

Financial Statements  
June 30, 2025

# Desert Community College District Auxiliary Services

(A Component Unit of Desert Community College District)

Desert Community College District Auxiliary Services

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June 30, 2025

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## Independent Auditor's Report

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

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of the business-type activities of Desert Community College District Auxiliary Services (the Auxiliary), a component unit of Desert Community College District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Auxiliary's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Desert Community College District Auxiliary Organization, as of June 30, 2025, and the changes in financial position 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 (GAAS). 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 the Auxiliary 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 opinion.

#### *Correction of Error in Presentation*

As discussed in Note 6 to the financial statements, the Auxiliary incorrectly reported its financial statement as of and for the year ended June 30, 2024, under generally accepted accounting principles for nongovernmental entities as set by the Financial Accounting Standards Board (FASB); it should have reported under generally accepted accounting principles in accordance with governmental accounting and financial reporting as set by the Governmental Accounting Standards Board (GASB). The Auxiliary has corrected the financial statement presentation of the business-type activities financial statements and related disclosures to be in accordance with the GASB financial reporting framework. Our opinion is not modified with respect to that matter.

### ***Responsibilities of Management 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, 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 Auxiliary's ability to continue as a going concern for twelve months 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 opinion. 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 GAAS 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 GAAS, we:

- 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 Auxiliary'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 Auxiliary's ability to continue as a going concern for a reasonable period of time.

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.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 through 6, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Eide Bailly LLP*

Ontario, California  
February 12, 2026

## INTRODUCTION

This section of the Desert Community College Auxiliary Services' (the Auxiliary) financial statements presents the analysis of the Auxiliary's financial performance during the fiscal year that ended on June 30, 2025. Please read it in conjunction with the financial statements, which follow this section.

The Auxiliary's general operations are supported primarily by golf range fees, bookstore, dining and vending machine commission.

## FINANCIAL HIGHLIGHTS

The Auxiliary's liabilities decreased \$78,148 or 23% during the course of the fiscal year ended June 30, 2025, due primarily to timing of vendor payments prior to year end. The Auxiliary's Operating and Nonoperating Revenues increased \$78,831 or 21% due primarily to an increase in operating revenue from rental income received.

## OVERVIEW OF THE FINANCIAL STATEMENTS

The component unit financial statements include the Independent Auditors' Report, Management's Discussion and Analysis (MD&A), and financial statements with accompanying notes. Operating activities and nonoperating activities are presented separately on the Statement of Revenues, Expenses, and Changes in Net Position and the Statements of Cash Flows are presented using the direct method.

## REQUIRED FINANCIAL STATEMENTS

The financial statements of the Auxiliary report information about the Auxiliary using accounting methods similar to those used by private sector companies. The following statements offer short-term and long-term financial information about its activities:

- The Statement of Net Position includes all of the Auxiliary's assets and liabilities as of June 30, 2025, and provides information about the nature and amounts of investments in resources (assets) and the obligation to the Auxiliary's creditors (liabilities). Net position is the difference between assets, and liabilities is one way to measure the financial health of the Auxiliary.
- The Statement of Revenues, Expenses, and Changes in Net Position accounts for all of the Auxiliary's revenues and expenses for the year ended June 30, 2025. This statement reflects the results of the Auxiliary's operations over the year and can be used to determine the Auxiliary's ability to successfully recover all its costs through service fees and other charges.

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### Board of Trustees

Joel L. Kinnamon Ed.D., Chair • Ron Oden, Vice Chair • Rubén Aríaztlán Pérez, Clerk  
Mark Meyer, Member • Mary Jane Sanchez-Fulton, Member • Enass James, Student Trustee

**Superintendent/President**  
Val Martinez Garcia

## Desert Community College District Auxiliary Services

Management's Discussion and Analysis

June 30, 2025

- The Statement of Cash Flows is required to provide information about the Auxiliary's cash receipts and cash payments during the year ended June 30, 2025. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities and provides answers to the questions of where cash came from, what cash was used for and what the changes in cash were for the reporting period covered.

**Table 1**  
**Condensed Statement of Net Position**

	<u>2025</u>	<u>2024</u>	<u>Net Change</u>	<u>% Change</u>
<b>Assets</b>				
Cash, cash equivalents, and investments	\$ 2,231,314	\$ 2,278,155	\$ (46,841)	(2) %
Accounts receivable	1,509	2,533	(1,024)	(40) %
Capital assets, net	<u>13,118</u>	<u>16,442</u>	<u>(3,324)</u>	<u>(20) %</u>
Total assets	<u>2,245,941</u>	<u>2,297,130</u>	<u>(51,189)</u>	<u>(2) %</u>
<b>Liabilities</b>	<u>259,646</u>	<u>337,794</u>	<u>(78,148)</u>	<u>(23) %</u>
<b>Total Net Position</b>	<u>\$ 1,986,295</u>	<u>\$ 1,959,336</u>	<u>\$ 26,959</u>	<u>1 %</u>

Overall operating results for the year show an increase to net position of around 1%.

**Table 2**  
**Condensed Statement of Revenues, Expenses, and Changes in Net Position**

	<u>2025</u>	<u>2024</u>	<u>Net Change</u>	<u>% Change</u>
Operating Revenues	\$ 439,082	\$ 362,881	\$ 76,201	21 %
Operating Expenses	<u>428,015</u>	<u>432,527</u>	<u>(4,512)</u>	<u>(1) %</u>
Operating Income (Loss)	<u>11,067</u>	<u>(69,646)</u>	<u>80,713</u>	<u>116 %</u>
Nonoperating Revenues	<u>15,892</u>	<u>13,262</u>	<u>2,630</u>	<u>20 %</u>
Change in Net Position	<u>26,959</u>	<u>(56,384)</u>	<u>83,343</u>	<u>148 %</u>
Net Position, Beginning of Year, as restated	<u>1,959,336</u>	<u>2,015,720</u>	<u>(56,384)</u>	<u>(3) %</u>
Net Position, End of Year	<u>\$ 1,986,295</u>	<u>\$ 1,959,336</u>	<u>\$ 26,959</u>	<u>1 %</u>

The Auxiliary realized a change in net position of \$26,959.

**Table 3**  
**Condensed Statement of Cash Flows**

	<u>2025</u>	<u>2024</u>	<u>Net Change</u>	<u>% Change</u>
Net Cash Flows from				
Operating Activities	\$ (62,733)	\$ 100,423	\$ (163,156)	(162) %
Investing Activities	15,892	13,262	2,630	20 %
Change in Cash and Cash Equivalents	<u>(46,841)</u>	<u>113,685</u>	<u>(160,526)</u>	<u>(141) %</u>
Cash and Cash Equivalents, Beginning of Year	<u>2,278,155</u>	<u>2,164,470</u>	<u>113,685</u>	<u>5 %</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 2,231,314</u></u>	<u><u>\$ 2,278,155</u></u>	<u><u>\$ (46,841)</u></u>	<u>(2) %</u>

The Auxiliary realized a net change in cash of (\$46,841).

#### **ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE**

The Auxiliary's financial future is intimately related to the Desert Community College District (the District). The District's financial position is strong, enabling it to effectively manage the 2025-26 allocation from the State budget.

During the 2024-2025 year, the District increased FTES by approximately 1,100. This means looking forward from a funding perspective, the District will be constrained by both our ability to grow, the amount the State is willing to fund growth, and the amount the State will fund COLA. In the 2024-2025 budget year, except for deferrals, the State largely protected education from severe State revenue declines in 2023- 2024, and projected revenue declines in 2024-2025 and 2025-2026. This means 2025-2026 has the potential to be a challenging year if cuts on funding or deferrals are issued due to State revenues decline.

#### **CONTACTING THE AUXILIARY'S FINANCIAL MANAGEMENT**

This financial report was designed to provide a general overview of the Auxiliary's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Fiscal Services at Desert Community College District, 43-500 Monterey Avenue, Palm Desert, California 92260.

Desert Community College District Auxiliary Services

Statement of Net Position

June 30, 2025

Assets	
Deposits and investments	\$ 2,231,314
Accounts receivable	1,509
Capital assets, net of accumulated depreciation	<u>13,118</u>
Total Assets	<u>2,245,941</u>
Liabilities and Net Assets	
Liabilities	
Accounts payable	199,741
Due to Desert Community College District	<u>59,905</u>
Total Liabilities	<u>259,646</u>
Net Position	
Net invested in capital assets	13,118
Restricted	
Other activities	75,080
Unrestricted	<u>1,898,097</u>
Total Net Position	<u><u>\$ 1,986,295</u></u>

Desert Community College District Auxiliary Services  
Statement of Revenues, Expenses, and Changes in Net Position  
Year Ended June 30, 2025

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Operating Revenues	
Sales and commissions	\$ 343,621
Rentals and leases	<u>95,461</u>
Total Operating Revenues	<u>439,082</u>
Operating Expenses	
Salaries	168,322
Employee benefits	98,349
Supplies, materials, and other operating expenses and services	158,020
Depreciation	<u>3,324</u>
Total Operating Expenses	<u>428,015</u>
Operating Income	<u>11,067</u>
Nonoperating Revenue	
Interest	<u>15,892</u>
Change in Net Position	26,959
Net Position, Beginning of Year, as restated	<u>1,959,336</u>
Net Position, End of Year	<u><u>\$ 1,986,295</u></u>

## Desert Community College District Auxiliary Services

Statement of Cash Flows  
Year Ended June 30, 2025

Operating Activities	
Sales and commissions	\$ 344,645
Rentals and leases	95,461
Payments to vendors for supplies and services	(316,317)
Payments to or on behalf of employees	<u>(186,522)</u>
Net cash flows from operating activities	<u>(62,733)</u>
Investing Activities	
Interest received	<u>15,892</u>
Change in Cash and Cash Equivalents	(46,841)
Cash and Cash Equivalents, Beginning of Year	<u>2,278,155</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 2,231,314</u></u>
Reconciliation of Operating Income to Net Cash from Operating Activities	
Operating income	\$ 11,067
Adjustments to reconcile operating income to net cash flows from operating activities	
Depreciation	3,324
Change in assets and liabilities	
Accounts receivable	1,024
Accounts payable	(49,646)
Due to Desert Community College District	<u>(28,502)</u>
Net cash flows from operating activities	<u><u>\$ (62,733)</u></u>

**Note 1 - Organization**

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.

Name	Title	Term Expires
Dr. Raymond "Chip" West III	Chairperson	2025
Ellen Clifford	Vice Chairperson	2025
Diana Guijarro	Secretary/Treasurer	2025
Val Martinez Garcia	Member at Large	2025
Jessica Enders, Ed.D.	Member at Large	2025

**Note 2 - Summary of Significant Accounting Policies****Reporting Entity**

The District has adopted accounting policies to determine whether certain organizations, for which the District is financially accountable, should be reported as component units based on the nature and significance of their relationship with the District. Oversight responsibility is derived from the District's power and includes, but is not limited to, financial interdependency; selection of governing authority; designation of management; ability to significantly influence operations; and accountability for fiscal matters. Due to the nature of the relationship with the District, the Auxiliary has been identified as a component unit and is presented as a blended component unit in the District's financial statements.

**Financial Statement Presentation**

The accompanying financial statements of the Auxiliary have been prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**Basis of Accounting**

For financial reporting purposes, the Auxiliary is considered a special-purpose government engaged only in business-type activities as defined by GASB. The financial records of the Auxiliary are maintained on the flow of economic resources measurement focus using the accrual basis of accounting, wherein revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred. Expenses are recorded on an accrual basis as they are incurred, when goods are received, or services are rendered.

### **Deposits and Investments**

For purposes of the statements of cash flows, the Auxiliary considers all cash on hand and cash deposited with financial institutions or investments with original maturities of three months or less to be cash and cash equivalents. Investments are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value, including money market investments and participating interest-earning investment contracts with original maturities greater than one year, are stated at cost or amortized cost. The Auxiliary's investment in certificates of deposit are included in the balance for purposes of the statement of cash flows.

### **Accounts Receivable**

Accounts receivable is comprised of amounts due from miscellaneous local sources for golf pro fees, commissions, and other items. All amounts are deemed collectible by management.

### **Amounts Due to the District**

Amounts due to the District consist primarily of the reimbursement of operational expenses, primarily salaries and benefits.

### **Estimates**

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates, and those differences could be material.

### **Operating and Nonoperating Revenues and Expenses**

The Auxiliary distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from exchange transactions whereby services are rendered in connection with the Auxiliary's principal ongoing operations. The principal operating revenues of the Auxiliary are golf driving range activities, commissions from bookstore, dining and vending, as well as miscellaneous facility rentals. Operating expenses for the Auxiliary include expenses for salaries and benefits, supplies, utilities, grounds maintenance, and other operational expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### **Capital Assets**

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. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of 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.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2025.

### **Tax-Exempt Status**

The Auxiliary is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is exempt from similar state and local taxes. The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the Auxiliary to report information regarding its exposure to various tax positions taken by the Auxiliary. The Auxiliary has determined whether any tax positions have met the recognition threshold and has measured the Auxiliary's exposure to those tax positions. Management believes that the Auxiliary has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state taxing authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to the Auxiliary are recorded in expenses. No interest or penalties from federal or state taxing authorities were recorded in the accompanying financial statements.

### **Net Position**

Net position represents the difference between assets and liabilities. Net position related to net of investment in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Auxiliary or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Auxiliary first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The financial statements report \$75,080 of restricted net position which is restricted by enabling legislation.

### **Note 3 - Deposits and Investments**

#### **Policies and Practices**

The Auxiliary is authorized under California *Government Code* to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security, and collateralized mortgage obligations.

## Desert Community College District Auxiliary Services

Notes to Financial Statements

June 30, 2025

### General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Deposits and investments as of June 30, 2025, consist of the following:

Cash on hand and in banks	\$ 1,906,882
Investments	<u>324,432</u>
Total deposits and investments	<u><u>\$ 2,231,314</u></u>

### Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Auxiliary does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Auxiliary manages its exposure to interest rate risk by investing in certificates of deposit. At June 30, 2025, the Auxiliary maintained an investment of \$324,432 with an average weighted maturity of 180 days.

### Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Auxiliary's investment in certificates of deposit are not required to be rated, nor have they been rated as of June 30, 2025.

**Custodial Credit Risk****Deposits**

This is the risk that in the event of a bank failure, the Auxiliary's deposits may not be returned to it. However, the California *Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2025, the Auxiliary's bank balance of approximately \$1.5 million was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the Auxiliary.

**Investments**

This is the risk that, in the event of the failure of the counterparty, the Auxiliary will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. As of June 30, 2025, the Auxiliary's investment balance of \$74,432 was exposed to custodial credit risk because it was uninsured, unregistered and held by the brokerage firm which is also the counterparty for these securities. The Auxiliary does not have a policy limiting the amount of securities that can be held by counterparties.

**Note 4 - Capital Assets**

Capital asset activity for the Auxiliary for the year ended June 30, 2025, was as follows:

	Balance, July 1, 2024	Additions	Deductions	Balance, June 30, 2025
Capital Assets Being Depreciated Equipment	\$ 178,228	\$ -	\$ -	\$ 178,228
Less Accumulated Depreciation Equipment	(161,786)	(3,324)	-	(165,110)
Total capital assets, net	<u>\$ 16,442</u>	<u>\$ (3,324)</u>	<u>\$ -</u>	<u>\$ 13,118</u>

**Note 5 - Related Party Transactions**

**Desert Community College District**

The District bills the Auxiliary for salaries, benefits, and other goods or services which are paid for by the District and reimbursed by the Auxiliary. At June 30, 2025, the Auxiliary owed the District \$59,905 for these costs.

The Auxiliary also provides various levels of monetary support and service to the District. The transactions are recorded within the financial statements as operating expenses. The Auxiliary also contributed \$51,946 for expenses incurred by the Auxiliary in support of District programs for the year ended June 30, 2025. Property and equipment acquired are donated by memorandum to the District, where they are recorded within the District's property and equipment. There were no property and equipment purchases on behalf of the District during the year ended June 30, 2025.

**Note 6 - Correction of Error in Presentation**

For the year ended June 30, 2024, the Auxiliary reported its financial statements under generally accepted accounting principles as established by the Financial Accounting Standards Board (FASB) framework. However, the Auxiliary should have reported under the Governmental Accounting Standards Board (GASB) framework. Accordingly, the financial statements for the year ended June 30, 2025 have been prepared utilizing the standards of GASB. See Note 1 for Summary of Significant Accounting Policies which describe the measurement focus, basis of accounting, and basis of presentation in accordance with the GASB financial reporting framework. The implementation of the standards of GASB did not have an effect on the beginning net position, however, it did result in a revision to the presentation and disclosure of the financial statements. As a result of this revision to the presentation the amount previously reported as net assets without and net assets with donor restrictions have been reclassified to a business-type activities/enterprise fund net position.