

**COMMUNITY COLLEGE  
LEAGUE OF CALIFORNIA**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTAL INFORMATION WITH  
INDEPENDENT AUDITOR'S REPORT**

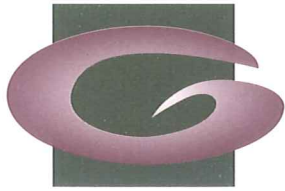
**YEARS ENDED  
JUNE 30, 2008 AND 2007**

# COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

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**Gilbert Associates, Inc.**  
CPAs and Advisors

## **INDEPENDENT AUDITOR'S REPORT**

**Board of Directors  
Community College League of California  
Sacramento, California**

We have audited the accompanying statements of financial position of the Community College League of California (League) as of June 30, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the League's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Community College League of California as of June 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 10 through 14 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

*Gilbert Associates, Inc.*

**GILBERT ASSOCIATES, INC.**  
**Sacramento, California**

**November 1, 2008**

# COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

## STATEMENTS OF FINANCIAL POSITION JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 2,051,267	\$ 1,952,006
Cash held for future library consortium	2,015,727	1,846,227
Accounts receivable	220,061	149,521
Current portion of grants receivable	187,500	250,000
Prepaid expenses and deposits	<u>175,615</u>	<u>75,347</u>
Total current assets	4,650,170	4,273,101
<b>PROPERTY AND EQUIPMENT, Net</b>	294,327	297,623
<b>GRANTS RECEIVABLE</b>		187,500
<b>GIFT ANNUITY INVESTMENTS</b>	<u>2,899,386</u>	<u>2,914,681</u>
<b>TOTAL ASSETS</b>	<u>\$ 7,843,883</u>	<u>\$ 7,672,905</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 116,729	\$ 105,040
Accrued liabilities	99,373	80,903
Deferred revenue	169,475	201,146
Amounts held for future library consortium	2,015,727	1,846,227
Current portion of gift annuity liabilities	331,253	289,870
Current portion of note payable	<u>11,463</u>	<u>10,522</u>
Total current liabilities	2,744,020	2,533,708
<b>NOTE PAYABLE, Net</b>	74,677	86,137
<b>GIFT ANNUITY LIABILITIES, Net</b>	<u>2,568,133</u>	<u>2,624,811</u>
Total liabilities	<u>5,386,830</u>	<u>5,244,656</u>
<b>NET ASSETS:</b>		
Unrestricted	2,133,172	1,928,249
Temporarily restricted	<u>323,881</u>	<u>500,000</u>
Total net assets	<u>2,457,053</u>	<u>2,428,249</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 7,843,883</u>	<u>\$ 7,672,905</u>

The accompanying notes are an integral part of these financial statements.

# COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

## STATEMENTS OF ACTIVITIES YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<b>UNRESTRICTED NET ASSETS</b>		
REVENUES:		
Membership dues	\$ 2,010,425	\$ 1,879,537
Conventions, conferences and workshops	1,155,405	1,027,454
District services	1,011,566	1,060,489
Corporate partners	223,209	171,894
Interest and investment income	124,813	138,510
Publications	35,034	37,483
Miscellaneous	27,703	157,830
Satisfaction of restrictions	269,219	
Total revenues	<u>4,857,374</u>	<u>4,473,197</u>
EXPENSES:		
Program services:		
District services	866,665	755,709
Conventions, conferences and workshops	856,452	853,912
Legislative	391,512	373,284
EDGE campaign	269,219	
Publications	148,339	126,942
Special programs	131,961	185,050
Athletics	1,140,407	968,960
Total program services	3,804,555	3,263,857
General and administration	847,896	791,255
Total expenses	<u>4,652,451</u>	<u>4,055,112</u>
<b>INCREASE IN UNRESTRICTED NET ASSETS</b>	<u>204,923</u>	<u>418,085</u>
<b>TEMPORARILY RESTRICTED NET ASSETS:</b>		
Grants	93,100	500,000
Satisfaction of restrictions	(269,219)	
<b>INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS</b>	<u>(176,119)</u>	<u>500,000</u>
<b>INCREASE IN NET ASSETS</b>	28,804	918,085
<b>NET ASSETS, Beginning of year</b>	<u>2,428,249</u>	<u>1,510,164</u>
<b>NET ASSETS, End of year</b>	<u>\$ 2,457,053</u>	<u>\$ 2,428,249</u>

The accompanying notes are an integral part of these financial statements.

# COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

## STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2008 AND 2007

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	<u>2008</u>	<u>2007</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase in net assets	\$ 28,804	\$ 918,085
Reconciliation to net cash provided by operating activities:		
Depreciation	48,648	41,840
Changes in:		
Accounts receivable	(70,540)	(40,869)
Grants receivable	250,000	(437,500)
Prepaid expenses and deposits	(100,268)	12,644
Gift annuity investments	15,295	(76,677)
Accounts payable	11,689	60,669
Accrued liabilities	18,470	(23,417)
Deferred revenue	(31,671)	(10,794)
Gift annuity liabilities	<u>(15,295)</u>	<u>76,677</u>
Net cash provided by operating activities	<u>155,132</u>	<u>520,658</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(45,352)	(79,825)
Proceeds from the maturities of investments	<u>                    </u>	<u>203,253</u>
Net cash provided (used) by investing activities	<u>(45,352)</u>	<u>123,428</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal payments on note payable	<u>(10,519)</u>	<u>(9,656)</u>
<b>NET INCREASE IN CASH AND EQUIVALENTS</b>	99,261	634,430
<b>CASH AND EQUIVALENTS, Beginning of year</b>	<u>1,952,006</u>	<u>1,317,576</u>
<b>CASH AND EQUIVALENTS, End of year</b>	<u>\$ 2,051,267</u>	<u>\$ 1,952,006</u>
<b>OTHER CASH FLOW INFORMATION:</b>		
Cash paid for interest	<u>\$ 7,906</u>	<u>\$ 8,769</u>

The accompanying notes are an integral part of these financial statements.

# COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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### 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The Community College League of California (League) is a nonprofit public benefit corporation organized for the advancement of education, particularly to better the educational opportunities of California community college students and local community colleges. Commission on Athletics (COA) is a program within the League that organizes and administers intercollegiate athletic regional and state championship events throughout California. The League also supports the local community college districts of California by assisting with educating and developing board members, faculty and staff of the colleges through research and educational policy development and by representing the colleges to governmental bodies.

**Basis of presentation** – The financial statements are presented in conformity with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-For-Profit Organizations*.

**Revenue recognition** – Membership dues are recognized as revenues in the membership period. Dues collected in advance of the membership period are recorded as deferred revenue until earned. Revenues from conferences, seminars and financial services programs are recognized when the related events or services occur. Fees collected in advance of such events are recorded as deferred revenue until earned.

Contributions and private foundation grants are recognized in full when received or unconditionally promised, in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. Donor-restricted amounts are reported as increases in temporarily restricted net assets. Temporarily restricted net assets become unrestricted, and are reported in the statement of activities as satisfaction of restrictions, when the time restrictions expire or the contributions are used for the restricted purposes.

**Cash and equivalents** – For financial statement purposes, the League considers all investments with a maturity at purchase of three months or less to be cash equivalents.

**Property and equipment** are stated at cost and depreciated using the straight-line method over estimated useful lives of 3 to 20 years. The League's policy is to capitalize such items with a cost of \$500 or more.

**Amounts held for future library consortium** represent funds received from member community colleges to be held and distributed by the League for products and services obtained by those members. The League contracts with certain vendors on behalf of the community colleges and provides fiscal administrative services to facilitate payments for services provided.

**Income taxes** – The League is exempt from income taxes under Internal Revenue Code Section (IRC §) 501(c)(3). It is, however, subject to income taxes from activities unrelated to its tax-exempt purpose.

# COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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**Functional allocation of expenses** – The costs of providing the program services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services based on employees' time incurred and management's estimates of the usage of resources.

**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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Reclassifications** – Certain 2007 amounts have been reclassified to conform with the 2008 financial statement presentation

### 2. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2008</u>	<u>2007</u>
Land	\$ 51,177	\$ 51,177
Building and improvements	510,302	505,099
Furniture and equipment	<u>328,898</u>	<u>304,108</u>
Total	890,377	860,384
Less accumulated depreciation	<u>(596,050)</u>	<u>(562,761)</u>
Total	<u>\$ 294,327</u>	<u>\$ 297,623</u>

### 3. GIFT ANNUITY PROGRAM

The gift annuity program is administered by the League for member community colleges that wish to solicit gift annuities from donors as a fund raising activity. The program is designed so that a donor establishes a gift annuity agreement with the League and in return receives a guaranteed annuity payment of a pre-designated amount over their lifetime. When a gift annuity matures, the remainder interest in the gift annuity is transferred to the community college designated by the donor.

Gift annuity investments represent the fair market value of balances held in trust related to the gift annuity program. Gift annuity liabilities represent the sum of the present value of the estimated liability due to primary beneficiaries of the gift annuities and the remainder interest held on behalf of the community colleges.

# COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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The League is responsible for all annuity payments to primary beneficiaries under these agreements. As such, the League would incur financial obligations for gift annuity account balances that are insufficient to cover the required annuity payments. The League has not recorded any contingent liability related to these agreements. Management believes that any future obligation will not have a material effect on the financial position of the League.

The League had 123 participants at June 30, 2008 with account balances of \$2,899,386 and \$2,914,681 at June 30, 2008 and 2007, respectively. The League received administrative and processing fees of \$8,670 for 2008 and \$12,119 for 2007, in connection with this program.

#### 4. NET ASSETS

Temporarily restricted net assets represent unexpended funds restricted by grantors for the California EDGE Campaign.

#### 5. NOTE PAYABLE

The League has a note collateralized by land and a building. The note bears interest at 8.6% per annum and is payable in monthly installments of \$1,535, including interest, until maturity in May 2014. Scheduled annual maturities of the note payable are as follows:

Year ending June 30:

2009	\$ 11,463
2010	12,489
2011	13,606
2012	14,824
2013	16,150
2014	<u>17,608</u>
Total	<u>\$ 86,140</u>

# COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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### 6. OPERATING LEASE OBLIGATIONS

The League leases office space under a noncancelable operating lease agreement expiring in 2011. The League also leases a copier under an operating lease agreement expiring in 2008. Lease expense under these agreements was \$50,115 in 2008 and \$49,926 in 2007. Future minimum lease payments are as follows:

Year ending June 30:

2009	\$ 40,962
2010	39,252
2011	<u>30,222</u>
Total	<u>\$ 110,436</u>

### 7. RETIREMENT PLAN

Qualified employees are covered under a defined benefit pension plan maintained by an agency of the State of California. The League's employees are members of the California Public Employees' Retirement System (CalPERS).

The CalPERS Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to Plan members and beneficiaries. The Plan is part of the Public Agency portion of CalPERS, an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. The Plan selects optional benefit provisions by contract with CalPERS and adopts those benefits through Board approval. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office at 400 P Street; Sacramento, California 95814.

Active League plan members are required to contribute 7% of their annual covered salary. In addition, the League is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the fiscal years ended June 30, 2008 and 2007 are 14.57% and 13.77%, respectively of annual covered payroll. The League's contributions to CalPERS for the years ending June 30, 2008 and 2007 were \$229,057 and \$195,048, respectively, and equal 100% of the required contributions.

# COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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### **8. CONCENTRATIONS OF CASH**

The League maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. The League has not experienced any losses in such accounts. Management believes the League is not exposed to any significant credit risk related to cash.

## **SUPPLEMENTAL SCHEDULES**

# COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

## SCHEDULE I DETAIL OF TOTAL REVENUES - BUDGET VS. ACTUAL YEAR ENDED JUNE 30, 2008

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	<b>Budget (Memorandum Only)</b>	<b>Actual</b>
	<hr/>	<hr/>
Membership dues	\$ 2,010,425	\$ 2,010,425
District services	931,500	1,011,566
Conventions, conferences and workshops	614,000	709,874
Championships	277,250	445,531
Corporate partners	166,386	223,209
Interest and investment income	120,000	124,813
EDGE grant		93,100
Publications	32,000	35,034
Rental income	23,263	23,263
Phi Theta Kappa	10,000	11,866
League on call	6,000	8,507
Miscellaneous	1,100	1,212
	<hr/>	<hr/>
	4,191,924	4,698,400
Rental income - interfund activity		<hr/>
		(17,145)
	<hr/>	<hr/>
Total revenues	<u>\$ 4,191,924</u>	<u>\$ 4,681,255</u>

# COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

## SCHEDULE II DETAIL OF TOTAL EXPENSES - BUDGET VS. ACTUAL YEAR ENDED JUNE 30, 2008

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	<b>Budget (Memorandum Only)</b>	<b>Actual</b>
	<hr/>	<hr/>
Salaries and benefits	\$ 2,317,451	\$ 2,143,168
Conventions, conferences and workshops	534,700	590,822
District services	320,800	422,326
Championships	350,000	434,096
EDGE grant		269,219
Office operations	278,906	257,777
Special projects reserve		108,260
Staff travel	61,500	74,978
Board of Directors	55,500	66,329
Professional services	66,900	57,740
Committee and commission meetings	42,950	54,869
Publications	54,000	50,296
Depreciation	33,000	48,648
Corporate partners	10,000	31,951
Phi Theta Kappa	18,000	14,526
Property and corporate taxes	10,050	9,934
League on call	6,000	9,185
Subscriptions and memberships	2,900	1,740
Public relations	9,500	931
Awards	1,000	
Miscellaneous	10,010	22,801
	<hr/>	<hr/>
	4,183,167	4,669,596
Rent - interfund activity	<hr/>	<hr/>
		(17,145)
Total expenses	<u>\$ 4,183,167</u>	<u>\$ 4,652,451</u>

The independent auditor's report should be read in connection with these supplemental schedules.

# COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

## SCHEDULE III DETAIL OF TOTAL REVENUES - EXCLUDING COMMISSION ON ATHLETICS YEAR ENDED JUNE 30, 2008

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	<b>Budget (Memorandum Only)</b>	<b>Actual</b>
	<hr/>	<hr/>
Membership dues	\$ 1,321,275	\$ 1,321,275
District services	931,500	1,011,566
Conventions, conferences and workshops	555,500	635,488
Corporate partners	75,000	155,050
Interest and investment income	100,000	108,763
EDGE grant		93,100
Publications	30,000	32,898
Rental income	23,263	23,263
Phi Theta Kappa	10,000	11,866
League on call	6,000	8,507
Miscellaneous	100	95
	<hr/>	<hr/>
	3,052,638	3,401,871
Rental income - interfund activity	<hr/>	<hr/>
		(17,145)
Total revenues	<u>\$ 3,052,638</u>	<u>\$ 3,384,726</u>

# COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

## SCHEDULE IV DETAIL OF TOTAL EXPENSES - EXCLUDING COMMISSION ON ATHLETICS YEAR ENDED JUNE 30, 2008

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	<b>Budget (Memorandum Only)</b>	<b>Actual</b>
	<hr/>	<hr/>
Salaries and benefits	\$ 1,776,155	\$ 1,663,373
Conventions, conferences and workshops	479,200	530,507
District services	320,800	422,326
EDGE grant		269,219
Office operations	208,406	212,630
Special projects reserve		108,260
Board of Directors	55,500	66,329
Publications	54,000	50,296
Staff travel	36,500	44,455
Depreciation	33,000	42,870
Corporate partners	10,000	31,951
Professional services	16,900	20,393
Phi Theta Kappa	18,000	14,526
Committee and commission meetings	7,950	10,080
Property and corporate taxes	10,050	9,934
League on call	6,000	9,185
Subscriptions and memberships	1,700	1,000
Public relations	500	931
Miscellaneous	10,010	22,801
	<hr/>	<hr/>
Total expenses	<u>\$ 3,044,671</u>	<u>\$ 3,531,066</u>

# COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

## SCHEDULE V COMMISSION ON ATHLETICS - STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2007

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	<b>Budget (Memorandum Only)</b>	<b>Actual</b>
Revenues:		
Membership dues	\$ 689,150	\$ 689,150
Championships	277,250	445,531
Annual convention	58,500	74,386
Corporate partners	91,386	68,159
Interest and investment income	20,000	16,050
Publications	2,000	2,136
Commissions and rebates	1,000	1,117
Total revenues	<u>1,139,286</u>	<u>1,296,529</u>
Expenses:		
Salaries and benefits	541,296	479,795
Championships	350,000	434,096
Annual convention	55,500	60,315
Office operations	70,500	45,147
Committee and commission meetings	35,000	44,789
Professional services	50,000	37,347
Staff travel	25,000	30,523
Depreciation		5,778
Awards	1,000	
Subscriptions and memberships	1,200	740
Public relations	9,000	
	<u>1,138,496</u>	<u>1,138,530</u>
Rent - interfund activity		(17,145)
Total expenses	<u>1,138,496</u>	<u>1,121,385</u>
Net Income	<u>\$ 790</u>	<u>\$ 175,144</u>

The independent auditor's report should be read in connection with these supplemental schedules.