |
| Office supplies and miscellaneous expenses | -                 | 36,156            | 36,156            |
| Payroll expenses                           | -                 | 76,040            | 76,040            |
| Professional fees                          | -                 | 12,902            | 12,902            |
| Depreciation - golf driving range          | -                 | 17,232            | 17,232            |
| Total Expenses                             | <u>\$ 470,048</u> | <u>\$ 142,330</u> | <u>\$ 612,378</u> |

See the accompanying notes to financial statements.



**DESERT COMMUNITY COLLEGE DISTRICT AUXILIARY SERVICES  
(A California Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

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

The significant accounting policies followed by Desert Community College District Auxiliary Services (the Auxiliary) are described below to enhance the usefulness of the financial statements to the reader.

**Organization and Nature of Activities**

Desert Community College District Auxiliary Services (the Auxiliary) is a nonprofit public benefit corporation organized under the Nonprofit Public Benefit Law of the State of California. The Auxiliary was incorporated in the State of California in July 1985 pursuant to California Assembly Bill No. 2627, Chapter 858, *Community Colleges Auxiliary Organizations*, with the express purpose of promoting and assisting the educational programs of Desert Community College District (the District) in accordance with the mission, policies, and priorities of the District. The members of the Auxiliary's Board of Directors are composed of members from the District administration.

At June 30, 2019, the Board of Directors included:

| <u>Name</u>           | <u>Title</u>        | <u>Term Expires</u> |
|-----------------------|---------------------|---------------------|
| John Ramont           | Chairperson         | 2019                |
| Dr. Joel L. Kinnamon  | Vice Chairperson    | 2019                |
| Virginia Ortega       | Secretary/Treasurer | 2019                |
| Dr. Mary Anne Gularte | Member at Large     | 2019                |
| Pam Hunter            | Member at Large     | 2019                |

**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 Auxiliary 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 Auxiliary is required to present a statement of cash flows. Revenues and expenses are recorded when incurred in accordance with the accrual basis of accounting.

The Auxiliary and the District are financially interrelated organizations as defined by Accounting Standards Codification (ASC) Topic 958-605, *Transfers of Assets to a Nonprofit or Charitable Trust that Holds Contributions for Others*. The Auxiliary 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 operating services.

**DESERT COMMUNITY COLLEGE DISTRICT AUXILIARY SERVICES**  
**(A California Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**Net Asset Accounting**

To ensure observance of limitations and restrictions placed on the use of resources available to the Auxiliary, the accounts of the Auxiliary 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 Auxiliary, as well as all property, plant, and equipment of the Auxiliary.

*Net Assets With Donor Restrictions* - Net assets that are contributions 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 Auxiliary 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.

**Public Support and Revenue**

Contributions are measured at their fair value at the date of contribution and are reported as an increase in net assets. The Auxiliary reports gifts of cash or other assets in the category designated by the donor. The Auxiliary 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 Auxiliary reports these contributions as without donor restrictions.

**Donated Assets, Services, and Facilities**

Donated services are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Auxiliary. In addition, a number of volunteers have donated time to the Auxiliary, which have not been reflected in the accompanying financial statements because the recognition criteria were not met. During the year, office space, supplies, and general support was provided by the District.

**Use of Estimates**

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

**DESERT COMMUNITY COLLEGE DISTRICT AUXILIARY SERVICES**  
**(A California Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**Cash**

Cash consists of cash held in checking and interest bearing checking accounts. Cash accounts maintained by the Auxiliary are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2019, the Auxiliary had \$1,978,973 of uninsured funds.

**Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from the outstanding balance. Management provides an analysis of the probable collection of the accounts through a provision for bad debt expense and an adjustment to a valuation allowance. At June 30, 2019, management had reviewed all accounts receivable and determined all amounts were fully collectable. No allowance for doubtful accounts has been established.

**Property and Equipment**

The Auxiliary's policy is to not capitalize acquired property and equipment except for golf driving range property and equipment. Capital assets acquired are donated by memorandum to the District, where they are recorded within the District's property and equipment. Golf driving range property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful lives of seven to twenty years. The cost of routine maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are charged as an operating expense in the year in which the expense was incurred. The Auxiliary maintains a unit capitalization threshold of \$500 and an estimated useful life of greater than one year.

Depreciation of capital assets is computed and recorded utilizing the straight-line method. Estimated useful lives of equipment currently held by the Auxiliary is seven to twenty years.

**Income Taxes**

The Auxiliary 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 Auxiliary has also been classified as an entity that is not a private auxiliary within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(A)(vi). The Auxiliary annually files information returns Forms 990, 199, and RRF-1, with the appropriate agencies. The Auxiliary annually files Forms 990T and 109 to report unrelated business activity. At June 30, 2019, these activities recorded a loss, and no unrelated business tax was paid or accrued. The Auxiliary's Federal informational tax returns are no longer subject to tax examinations for the years before June 30, 2016. California State informational returns are no longer subject to tax examinations for the years before June 30, 2015.

The Auxiliary has adopted Financial Accounting Standards Board (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.

**DESERT COMMUNITY COLLEGE DISTRICT AUXILIARY SERVICES**  
**(A California Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**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 benefited.

**Adoption of Accounting Principle**

In August 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities (ASU 2016-14)*. ASU 2016-14 changes the presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. These include qualitative and quantitative requirements in the following areas: (1) net asset classes; (2) investment return; (3) expenses; (4) liquidity and availability of resources; and (5) presentation of operating cash flows. ASU 2016-14 will be effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Under this guidance, the Auxiliary is required to present two classes of net assets (net assets without donor restrictions and net assets with donor restrictions) and changes in each of these two classes, on the face of the statement of financial position and statement of activities, respectively, rather than the previously required three classes (unrestricted, temporarily restricted, and permanently restricted).

**New Accounting Pronouncements**

In February 2016, FASB issued ASU 2016-02, *Leases (ASU 2016-02)*. ASU 2016-02 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 2016-02 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. Although the full impact of this Update on the Auxiliary's financial statements has not yet been determined, the future adoption of this guidance will require the Auxiliary to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases.

**DESERT COMMUNITY COLLEGE DISTRICT AUXILIARY SERVICES  
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**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

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In June 2018, FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08). ASU 2018-08 clarifies how a not-for-profit entity determines whether a resource provider is participating in an exchange transaction or a contribution, helps an entity to evaluate whether contributions are considered conditional or unconditional by stating that a conditional contribution must have (1) a barrier that must be overcome and (2) a right of return or release of obligation, and modifies the simultaneous release option currently in GAAP, which allows a not-for-profit entity to recognize a restricted contribution directly in unrestricted net assets/net assets without donor restrictions if the restriction is met in the same period that revenue is recognized. Accounting for contributions is an issue primarily for not-for-profit entities because contributions are a significant source of revenue. However, the amendments in the Update apply to all organizations that receive or make contributions of cash and other assets, including business enterprises. The amendments do not apply to transfers of assets from governments to businesses. For contributions received, ASU 2018-08 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. For contributions made, ASU 2018-08 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020.

**NOTE 2 - LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position comprise of the following:

|      |                     |
|------|---------------------|
| Cash | <u>\$ 2,405,301</u> |
|------|---------------------|

**Liquidity Management**

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

Additionally, on behalf of the Auxiliary, the District has implemented cash management procedures that include the monthly reconciliation of banked cash deposits and disbursements to related receipts and disbursement records.

**NOTE 3 - ACCOUNTS RECEIVABLE**

As of June 30, 2019, the Auxiliary's account receivables balance of \$103,627 consisted of amounts due within the normal course of business, and all are due within one year.

**DESERT COMMUNITY COLLEGE DISTRICT AUXILIARY SERVICES**  
**(A California Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**NOTE 4 - CAPITAL ASSETS**

The Auxiliary's policy is to not capitalize acquired property and equipment except for golf driving range property and equipment. Capital assets acquired are donated by memorandum to the District, where they are recorded within the District's property and equipment. Golf driving range property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful lives of seven to twenty years.

|                                |                  |
|--------------------------------|------------------|
| Equipment                      | \$ 157,726       |
| Less: accumulated depreciation | (79,490)         |
| Capital assets, net            | <u>\$ 78,236</u> |

Depreciation expense for the year ended June 30, 2019, was \$17,232.

**NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are gifts of cash restricted by the donor for a specific use or for a time in the future. As restrictions on the net assets expire due to the passage of time or satisfaction of purpose, the assets are released to assets without donor restrictions for expenditure.

Donor restricted net assets with time and/or purpose restrictions are comprised of the following:

|                 | Beginning<br>Balance | Revenue          | Assets<br>Released | Ending<br>Balance |
|-----------------|----------------------|------------------|--------------------|-------------------|
| Scholarships    | \$ 62,321            | \$ 17,782        | \$ -               | \$ 80,103         |
| Program support | 20,354               | -                | (5,844)            | 14,510            |
| Total           | <u>\$ 82,675</u>     | <u>\$ 17,782</u> | <u>\$ (5,844)</u>  | <u>\$ 94,613</u>  |

Donor restricted net assets with perpetual restrictions are comprised of the following:

|              | Beginning<br>Balance | Revenue | Assets<br>Released | Ending<br>Balance |
|--------------|----------------------|---------|--------------------|-------------------|
| Scholarships | \$ 20,000            | \$ -    | \$ (20,000)        | \$ -              |

**NOTE 6 - RELATED PARTY TRANSACTIONS**

The Auxiliary uses District facilities such as the College Bookstore, College Cafeteria, and Golf Driving Range. In return for the use of the facilities, the Auxiliary and the District have agreed to a Master Agreement which calls for the Auxiliary to pay the District up to 99 percent of the Food Services contract commissions. The Master Agreement is amended periodically and approved by both the Auxiliary Board of Directors and the District Board of Trustees. At June 30, 2019, the Auxiliary owed the District \$222,311 for agreed-upon reimbursements.

**DESERT COMMUNITY COLLEGE DISTRICT AUXILIARY SERVICES**  
**(A California Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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The Auxiliary also provides various levels of monetary support and service to the District. The transactions are recorded within the financial statements as District program support and textbooks. During the year ended June 30, 2019, the Auxiliary provided \$355,038 in program support to the District. At June 30, 2019, the District owed the Auxiliary \$21,974.

**NOTE 7 - SUBSEQUENT EVENTS**

The Auxiliary's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from June 30, 2019 through December 13, 2019, 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.

**NOTE 8 - ADJUSTMENT RESULTING FROM CHANGE IN ACCOUNTING PRINCIPLE**

As disclosed in Note 1, the Auxiliary adopted the provisions of ASU 2016-14, *Presentation of Financial Statements for Not-For-Profit Entities*, as of June 30, 2018. As a part of the adoption, changes were made to the presentation of the financial statements and the classification of net assets. Following is a summary of the effects of the change in accounting policy in the Auxiliary's June 30, 2018, net assets.

The effect on the Auxiliary's statement of financial position as of June 30, 2018, is as follows:

**2018 - Statement of Financial Position**

|                                       | As Previously<br>Reported | Adoption of<br>ASU 2016-14 | As Adjusted |
|---------------------------------------|---------------------------|----------------------------|-------------|
| Unrestricted                          | \$ 2,031,805              | \$ (2,031,805)             | \$ -        |
| Temporarily restricted net assets     | 82,675                    | (82,675)                   | -           |
| Permanently restricted net assets     | 20,000                    | (20,000)                   | -           |
| Net assets without donor restrictions | -                         | 2,031,805                  | 2,031,805   |
| Net assets with donor restrictions    | -                         | 102,675                    | 102,675     |



**SUPPLEMENTARY INFORMATION**



**DESERT COMMUNITY COLLEGE DISTRICT AUXILIARY SERVICES**  
**(A California Nonprofit Corporation)**

**FUND LEVEL STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

|                                     | General<br>Operating<br>Fund | Trust<br>Agency<br>Fund | Student<br>Loan<br>Fund | Total<br>(Memorandum<br>Only) |
|-------------------------------------|------------------------------|-------------------------|-------------------------|-------------------------------|
| <b>REVENUE</b>                      |                              |                         |                         |                               |
| Contributions                       | \$ 39,951                    | \$ -                    | \$ -                    | \$ 39,951                     |
| Commission income                   |                              |                         |                         |                               |
| Bookstore                           | 349,721                      | -                       | -                       | 349,721                       |
| Vending machines                    | 39,412                       | -                       | -                       | 39,412                        |
| Golf driving range                  | 206,448                      | -                       | -                       | 206,448                       |
| Rental income                       | 224,415                      | -                       | -                       | 224,415                       |
| Conference revenue                  | -                            | 17,782                  | -                       | 17,782                        |
| Miscellaneous income                | 9,787                        | -                       | -                       | 9,787                         |
| Assets released from restrictions   | 25,844                       | -                       | (25,844)                |                               |
| Total Revenue                       | <u>895,578</u>               | <u>17,782</u>           | <u>(25,844)</u>         | <u>887,516</u>                |
| <b>EXPENSES</b>                     |                              |                         |                         |                               |
| Program                             |                              |                         |                         |                               |
| Golf driving range                  | 86,055                       | -                       | -                       | 86,055                        |
| Support for District programs       | 355,038                      | -                       | -                       | 355,038                       |
| Textbooks for District library      | 28,955                       | -                       | -                       | 28,955                        |
| Total Program Expenses              | <u>470,048</u>               | <u>-</u>                | <u>-</u>                | <u>470,048</u>                |
| Operating                           |                              |                         |                         |                               |
| Administrative                      | 142,330                      | -                       | -                       | 142,330                       |
| Total Expenses                      | <u>612,378</u>               | <u>-</u>                | <u>-</u>                | <u>612,378</u>                |
| <b>OTHER INCOME</b>                 |                              |                         |                         |                               |
| Interest                            | 795                          | -                       | -                       | 795                           |
| <b>CHANGE IN NET ASSETS</b>         | <u>283,995</u>               | <u>17,782</u>           | <u>(25,844)</u>         | <u>275,933</u>                |
| <b>NET ASSETS</b>                   |                              |                         |                         |                               |
| Beginning of year                   | 2,031,805                    | 58,374                  | 44,301                  | 2,134,480                     |
| End of year                         | <u>\$ 2,315,800</u>          | <u>\$ 76,156</u>        | <u>\$ 18,457</u>        | <u>\$ 2,410,413</u>           |
| <b>CLASSIFICATION OF NET ASSETS</b> |                              |                         |                         |                               |
| Assets without donor restriction    | \$ 2,315,800                 | \$ -                    | \$ -                    | \$ 2,315,800                  |
| Assets with donor restriction       | -                            | 76,156                  | 18,457                  | 94,613                        |
| Total Net Assets                    | <u>\$ 2,315,800</u>          | <u>\$ 76,156</u>        | <u>\$ 18,457</u>        | <u>\$ 2,410,413</u>           |

**DESERT COMMUNITY COLLEGE DISTRICT AUXILIARY SERVICES**  
**(A California Nonprofit Corporation)**

**NOTE TO SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2019**

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***NOTE 1 - PURPOSE OF THE SCHEDULE***

The fund level statement of activities is presented on the full accrual basis of accounting. This information is not a required component of the financial statements, but is presented at the request of management to provide further information and analysis of the activities of the Auxiliary.