



Gilbert Associates, Inc.
CPAs and Advisors

To the Board of Directors and
Management of Community College League of California

In planning and performing our audit of the financial statements of Community College League of California (League) as of and for the year ended June 30, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered the League's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal controls. Accordingly, we do not express an opinion on the effectiveness of the League's internal controls.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal controls.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal controls. We did not consider the significant deficiency described below to represent a material weakness.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. As part of our audit, we generated the following recommendation that we consider to represent a significant deficiency.

ACCOUNTING FOR AGENCY TRANSACTIONS

Our audit of revenue identified two instances where the League included cash receipts and disbursements received under fiscal agent arrangements as revenues and expenses in their statement of activities. Under Generally Accepted Accounting Principles, the cash held under these arrangements should be reflected as a liability in the statement of financial position and the receipts and disbursements made by the League would be excluded from their statement of activities. Correction of this error resulted in an adjustment to reduce revenue by \$86,000, reduce expenses by \$32,000 and increase cash held on behalf of others by \$54,000.

In addition, during our review of revenue and agency transactions, we observed the League records funds received and paid related to agency transactions through their revenue accounts. The net impact of recording transactions in this manner is that only the net fee earned by the League on these agency transactions is recognized as revenue. However, our audit generated an adjustment to reduce revenue and increase liabilities by \$102,000 as we identified an instance where the timing of the funds received and paid by the League resulted in an overstatement of revenue. While this method of accounting for these transactions is intended to result in only recognizing the fee revenue earned and the liability for the funds held under these fiscal agency relationships, we feel it would be a better practice to record the amounts received and paid under all agency transactions as increases and decreases to funds held on behalf of others liability accounts and only record the fee earned in the revenue accounts. This will provide for easier tracking of the liability for funds held on behalf of others and the revenues for fees earned on providing this service.

Additionally, we recommend that all new and existing agency transaction agreements be reviewed to ensure that they are appropriately accounted for. In conjunction with this, the accounting process and procedures should be documented.

Management's response - Management of the Community College League of California have reviewed the recommendations presented in the management letter. They concur with the findings and will take the necessary steps to implement the recommendations.

This communication is intended solely for the information and use of management, Board of Directors and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.



GILBERT ASSOCIATES, INC.
Sacramento, California

October 15, 2009

COMMUNICATIONS WITH THOSE CHARGED WITH GOVERNANCE

In accordance with Statement of Auditing Standards No. 114, we are providing the Community College League of California (League) Board of Directors with information regarding the scope and results of the audit to assist the Board of Directors in overseeing management's financial reporting and disclosure process. Below we summarize these required communications.

Area	Comments
<p>Auditors' Responsibilities under Generally Accepted Auditing Standards (GAAS)</p> <p>As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.</p>	<p>We issued a qualified opinion on the financial statements of the League for the years ended June 30, 2009 and 2008.</p>
<p>Planned Scope and Timing of the Audit</p>	<p>We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter.</p>
<p>Significant Accounting Policies</p> <p>Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application.</p>	<p>The significant accounting policies used by the League are described in notes to the financial statements. The League adopted SFAS No. 157, <i>Fair Value Measurements</i> and SFAS No. 159, <i>The Fair Value Option for Financial Assets and Financial Liabilities</i>. The adoption of these statements did not have a material impact on the League. The application of existing policies was not changed during 2009. We noted no transactions entered into by the League during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.</p>

Area	Comments
<p>Disagreements with Management</p> <p>For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report.</p>	<p>We are pleased to report that no such disagreements arose during the course of our audit.</p>
<p>Management Representations</p>	<p>We obtained certain representations from management that are included in their letter to us dated at audit issuance.</p>
<p>Management Consultations with Other Independent Accountants</p> <p>In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the League's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts.</p>	<p>To our knowledge, there were no such consultations with other accountants.</p>
<p>Serious Difficulties Encountered in Performing the Audit</p>	<p>We encountered no significant difficulties in dealing with management in performing and completing our audit. Management and staff were well prepared and very cooperative.</p>

Area	Comments
<p data-bbox="107 152 531 201">Management Judgments and Accounting Estimates</p> <p data-bbox="107 233 590 505">Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.</p>	<p data-bbox="615 152 1024 342">We considered the methodologies and judgments used in assessing the collectability of accounts receivable, the valuation of assets and liabilities related to gift annuities and selection of useful lives of property and equipment. We found the judgments used to be appropriate.</p>

Area	Comments
<p data-bbox="1085 152 1409 177">Other Audit Findings or Issues</p>	<p data-bbox="1556 152 1982 391">We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the League's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.</p>
<p data-bbox="1085 410 1535 459">Significant Adjustments or Disclosures Not Reflected in the Financial Statements</p> <p data-bbox="1085 496 1528 656">Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.</p>	<p data-bbox="1556 410 1969 597">Our audit generated two adjustments to properly record a liability for an agency transaction and to accrue a liability for the library subscriptions program. These adjustments increased liabilities and decreased net assets by approximately \$156,000.</p> <p data-bbox="1556 610 1986 878">The following misstatement detected as a result of audit procedures was not corrected by management: Decrease in revenue and increase in beginning unrestricted net assets of approximately \$26,000 related to properly recording library subscription revenue in the current year. Management, with our concurrence, has determined that the effect is immaterial to the financial statements taken as a whole.</p>

**COMMUNITY COLLEGE
LEAGUE OF CALIFORNIA**

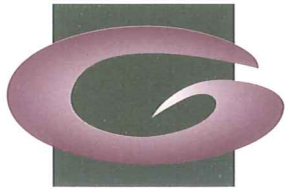
**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION WITH
INDEPENDENT AUDITOR'S REPORT**

**YEARS ENDED
JUNE 30, 2009 AND 2008**

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

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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, 2009 and 2008, 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.

As more fully described in Note 7 to the financial statements, the League recognizes the cost of its defined benefit pension plan in accordance with accounting principles promulgated by the Government Accounting Standards Board, which is not in accordance with financial accounting principles generally accepted in the United States of America (GAAP). GAAP requires an employer to recognize the overfunded or underfunded status of a defined benefit pension plan as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through unrestricted net assets. The information to report the defined benefit pension plan in accordance with GAAP is not available to the League and the effects of that departure on the financial statements are not reasonably determinable.

In our opinion, except for the effects of the matter discussed in the preceding paragraph, 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, 2009 and 2008, 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 12 through 16 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

October 15, 2009

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2009 AND 2008

ASSETS	<u>2009</u>	<u>2008</u>
CURRENT ASSETS:		
Cash and equivalents	\$ 2,755,757	\$ 2,051,267
Cash held for future library consortium	1,346,110	2,015,727
Cash held on behalf of others	68,415	
Accounts receivable	137,204	220,061
Current portion of grants receivable		187,500
Prepaid expenses and deposits	<u>109,090</u>	<u>175,615</u>
Total current assets	4,416,576	4,650,170
PROPERTY AND EQUIPMENT, Net	305,000	294,327
GIFT ANNUITY INVESTMENTS	<u>2,783,822</u>	<u>2,899,386</u>
TOTAL ASSETS	<u>\$ 7,505,398</u>	<u>\$ 7,843,883</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 232,357	\$ 116,729
Accrued liabilities	112,303	99,373
Deferred revenue	150,524	169,475
Amounts held for future library consortium	1,346,110	2,015,727
Cash held on behalf of others	68,415	
Current portion of gift annuity liabilities	367,176	331,253
Current portion of note payable	<u>12,489</u>	<u>11,463</u>
Total current liabilities	2,289,374	2,744,020
NOTE PAYABLE, Net	62,190	74,677
GIFT ANNUITY LIABILITIES, Net	<u>2,416,646</u>	<u>2,568,133</u>
Total liabilities	<u>4,768,210</u>	<u>5,386,830</u>
NET ASSETS:		
Unrestricted	2,514,676	2,133,172
Temporarily restricted	<u>222,512</u>	<u>323,881</u>
Total net assets	<u>2,737,188</u>	<u>2,457,053</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,505,398</u>	<u>\$ 7,843,883</u>

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

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

STATEMENTS OF ACTIVITIES YEARS ENDED JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
UNRESTRICTED NET ASSETS		
REVENUES:		
Membership dues	\$ 2,080,292	\$ 2,010,425
District services	1,446,213	1,011,566
Conventions, conferences and workshops	975,994	1,155,405
Corporate partners	146,909	223,209
Interest and investment income	44,291	124,813
Publications	20,658	35,034
Miscellaneous	33,392	27,703
Satisfaction of restrictions	429,711	269,219
Total revenues	<u>5,177,460</u>	<u>4,857,374</u>
EXPENSES:		
Program services:		
Conventions, conferences and workshops	977,888	856,452
District services	953,033	866,665
Legislative	413,057	391,512
EDGE campaign	377,922	269,219
Publications	135,668	148,339
Special programs	81,868	131,961
Athletics	961,045	1,140,407
Total program services	3,900,481	3,804,555
General and administration	895,475	847,896
Total expenses	<u>4,795,956</u>	<u>4,652,451</u>
INCREASE IN UNRESTRICTED NET ASSETS	<u>381,504</u>	<u>204,923</u>
TEMPORARILY RESTRICTED NET ASSETS:		
Grants and contributions	328,342	93,100
Satisfaction of restrictions	<u>(429,711)</u>	<u>(269,219)</u>
DECREASE IN TEMPORARILY RESTRICTED NET ASSETS	<u>(101,369)</u>	<u>(176,119)</u>
INCREASE IN NET ASSETS	280,135	28,804
NET ASSETS, Beginning of year	<u>2,457,053</u>	<u>2,428,249</u>
NET ASSETS, End of year	<u>\$ 2,737,188</u>	<u>\$ 2,457,053</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, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 280,135	\$ 28,804
Reconciliation to net cash provided by operating activities:		
Depreciation	50,441	48,648
Changes in:		
Accounts receivable	82,857	(70,540)
Grants receivable	187,500	250,000
Prepaid expenses and deposits	66,525	(100,268)
Gift annuity investments	115,564	15,295
Accounts payable	115,628	11,689
Accrued liabilities	12,930	18,470
Deferred revenue	(18,951)	(31,671)
Gift annuity liabilities	<u>(115,564)</u>	<u>(15,295)</u>
Net cash provided by operating activities	<u>777,065</u>	<u>155,132</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	<u>(61,114)</u>	<u>(45,352)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on note payable	<u>(11,461)</u>	<u>(10,519)</u>
NET INCREASE IN CASH AND EQUIVALENTS	704,490	99,261
CASH AND EQUIVALENTS, Beginning of year	<u>2,051,267</u>	<u>1,952,006</u>
CASH AND EQUIVALENTS, End of year	<u>\$ 2,755,757</u>	<u>\$ 2,051,267</u>
OTHER CASH FLOW INFORMATION:		
Cash paid for interest	<u>\$ 6,965</u>	<u>\$ 7,906</u>

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

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

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 conventions, conferences, workshops and district services programs are recognized when the related events or services occur. Fees collected in advance of such events or services 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. The League has elected to defer the application of Financial Accounting Standards Board (FASB) Interpretation 48, "Accounting for Uncertainty in Income Taxes" as allowed until July 1, 2009. The League will evaluate any uncertain tax positions in conjunction with the preparation of its tax return.

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

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.

Recent accounting pronouncements – In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* (SFAS 157), which defines fair value, establishes guidelines for measuring fair value and expands disclosures regarding fair value measurements. SFAS 157 does not require any new fair value measurements but rather eliminates inconsistencies in guidance found in various prior accounting pronouncements. The adoption of SFAS 157 for financial assets and liabilities on July 1, 2008 did not have a material impact on the League's statements of financial position or the related statements of activities and of cash flows.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*, which expands opportunities to use fair value measurements in financial reporting and permits entities to choose to measure many financial instruments and certain other items at fair value. The adoption of SFAS 159 for financial assets and liabilities on July 1, 2008 did not impact the League's financial statements as there were no new items selected for fair value presentation.

Fair value measurements – Assets and liabilities measured at fair value are recorded in accordance with SFAS 157, which clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, SFAS 157 establishes a three-tier value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1 Inputs Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
- Level 2 Inputs Inputs other than quoted prices in active markets that are observable either directly or indirectly.
- Level 3 Inputs Unobservable inputs in which there is little or no market data, which require management to develop their own assumptions.

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

2. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2009</u>	<u>2008</u>
Land	\$ 51,177	\$ 51,177
Building and improvements	557,437	510,302
Furniture and equipment	<u>327,489</u>	<u>328,898</u>
Total	936,103	890,377
Less accumulated depreciation	<u>(631,103)</u>	<u>(596,050)</u>
Total	<u>\$ 305,000</u>	<u>\$ 294,327</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 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.

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 and 108 participants at June 30, 2009 and 2008, respectively, with account balances of \$2,783,822 and \$2,899,386 at June 30, 2009 and 2008, respectively. The League received administrative and processing fees of \$3,778 for 2009 and \$8,670 for 2008, in connection with this program.

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

Gift annuity investments consist of the following:

	<u>2009</u>	<u>2008</u>
Money market funds	\$ 158,864	\$ 300,075
Equity mutual funds	1,400,713	1,465,608
U.S. treasury obligations	731,747	663,643
Fixed income mutual funds	471,860	449,435
U.S. government agency securities	<u>20,638</u>	<u>20,625</u>
Total	<u>\$ 2,783,822</u>	<u>\$ 2,899,386</u>

The League's gift annuity investments are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices.

4. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of unexpended funds from foundation grants and contributions, restricted by donors to be used for the following programs:

	<u>2009</u>	<u>2008</u>
California EDGE Campaign	\$ 38,564	\$ 323,881
Advocacy program	<u>183,948</u>	<u> </u>
Total	<u>\$ 222,512</u>	<u>\$ 323,881</u>

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:

2010	\$ 12,489
2011	13,606
2012	14,824
2013	16,150
2014	<u>17,610</u>
Total	<u>\$ 74,679</u>

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

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 2013. Lease expense under these agreements was \$47,364 in 2009 and \$50,115 in 2008. Future minimum lease payments are as follows:

Year ending June 30:

2010	\$ 45,312
2011	36,282
2012	6,060
2013	6,060
2014	<u>1,515</u>
Total	<u>\$ 95,229</u>

7. DEFINED BENEFIT PENSION PLAN

Plan Description

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.

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

Funding Policy

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, 2009, 2008 and 2007 were 14.28%, 14.57% and 13.77%, respectively, of annual covered payroll. The League's contributions to CalPERS for the years ending June 30, 2009, 2008 and 2007 were \$226,268, \$229,057 and \$195,048, respectively, and equal 100% of the required contributions for each year.

8. DEFERRED COMPENSATION AND OTHER RETIREMENT PLANS

The League offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salary until future years. No contributions are currently being made by the Association. The deferred compensation is not available to employees until disability, termination, retirement, death or an unforeseeable emergency.

Employees of the League may also participate in a defined contribution 403(b) retirement plan. Employees may make voluntary contributions up to federally designated limits. The League may make discretionary contributions to the Plan, however, no employer or employee contributions to the Plan were made during the years ended June 30, 2009 and 2008.

9. 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, 2009

	Budget (Memorandum Only)	Actual
	<hr/>	<hr/>
Membership dues	\$ 2,080,332	\$ 2,080,292
District services	1,201,340	1,446,213
Conventions, conferences and workshops	608,000	756,220
League contributions		233,342
Championships	273,250	219,774
Corporate partners	143,922	146,909
EDGE Campaign		95,000
Interest and investment income	120,000	44,291
Rental income	23,263	23,463
Publications	27,500	20,658
League on call	6,000	15,981
Phi Theta Kappa	10,000	7,505
Commissions and rebates	1,000	483
Miscellaneous	100	
	<hr/>	<hr/>
	4,494,707	5,090,131
Rental income - interfund activity		<hr/> (14,040) <hr/>
Total revenues	<hr/> <u>\$ 4,494,707</u>	<hr/> <u>\$ 5,076,091</u>

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

SCHEDULE II DETAIL OF TOTAL EXPENSES - BUDGET VS. ACTUAL YEAR ENDED JUNE 30, 2009

	Budget (Memorandum Only)	Actual
	<hr/>	<hr/>
Salaries and benefits	\$ 2,320,613	\$ 2,268,741
Conventions, conferences and workshops	566,200	684,530
District services	367,000	574,289
EDGE Campaign		377,922
Office operations	303,600	248,986
Championships	330,000	224,913
Professional services	66,000	76,908
Board of Directors	64,500	60,593
Staff travel	70,500	56,193
Committee and commission meetings	60,700	52,152
Depreciation	33,000	50,441
Publications	40,000	28,692
Public relations	21,000	17,481
Phi Theta Kappa	16,000	16,671
League on call	8,500	14,224
Corporate partners	20,000	13,209
Property and corporate taxes	10,200	12,791
Website and association management	6,250	4,341
Subscriptions and memberships	2,900	1,832
Compliance initiatives	20,000	
Awards	1,000	187
Miscellaneous	15,750	24,900
	<hr/>	<hr/>
	4,343,713	4,809,996
Rent - interfund activity	<hr/>	<hr/>
		(14,040)
Total expenses	<u>\$ 4,343,713</u>	<u>\$ 4,795,956</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, 2009

	Budget (Memorandum Only)	Actual
	<hr/>	<hr/>
Membership dues	\$ 1,391,182	\$ 1,391,182
District services	1,201,340	1,446,213
Conventions, conferences and workshops	551,000	689,745
League contributions		233,342
Corporate partners	75,000	71,937
Interest and investment income	100,000	27,203
Rental income	23,263	23,463
Publications	25,500	17,226
League on call	6,000	15,981
Phi Theta Kappa	10,000	7,505
Miscellaneous	100	
EDGE Campaign		95,000
	<hr/>	<hr/>
	3,383,385	4,018,797
Rental income - interfund activity		(14,040)
	<hr/>	<hr/>
Total revenues	<u>\$ 3,383,385</u>	<u>\$ 4,004,757</u>

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

SCHEDULE IV DETAIL OF TOTAL EXPENSES - EXCLUDING COMMISSION ON ATHLETICS YEAR ENDED JUNE 30, 2009

	Budget (Memorandum Only)	Actual
	<hr/>	<hr/>
Salaries and benefits	\$ 1,735,107	\$ 1,753,372
Conventions, conferences and workshops	502,700	629,387
District services	367,000	574,289
EDGE Campaign		377,922
Office operations	228,100	196,121
Board of Directors	64,500	60,593
Depreciation	33,000	44,238
Professional services	21,000	38,797
Staff Travel	40,500	36,365
Publications	40,000	28,692
Phi Theta Kappa	16,000	16,671
League on call	8,500	14,224
Corporate Partners	20,000	13,209
Property and corporate taxes	10,200	12,791
Committee and commission meetings	10,700	10,370
Website and association management	6,250	4,341
Subscriptions and memberships	1,700	842
Public relations	1,000	
Miscellaneous	15,750	24,900
	<hr/>	<hr/>
Total expenses	\$ 3,122,007	\$ 3,837,124

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

SCHEDULE V COMMISSION ON ATHLETICS - STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2009

	Budget (Memorandum Only)	Actual
Revenues:		
Membership dues	\$ 689,150	\$ 689,110
Championships	273,250	219,774
Corporate partners	68,922	74,972
Annual convention	57,000	66,475
Interest and investment income	20,000	17,088
Publications	2,000	3,432
Commissions and rebates	1,000	483
Total revenues	<u>1,111,322</u>	<u>1,071,334</u>
Expenses:		
Salaries and benefits	585,506	515,369
Championships	330,000	224,913
Annual convention	63,500	55,143
Office operations	75,500	52,865
Committee and commission meetings	50,000	41,782
Professional services	45,000	38,111
Staff travel	30,000	19,828
Public relations	20,000	17,481
Depreciation		6,203
Subscriptions and memberships	1,200	990
Awards	1,000	187
Compliance initiatives	20,000	
	1,221,706	972,872
Rent - interfund activity		<u>(14,040)</u>
Total expenses	<u>1,221,706</u>	<u>958,832</u>
Net Income	<u>\$ (110,384)</u>	<u>\$ 112,502</u>

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