



# COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

## FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEARS ENDED  
JUNE 30, 2020 AND 2019

**COMMUNITY COLLEGE LEAGUE OF CALIFORNIA  
TABLE OF CONTENTS  
JUNE 30, 2020 and 2019**

	<b><u>Page</u></b>
<b>LIST OF OFFICIALS</b>	i
<b>INDEPENDENT AUDITOR'S REPORT</b>	1 - 2
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position as of June 30, 2020 and 2019	3
Statements of Activities for the years ended June 30, 2020 and 2019	4
Statements of Functional Expenses for the years ended June 30, 2020 and 2019	5 - 6
Statements of Cash Flows for the years ended June 30, 2020 and 2019	7
Notes to the Financial Statements	8 - 21
<b>SUPPLEMENTARY INFORMATION</b>	
Combining Statement of Financial Position	22
Combining Statement of Activities	23
Statement of Functional Expenses - CCLC	24 - 25
Statement of Functional Expenses - CCCAA	26
Statement of Functional Expenses - EDGE	27

**COMMUNITY COLLEGE LEAGUE OF CALIFORNIA  
LIST OF OFFICIALS  
JUNE 30, 2020**

**Board Officers**

Joe Wyse	Chair Shasta-Tehama-Trinity Joint CCD (CEOCCC)
Linda Wah	First Vice Chair/Treasurer Pasadena Area CCD (CCCT)
Karen Jimenez	Second Vice Chair/Secretary Irvine Valley College Foundation (CCCCS)
Jim Moreno	Immediate Past Chair Coast CCD (CCCT)

**Board Members**

Byron Clifft Breland	San Jose Evergreen CCD (CEOCCC)
Ken Brown	El Camino CCD (CCCT)
Stephan Catellanos	San Joaquin Delta CCD (CCCT)
Jose Fierro	Cerritos CCD (CEOCCC)
Adrienne Grey	West Valley Mission CCD (CCCT)
Pamela Luster	San Diego CCD (CEOCCC)
Marvin Martinez	Rancho Santiago CCD (CEOCCC)
Shondra West	Los Medanos College (CCCS)

**Officials**

Lawrence Galizio	President/Chief Executive Officer
------------------	-----------------------------------



MANN • URRUTIA • NELSON CPAs & ASSOCIATES, LLP  
GLENDALE • ROSEVILLE • SACRAMENTO • SOUTH LAKE TAHOE • KAUAI, HAWAII

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Community College League of California  
Sacramento, California

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

We have audited the accompanying financial statements of Community College League of California (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows 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 entity'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 entity'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 June 30, 2020 financial statements referred to above present fairly, in all material respects, the financial position of Community College League of California as of June 30, 2020, 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.

### **Prior Period Financial Statements**

The financial statements of Community College League of California as of June 30, 2019, were audited by other auditors whose report dated November 6, 2019, expressed an unmodified opinion on those statements.

## Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedules as listed in the table of contents are presented for purposes of additional analysis and are 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 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.

*Mann, Urrutia, Nelson CPAs*

Sacramento, California  
November 05, 2020

**COMMUNITY COLLEGE LEAGUE OF CALIFORNIA**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u> <u>Restated</u>
<b><u>ASSETS</u></b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 4)	\$ 4,171,567	\$ 3,240,452
Cash held for library consortium (Note 4)	1,230,714	1,960,525
Cash held on behalf of others (Note 4)	233,097	426,790
Investments (Note 5)	2,488,790	2,499,784
Investments - Charitable Gift Annuity Program (Note 5)	4,572,408	4,527,265
Accounts receivable	428,585	231,750
Prepaid expenses	22,535	12,652
Future event deposits	<u>161,275</u>	<u>172,457</u>
<b>Total Current Assets</b>	<u>13,308,971</u>	<u>13,071,675</u>
<b>Non-Current Assets</b>		
Property and equipment, net (Note 7)	<u>315,287</u>	<u>314,914</u>
<b>Total Non-Current Assets</b>	<u>315,287</u>	<u>314,914</u>
<b>Total Assets</b>	<u>\$ 13,624,258</u>	<u>\$ 13,386,589</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 44,563	\$ 228,793
Salaries and benefits payable	1,813	1,113
Accrued expenses	7,046	15,820
Compensated absences payable	203,659	187,033
Deferred revenue (Note 8)	246,899	208,163
Deposits payable	1,069,124	1,030,433
Library consortium payable	1,230,714	1,960,525
Amounts payable under fiscal agent responsibilities	233,097	426,790
Gift annuity liability - current portion (Note 9)	<u>423,603</u>	<u>433,283</u>
<b>Total Current Liabilities</b>	<u>3,460,518</u>	<u>4,491,953</u>
<b>Non-Current Liabilities</b>		
Gift annuity liability (Note 9)	<u>4,519,171</u>	<u>4,659,356</u>
<b>Total Non-Current Liabilities</b>	<u>4,519,171</u>	<u>4,659,356</u>
<b>Total Liabilities</b>	<u>7,979,689</u>	<u>9,151,309</u>
<b>Net Assets</b>		
Without donor restrictions (Note 14)	<u>5,644,569</u>	<u>4,235,280</u>
<b>Total Net Assets</b>	<u>5,644,569</u>	<u>4,235,280</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 13,624,258</u>	<u>\$ 13,386,589</u>

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

**COMMUNITY COLLEGE LEAGUE OF CALIFORNIA**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<b>Without Donor Restrictions</b>	
	<b>2020</b>	<b>2019 (Restated)</b>
<b>Revenues</b>		
Membership dues	\$ 2,830,713	\$ 2,662,082
District services	1,756,932	1,495,123
Championships, conventions, conferences, & workshops	912,982	1,480,881
Corporate partners, sponsorships, exhibits	254,795	64,406
Interest and investment income	69,055	82,064
Publications	5,252	9,621
Educational services program	45,446	134,486
Management fees	26,294	100,837
Professional fees	4,000	-
Grants	799,171	-
Miscellaneous/prior year bad debt	735	-
<b>Total Revenues</b>	<b>6,705,375</b>	<b>6,029,500</b>
<b>Expenses</b>		
<b>Program services:</b>		
Conventions, conferences, and workshops	1,275,007	1,855,814
District services	642,951	633,720
Legislative	800,441	424,543
Championships	284,583	410,482
Publications	256,820	275,815
Corporate partners	21,514	23,240
Development	303,971	225,175
Boards and advisory committees	404,186	451,798
<b>Total program services</b>	<b>3,989,473</b>	<b>4,300,587</b>
<b>Supporting Services:</b>		
General and administration	1,306,613	1,428,888
<b>Total supporting services</b>	<b>1,306,613</b>	<b>1,428,888</b>
<b>Total Expenses</b>	<b>5,296,086</b>	<b>5,729,475</b>
<b>Change in Net Assets</b>	<b>1,409,289</b>	<b>300,025</b>
<b>Net Assets - Beginning of Year</b>	<b>4,235,280</b>	<b>3,935,255</b>
<b>Net Assets - End of Year</b>	<b>\$ 5,644,569</b>	<b>\$ 4,235,280</b>

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

**COMMUNITY COLLEGE LEAGUE OF CALIFORNIA**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	Program Services				
	Conventions, Conferences, and Workshops	District Services	Legislative	Championships	Publications
Salaries and benefits	\$ 632,394	\$ 525,920	\$ 567,743	\$ 144,152	\$ 164,839
Travel and meals	44,050	14,314	14,818	-	-
Program and event consultants	42,359	-	30,000	-	-
Events and meetings	518,576	3,402	13,311	140,431	-
Marketing and advertising	-	2,475	850	-	23,342
Social media	-	-	-	-	-
Client relations	-	612	915	-	-
Research, curriculum, and development	-	-	-	-	-
Staff development	39	1,606	1,595	-	166
Ballot measure	-	-	-	-	50,000
Website management	-	15,265	-	-	-
Depreciation	-	-	490	-	-
Insurance	-	-	-	-	-
Memberships and subscriptions	674	8,571	13,608	-	-
Other expenses	21,779	6,353	920	-	55
Professional services	169	58,745	130,069	-	-
Facilities	-	-	21,434	-	-
Office operations	14,967	5,688	4,688	-	18,418
<b>Total Expenses</b>	<b>\$ 1,275,007</b>	<b>\$ 642,951</b>	<b>\$ 800,441</b>	<b>\$ 284,583</b>	<b>\$ 256,820</b>

	Program Services				
	Conventions, Conferences, and Workshops	District Services	Legislative	Championships	Publications
Salaries and benefits	\$ 712,880	\$ 415,348	\$ 396,541	\$ 138,248	\$ 190,022
Travel and meals	85,097	18,096	8,854	-	3,130
Program and event consultants	48,733	29,650	-	-	-
Events and meetings	964,971	10,560	4,476	272,234	7,287
Marketing and advertising	-	-	-	-	11,300
Research, curriculum, and development	-	-	66	-	1,251
Staff development	-	1,385	2,662	-	1,251
Website management	-	14,478	-	-	-
Depreciation	-	-	-	-	-
Insurance	-	-	-	-	-
Memberships and subscriptions	890	23,239	6,498	-	430
Other expenses	23,460	980	77	-	74
Professional services	203	116,111	1,025	-	-
Facilities	-	-	-	-	30,535
Office operations	19,580	3,873	4,344	-	30,535
<b>Total Expenses</b>	<b>\$ 1,855,814</b>	<b>\$ 633,720</b>	<b>\$ 424,543</b>	<b>\$ 410,482</b>	<b>\$ 275,815</b>

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



**COMMUNITY COLLEGE LEAGUE OF CALIFORNIA**  
**STATEMENT OF FUNCTIONAL EXPENSES (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2020 AND 2019**

	Program Services			Supporting Services	
	Corporate Partners	Development	Boards and Advisory Committees	General and Administration	Total 2020
Salaries and benefits	\$ 15,393	\$ 211,894	\$ 321,668	\$ 791,923	\$ 3,375,926
Travel and meals	863	5,675	25,059	32,001	136,780
Program and event consultants	-	34,000	-	5,000	111,359
Events and meetings	4,117	375	48,139	201	728,552
Marketing and advertising	-	15,275	-	1,500	43,442
Social media	-	69	-	-	69
Client relations	81	104	194	1,310	3,216
Research, curriculum, and development	-	14,112	-	-	14,112
Staff development	450	1,746	-	15,940	21,542
Ballot measure	-	-	-	-	50,000
Website management	-	94	-	24,298	39,657
Depreciation	-	-	-	39,312	39,802
Insurance	-	-	-	39,044	39,044
Memberships and subscriptions	-	472	62	18,377	41,764
Other expenses	210	75	-	15,492	44,884
Professional services	-	15,764	6,380	59,796	270,923
Facilities	-	-	-	65,745	87,179
Office operations	400	4,316	2,684	196,674	247,835
<b>Total Expenses</b>	<b>\$ 21,514</b>	<b>\$ 303,971</b>	<b>\$ 404,186</b>	<b>\$ 1,306,613</b>	<b>\$ 5,296,086</b>

	Program Services			Supporting Services	
	Corporate Partners	Development	Boards and Advisory Committees	General and Administration	Total 2019
Salaries and benefits	\$ 13,947	\$ 103,158	\$ 351,201	\$ 854,259	\$ 3,175,604
Travel and meals	655	7,746	45,657	57,631	226,866
Program and event consultants	-	55,325	-	-	133,708
Events and meetings	8,195	431	52,747	53,099	1,374,000
Marketing and advertising	-	8,863	-	-	20,163
Research, curriculum, and development	-	40,757	-	1,040	43,114
Staff development	-	340	-	14,077	19,715
Website management	-	150	-	47,215	61,843
Depreciation	-	-	-	35,358	35,358
Insurance	-	-	-	17,397	17,397
Memberships and subscriptions	-	566	-	11,927	43,550
Other expenses	420	149	-	104,776	129,936
Professional services	-	-	-	82,984	200,323
Facilities	-	-	-	87,298	117,833
Office operations	23	7,690	2,193	61,827	130,065
<b>Total Expenses</b>	<b>\$ 23,240</b>	<b>\$ 225,175</b>	<b>\$ 451,798</b>	<b>\$ 1,428,888</b>	<b>\$ 5,729,475</b>

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

**COMMUNITY COLLEGE LEAGUE OF CALIFORNIA**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u> (Restated)
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 1,409,289	\$ 300,025
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	39,802	35,358
Realized gain on sale of investments	(169,711)	-
(Increase) decrease in:		
Accounts receivable	(196,835)	1,700,587
Prepaid expenses	(9,883)	147,829
Future event deposits	11,182	(172,457)
Increase (decrease) in:		
Accounts payable	(184,230)	(63,810)
Salaries and benefits payable	700	1,113
Accrued expenses	(8,774)	15,820
Compensated absences payable	16,626	28,167
Deferred revenue	38,736	99,237
Library consortium payable	(691,120)	755,171
Fiscal agent payable	(193,693)	(191,110)
Net Cash Provided by Operating Activities	<u>62,089</u>	<u>2,655,930</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	(40,175)	(52,161)
Proceeds from sale of investments	499,240	1,062,511
Purchase of investments	(513,543)	(2,031,965)
Net Cash Provided by (Used for) Investing Activities	<u>(54,478)</u>	<u>(1,021,615)</u>
<b>Increase in Cash and Cash Equivalents</b>	7,611	1,634,315
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>5,627,767</u>	<u>3,993,452</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 5,635,378</u>	<u>\$ 5,627,767</u>
<b>Reconciliation of cash and cash equivalents to the Statement of Financial Position</b>		
Cash and cash equivalents	\$ 4,171,567	\$ 3,240,452
Cash held for library consortium	1,230,714	1,960,525
Cash held on behalf of others	<u>233,097</u>	<u>426,790</u>
Total cash and cash equivalents shown in the Statement of Cash Flows	<u>\$ 5,635,378</u>	<u>\$ 5,627,767</u>

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

**COMMUNITY COLLEGE LEAGUE OF CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 1: ORGANIZATION AND NATURE OF ACTIVITIES**

Community College League of California (the League) is a non-profit public benefit corporation organized for the advancement of education, particularly to better the educational opportunities of California community college students and local community colleges. 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. California Community College Athletic Association (CCCCAA) and California Edge Coalition (EDGE) are divisions within the League. CCCCCA organizes and administers intercollegiate athletic regional and state championship events throughout California. EDGE focuses on improving California's system of workforce education and training through conducting research, writing policy briefs, and organizing events to educate policymakers on state and national efforts aimed at providing more opportunity for skill development and credential/degree attainment.

Significant programs of the League include:

**Conventions, Conferences, and Workshops** - The League hosts several annual conferences and events that provide a longstanding commitment to the professional growth and development of California's community college leaders, providing leadership in the education and professional development of community college governing boards, chief executive officers, and staff that supports the continued strength, vitality, and effectiveness of colleges' education programs and services.

**District Services** - District services and programs are designed to provide member districts with cost-effective, easy-to-use purchasing, fiscal and foundation services. The League works closely with Chief Business Officers and other campus groups to offer programs that allow districts to benefit from the power of collaborative purchasing and competitive pricing, whether it be for services or commodities.

**Legislative** - The Government Relations Team provides legislative updates through monthly government relations webinars and the monthly newsletter, tracks bills of interest through the legislative process, and focuses on advocacy to help transform policies, practices, and services both at the state and national level.

**Championships** - CCCCCA organizes and administers intercollegiate athletic regional and state championship events throughout California.

**Publications** - The League produces a variety of publications to assist boards, trustees, and CEOs in fulfilling their roles and responsibilities.

**Corporate Partners** - The Corporate Partners program helps build strong working relationships between the state's 73 community college districts and the businesses and professional firms who provide those districts with a variety of essential services. This is an opportunity for private companies to demonstrate their commitment to serving the colleges by becoming actively engaged in building strong working relationships with leaders from the community college districts.

**Development** - The League provides leadership in the education and development of community college governing board members, chief executive officers, and district and college staff to ensure the continued strength, diversity, vitality, and effectiveness of the colleges' educational programs and services.

**Boards and Advisory Committees** - The League is governed by a Board of Directors composed of five members from each of the organization's two policy boards, the California Community College Trustees (CCCT) Board and the Chief Executive Officers of the California Community Colleges (CEOCCC) Board, plus two representatives from the California Community Colleges Classified Senate (CCCCS). The League Board of Directors is responsible for the management of the business affairs of the organization and also establishes and evaluates the annual education policy agenda and annual legislative program.

**COMMUNITY COLLEGE LEAGUE OF CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 1: ORGANIZATION AND NATURE OF ACTIVITIES (CONTINUED)**

The CCCT Board consists of 21 members elected statewide by the 73 district governing boards and a student-member elected by the student trustees. The CEOCCC Board consists of 15 members who serve as chancellors, superintendent/presidents, and presidents of colleges and districts representing particular regions in the state and who are elected by the CEOs in each region. The CCCT and CEOCCC Boards take positions on and formulate education policy issues that come before the California Community Colleges Board of Governors, the State Legislature, and other relevant state-level boards and commissions. These policy boards provide input to the League Board to advance the mission and effectively serve the organization's member colleges.

The League is assisted in accomplishing its goals and objectives by standing and ad hoc committees whose membership includes trustees, administrators, faculty, classified staff, public information officers and students. Presently, committees include the Advisory Committee on Education Services (ACES), the Advisory Committee on Legislation (ACL), and the Advisory Committee on District Services. Oversight of intercollegiate athletics is performed by the League's California Community Colleges Athletic Association.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Accounting Method and Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the League and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and are available for general operations. These net assets may be used at the discretion of the League's management and Board of Directors.

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by actions of the League and/or the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a restriction expires, 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.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the League considers all highly liquid investments, which can be converted into known amounts of cash and have original maturities at the time of purchase of three months or less to be cash equivalents.

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.

Investments

Investments are classified into the following categories:

- Available-for-sale securities, reported at fair value, with unrealized gains and losses excluded from earnings and reported, net of taxes, within net assets.
- Held-to-maturity securities, which management has the positive intent and ability to hold to maturity, reported at amortized cost, adjusted for the accretion of discounts and amortization of premiums.

**COMMUNITY COLLEGE LEAGUE OF CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Management determines the appropriate classification of its investments at the time of purchase and may only change the classification in certain limited circumstances. All transfers between categories are accounted for at fair value in the period which the transfer occurs.

Gains or losses on the sale of investment securities are computed on the specific identification method.

An investment security is impaired when its carrying value is greater than its fair value. Investment securities that are impaired are evaluated on at least a quarterly basis and more frequently when economic or market conditions warrant such an evaluation to determine whether such a decline in their fair value is other than temporary. Management utilizes criteria such as the magnitude and duration of the decline and the intent and ability of the League to retain its investment in the securities for a period of time sufficient to allow for an anticipated recovery in fair value, in addition to the reasons underlying the decline, to determine whether the loss in value is other than temporary. The term "other than temporary" is not intended to indicate that the decline is permanent, but indicates that the prospect for a near-term recovery of value is not necessarily favorable, or that there is a lack of evidence to support a realizable value equal to or greater than the carrying value of the investment. Once a decline in value is determined to be other than temporary, and management does not intend to sell the security or it is more likely than not that the League will not be required to sell the security before recovery, for debt securities, only the portion of the impairment loss representing credit exposure is recognized as a charge to earnings, with the balance recognized as a charge to income. If management intends to sell the security or it is more likely than not that the League will be required to sell the security before recovering its forecasted cost, the entire impairment loss is recognized as a charge to earnings.

Accounts Receivable

Accounts receivable are uncollateralized member obligations due under normal trade terms requiring payment upon receipt of the invoice. Account balances over 30 days old are considered delinquent.

Payments received on accounts receivable are allocated to the specific invoices identified on the remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews all receivable balances that exceed 30 days from the invoice date and based on an assessment of current credit worthiness, estimates the portion, if any, of the balance that will not be collected. Any items that are uncollectible are deemed to be insignificant and therefore there is no allowance for doubtful accounts.

Property and Equipment

The League capitalizes all acquisitions of property and equipment of \$500 or more at cost. Contributed property and equipment is recorded at estimated fair market value as of the date of donation. Depreciation expense is provided on a straight-line basis over the estimated useful life of the respective asset, ranging from 3 to 20 years. Maintenance and repairs are charged to expenses when incurred.

Compensated Absences

It is the League's policy to accumulate earned but unused vacation leave, which will be paid to employees upon separation of employment from the League. All full-time and part-time employees are eligible to accrue vacation. Full-time employees, up to 36 hours in a week, will earn 13.34 vacation hours per month and part-time employees, working 35 hours or less per week, will earn vacation on a prorated basis. Once a maximum of 240 hours of vacation time is reached, vacation will stop accruing until taken. Employees are not compensated for unused sick leave upon separation of employment from the League.

**COMMUNITY COLLEGE LEAGUE OF CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Deferred Revenue

Deferred revenue consists of dues payments, registration fees for conventions, conferences, and workshops, and district services program fees that have been received in advance. Dues are non-refundable and are recognized as revenue during the period to which the dues relate. Deferred revenues are substantially recognizable within one year.

Deposits Payable

Deposits payable consist of deposits received from member community colleges to be applied to future library subscriptions.

Library Consortium Payable

Library consortium payable represents 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.

Amounts Payable Under Fiscal Agent Responsibilities

The League acts as a fiscal agent for other organizations or caucuses. The League accounts for the funds received, disbursed, and held on behalf of these organizations as a liability.

Gift Annuity Liability

Annuity obligations arising from split-interest gifts are recognized as gift annuity liabilities in the accompanying statements of financial position. The liability for gift annuities is based on actuarially determined present values considering the income, beneficiaries, and applicable discount rates based on federal tables. Actuarial adjustments are recognized in the Statements of Activities for the changes in the value and are included in change in value of split interest agreements.

Revenue and Revenue Recognition

The League is funded primarily through membership dues which are recognized over the membership period, which is generally one year. The performance obligation consists of providing services to members. In addition, the League sponsors conventions, conferences, workshops, and district services programs throughout the year and revenue from these events and services is recognized in the period the event is held or the services occur. Fees collected in advance of such events or services are recorded as deferred revenue until earned.

Contributions and grants are recognized in full when received or unconditionally promised. All contributions are classified as without donor restriction unless specifically restricted by donors for future periods or specific purposes. Donor restricted amounts are reported as increases in net assets with donor restrictions. When conditions have been met, the assets are reported in the statement of activities as net assets released from restrictions. Conditional promises to give, which depend on the occurrence of specified future and uncertain events, are not recorded until the conditions are met.

Donated materials, equipment, and professional services are recorded as in-kind contributions and recognized at the estimated fair value as of the date of donation or service. Contributed services are recorded when they create or enhance non-financial assets or require a specialized skill the League would otherwise need to purchase.

**COMMUNITY COLLEGE LEAGUE OF CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Functional Expense Allocation

The costs of providing the program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, which are allocated on the basis of employees' time incurred.

Income Tax Status

The League is exempt from federal and state income taxes under the Internal Revenue Code Section 501(c)(6) of and Section 23701(e) of the California Revenue and Taxation Code, and is subject to federal and state income taxes only on unrelated business taxable income.

Financial accounting standards provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes all of the positions taken by the League in its federal and state exempt organization returns are more likely than not to be sustained upon examination. With some exceptions, the League is no longer subject to U.S. Federal and state tax examination by tax authorities for years prior to 2016.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year financial statement presentation.

Subsequent Events

Management has evaluated subsequent events through November 05, 2020, the date the financial statements were available to be issued. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

Use of Estimates

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

Recently Adopted Accounting Pronouncements

*ASU 2016-18 - Statement of Cash Flows (Topic 230) Restricted Cash.*

This standard addresses the diversity in practice that exists regarding the classification and the presentation of changes in restricted cash on the statement of cash flows under Topic 230, Statement of Cash Flows. The standard requires cash flow statements to explain the changes during a reporting period of the totals for cash, cash equivalents, restricted cash and restricted cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and the end-of-period total amounts set forth on the statement of cash flows. The amendments in this ASU do not provide a definition of restricted cash or restricted cash equivalents. The League adopted this accounting guidance for its June 30, 2020 year-end. There was no impact to the League's financial statements as a result of adopting this standard.

**COMMUNITY COLLEGE LEAGUE OF CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*ASU 2018-08 - Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made.*

The purpose of this standard is to clarify and improve current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. The amendments clarify how an entity determines whether a resource provider is participating in an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred on the basis of the following: (1) A resource provider (including a foundation, a government agency, or other) is not synonymous with the general public. A benefit received by the public as a result of the assets transferred is not equivalent to commensurate value received by the resource provider. (2) Execution of a resource provider's mission or the positive sentiment from acting as a donor does not constitute commensurate value received by a resource provider for purposes of determining whether a transfer of assets is a contribution or an exchange. The amendments in this update likely will result in more grants and contracts being accounted for as either contributions or conditional contributions than observed in practice under current guidance. For transactions in which the League is a resource recipient, the new requirements are effective for the League's June 30, 2020 year-end. For transactions in which the League is a resource provider, the new requirements are effective for the Association's June 30, 2021 year-end. Early adoption is permitted. The League adopted this new accounting guidance for its June 30, 2020 year end. There was no impact to the League's financial statements as a result of adopting this standard.

Future Accounting Pronouncements

*ASU 2016-02 - Leases (Topic 842).*

Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with a term of more than 12 months. Unlike current GAAP, which requires only capital leases to be recognized on the balance sheet, ASU No. 2016-02 will require both operating and finance leases to be recognized on the balance sheet. Additionally, the ASU will require disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases, including qualitative and quantitative requirements. The new requirements are effective for the League's June 30, 2022 year-end. Management has not yet determined the impact of this accounting standard on the League's operations or cash flows.

*ASU 2018-13 - Fair Value Measurement: Changes to Disclosure Requirements for Fair Value Measurement*

The purpose of this standard is to improve the effectiveness of disclosures about fair value measurements under ASC 820. Disclosure requirements including (1) transfers between Level 1 and Level 2 of the fair value hierarchy, (2) policy for timing of transfers between levels, (3) valuation processes for Level 3 measurements, and (4) changes in unrealized gains and losses for the period included for earnings for recurring Level 3 measurements. Additional disclosures are required for investments in certain entities that calculate net asset value such as timing of liquidation of an investee's assets and the date when restriction might relapse. Additional disclosures include disclosing changes in unrealized gains/losses for the period that are included in other comprehensive income for Level 3 measurements and the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. The new requirements are effective for the League's June 30, 2021 year end. Management has not yet determined the impact of this accounting standard on the League's operations or cash flows.

*ASU 2020-07 – Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*

Under the new guidance, not-for-profit entities that receive contributed nonfinancial assets will be required to provide enhanced presentation and disclosures regarding the type and valuation of the receipts of nonfinancial assets. The requirements in the ASU require presentation of the receipt of nonfinancial assets as a separate line item in the statement of activities. The ASU also requires additional disclosures regarding qualitative information about the monetization or utilization of the nonfinancial assets, any donor-imposed restrictions on the use of the nonfinancial assets, and a description of the valuation techniques and inputs used to determine the fair value on the date the nonfinancial assets were received. The amendments in this ASU should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021. Early adoption is permitted. Management has not yet determined the impact of this accounting standard on the League's operations or cash flows.



**COMMUNITY COLLEGE LEAGUE OF CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 3: LIQUIDITY AND AVAILABILITY**

As part of the League's liquidity management, it invests cash in excess of daily requirements in short and long term investments. The League's goal is to maintain financial assets to meet 90 days of operating expenses (approximately \$1,400,000), with an available cash balance never to drop below \$1,300,000.

The following table reflects the League's financial assets as of June 30, 2020 and 2019, including amounts not available within one year of the balance sheet dates. Amounts not available include amounts held for the library consortium, amounts held on behalf of others and amounts held for the gift annuity program.

	<u>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 4,171,567	\$ 3,240,452
Cash held for library consortium	1,230,714	1,960,525
Cash held on behalf of others	233,097	426,790
Investments	2,488,790	2,499,784
Investments - Charitable Gift Annuity Program	4,572,408	4,527,265
Accounts receivable	<u>428,585</u>	<u>231,750</u>
Total financial assets	<u>13,125,161</u>	<u>12,886,566</u>
Less:		
Cash held for library consortium	(1,230,714)	(1,960,525)
Cash held on behalf of others	(233,097)	(426,790)
Cash and investments held for gift annuity program	(4,942,774)	(5,092,639)
Investments maturing in more than 12 months	(1,343,802)	(1,236,669)
Deposits payable	<u>(1,069,124)</u>	<u>(1,030,433)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,305,650</u>	<u>\$ 3,139,510</u>

**NOTE 4: CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 2,634,882	\$ 1,627,450
Future library deposits payable	1,069,124	1,030,433
Cash held in Charles Schwab accounts	97,195	17,195
Cash held for charitable gift annuity program	370,366	565,374
Cash held for library consortium	1,230,714	1,960,525
Cash held on behalf of others	<u>233,097</u>	<u>426,790</u>
Total Cash and Cash Equivalents	<u>\$ 5,635,378</u>	<u>\$ 5,627,767</u>

The League maintains cash in various accounts with federally insured banks. The Federal Deposit Insurance Corporation (FDIC) insures up to \$250,000 at each institution. As of June 30, 2020, the League's total book balance was \$5,635,378 and the total bank balance was \$6,043,424 of which \$699,596 was insured by the Federal Deposit Insurance Corporation and \$5,343,828 was uninsured. At June 30, 2019, the League's total book balance was \$5,627,767 and the total bank balance was \$5,722,645 of which \$352,423 was insured by the Federal Deposit Insurance Corporation and \$5,370,222 was uninsured. 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 and cash equivalents.

**COMMUNITY COLLEGE LEAGUE OF CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 5: INVESTMENTS**

As of June 30, 2020, the League held the following investments:

Investment Type	Fair Value	Investment Maturities		
		< 12 months	1 - 3 years	> 3 years
Operations:				
U.S. treasuries	\$ 546,453	\$ 212,796	\$ 296,502	\$ 37,155
Government agencies	174,370	174,370	-	-
Corporate bonds	452,634	56,010	246,254	150,370
Municipal bonds	507,223	35,343	27,922	443,958
Certificates of deposit	141,641	-	141,641	-
Mutual funds	666,469	666,469	-	-
Subtotal	<u>2,488,790</u>	<u>1,144,988</u>	<u>712,319</u>	<u>631,483</u>
Charitable Gift Annuity Program:				
Mutual funds	1,937,192	1,937,192	-	-
Exchange traded funds	2,635,216	2,635,216	-	-
Subtotal	<u>4,572,408</u>	<u>4,572,408</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 7,061,198</u>	<u>\$ 5,717,396</u>	<u>\$ 712,319</u>	<u>\$ 631,483</u>

As of June 30, 2019, the League held the following investments:

Investment Type	Fair Value	Investment Maturities		
		< 12 months	1 - 3 years	> 3 years
Operations:				
U.S. treasuries	\$ 604,486	\$ 411,641	\$ 192,845	\$ -
Government agencies	200,396	50,491	149,905	-
Corporate bonds	452,346	-	195,412	256,934
Municipal bonds	466,582	25,009	-	441,573
Certificates of deposit	74,995	74,995	-	-
Mutual funds	700,979	700,979	-	-
Subtotal	<u>2,499,784</u>	<u>1,263,115</u>	<u>538,162</u>	<u>698,507</u>
Charitable Gift Annuity Program:				
Mutual funds	1,958,315	1,958,315	-	-
Exchange traded funds	2,568,950	2,568,950	-	-
Subtotal	<u>4,527,265</u>	<u>4,527,265</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 7,027,049</u>	<u>\$ 5,790,380</u>	<u>\$ 538,162</u>	<u>\$ 698,507</u>

**COMMUNITY COLLEGE LEAGUE OF CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 6: FAIR VALUE MEASUREMENTS**

*FASB Accounting Standards Codification 820, Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

- |         |   |
|---------|---|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the League has the ability to access.   |
| Level 2 | Inputs to the valuation methodology include: <ul style="list-style-type: none"><li>• Quoted prices for similar assets or liabilities in active markets;</li><li>• Quoted prices for identical or similar assets or liabilities in inactive markets;</li><li>• Inputs other than quoted prices that are observable for the assets or liabilities;</li><li>• Inputs that are derived principally from or corroborated by observable market data correlation or other means.</li></ul> <p style="margin-left: 40px;">If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.</p> |
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value measurement.   |

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2020. The League had no assets or liabilities measured at fair value on a nonrecurring basis.

*U.S. Treasuries, Government agencies, Corporate bonds, and Municipal bonds:* Fair values are based on quoted market prices for similar securities in markets that are not active, and model-based techniques for which all significant assumptions are observable in the market, resulting in a Level 2 valuation.

*Certificates of Deposit:* Valued at amortized cost, which approximates fair value. These are included as a Level 2 valuation.

*Mutual funds and exchange-traded funds:* Fair value is based on quoted market prices in an active market, resulting in a Level 1 valuation.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the League believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**COMMUNITY COLLEGE LEAGUE OF CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 6: FAIR VALUE MEASUREMENTS (CONTINUED)**

The following table sets forth by level, within the fair value hierarchy, the League's investments at fair value as of June 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Gift annuity liability	\$ -	\$ -	\$ 4,942,774	\$ 4,942,774
<u>Investments</u>				
U.S. treasuries	\$ -	\$ 546,453	\$ -	\$ 546,453
Government agencies	-	174,370	-	174,370
Corporate bonds	-	452,634	-	452,634
Municipal bonds	-	507,223	-	507,223
Certificates of deposit	-	141,641	-	141,641
Mutual funds	2,603,661	-	-	2,603,661
Exchange traded funds	2,635,216	-	-	2,635,216
Total investments at fair value	\$ 5,238,877	\$ 1,822,321	\$ -	\$ 7,061,198

The following table sets forth by level, within the fair value hierarchy, the League's investments at fair value as of June 30, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Gift annuity liability	\$ -	\$ -	\$ 5,092,639	\$ 5,092,639
<u>Investments</u>				
U.S. treasuries	\$ -	\$ 604,486	\$ -	\$ 604,486
Government agencies	-	200,396	-	200,396
Corporate bonds	-	452,346	-	452,346
Municipal bonds	-	466,582	-	466,582
Certificates of deposit	-	74,995	-	74,995
Mutual funds	2,659,294	-	-	2,659,294
Exchange traded funds	2,568,950	-	-	2,568,950
Total investments at fair value	\$ 5,228,244	\$ 1,798,805	\$ -	\$ 7,027,049

The Level 3 gift annuity liability is valued using the State of California required calculation method, in the form of present value using interest rates ranging from 4% to 6%, and the 1983 A, Ann200, or 2012IAR life expectancy tables. The discount rate is determined based on the individual annuity agreement.

**COMMUNITY COLLEGE LEAGUE OF CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 7: PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Non-depreciable assets:		
Land	\$ 51,177	\$ 51,177
Depreciable assets:		
Building and improvements	767,818	767,818
Furniture and equipment	<u>245,707</u>	<u>238,060</u>
Total, at cost	1,013,525	1,005,878
Less: accumulated depreciation	<u>(749,415)</u>	<u>(742,141)</u>
Depreciable assets, net	<u>264,110</u>	<u>263,737</u>
Total property and equipment, net	<u>\$ 315,287</u>	<u>\$ 314,914</u>

Depreciation expense was \$39,802 and \$35,358 for the years ended June 30, 2020 and 2019, respectively.

**NOTE 8: DEFERRED REVENUE**

Deferred revenue consisted of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Corporate partners	\$ -	\$ 6,000
Policy and procedure - state	-	21,429
Policy and procedures - federal	42,310	39,024
Student trustee workshop	3,315	14,735
Grants	74,769	-
Sponsorships	-	500
League directories	30	-
Northern CEO	21,710	21,710
Southern CEO	83,413	83,413
CTE/CEO summit	<u>21,352</u>	<u>21,352</u>
Total deferred revenue	<u>\$ 246,899</u>	<u>\$ 208,163</u>

**NOTE 9: 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 payments 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.

**COMMUNITY COLLEGE LEAGUE OF CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 9: GIFT ANNUITY PROGRAM (CONTINUED)**

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 those agreements. Management believes that any future obligations will not have a material effect on the financial position of the League.

The League had 112 and 112 participants at June 30, 2020 and June 30, 2019, respectively, with account balances of \$4,942,774 and \$5,092,639 at June 30, 2020 and June 30, 2019, respectively. The League received administrative and processing fees of \$20,000 each year for the years ended June 30, 2020 and June 30, 2019, in connection with this program.

**NOTE 10: 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.

Funding Policy

Active League plan members are required to contribute 7% as "Classic Members," or 6.25% as "PEPRA Members" (if employed subsequent to the adoption of the California Public Employees' Pension Reform Act of 2013) of their annual covered salary. In addition, the League is required to contribute the actuarially determined remaining amounts necessary to fund the benefits of its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rates for Classic Members for the fiscal years ended June 30, 2020 and 2019 were 20.924% and 28.056%, respectively, of annual payroll. The required employer contribution rates for PEPRA Members for the fiscal years ended June 30, 2020 and 2019 were 7.077% and 6.904%, respectively, of annual payroll. The contribution requirements of the plan members are established by state statute.

The League's contributions to CalPERS for the fiscal years ending June 30, 2020 and 2019 were \$279,442 and \$377,195, respectively, and equal 100% of the required contributions for each year. The League did not contribute more than 5% of the total contributions to CalPERS for the years ended June 30, 2020 and 2019.

The risks of participating in this multiple employer defined benefit pension plan are different from single employer plans because: (a) assets contributed to the CalPERS plan by one employer may be used to provide benefits to employees of other participating employers, (b) if a participating employer stops contributing to the plan, the unfunded obligations of the CalPERS plan may be required to be borne by the remaining participating employers, and (c) if the League chooses to stop participating in the CalPERS plan, it may be required to pay a withdrawal liability to the plan. In connection with ongoing renegotiation of collective bargaining agreements, the League may discuss and negotiate for the complete or partial withdrawal from the multiple employer pension plan. Depending on the number of employees withdrawn in any future period and the financial condition of the multiple employer plan at the time of withdrawal, the associated withdrawal liabilities could be material to the League's change in net assets in the period of the withdrawal. The League has no plans to withdraw from the multiple employer pension plan.

**COMMUNITY COLLEGE LEAGUE OF CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 10: PENSION PLAN (CONTINUED)**

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

Pension Liability

At June 30, 2020 and 2019, the League had no outstanding amount of contributions due to CalPERS. For nonprofit entities reporting under Financial Accounting Standards Board (FASB) standards, no liability is recognized for pension liability arising from participation in a multiple-employer plan (e.g. CalPERS). This differs from Governmental Accounting Standards Board (GASB) reporting standards which require the calculation of net pension liability in accordance with GASB 68.

**NOTE 11: 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 League. 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 401(k) retirement plan. Employees may make voluntary contributions up to federally designated limits. No contributions are currently being made by the League.

**NOTE 12: COMMITMENTS AND CONTINGENCIES**

The League leases office space and copier equipment under non-cancelable operating leases. Total rent expense under these leases was \$64,048 and \$13,466 for the years ended June 30, 2020 and 2019, respectively.

Following is a schedule of future minimum rental payments required under the operating leases as of June 30, 2020:

<u>Year Ending June 30,</u>	<u>Lease Payments</u>
2021	\$ 58,631
2022	45,461
2023	22,501
2024	<u>1,655</u>
Total	<u>\$ 128,248</u>

The World Health Organization declared the worldwide coronavirus (COVID-19) outbreak a public health emergency on January 30, 2020 and officially declared it as a pandemic as of March 11, 2020. Management has performed an evaluation of certain financial statement line items such as accounts receivable, accounts payable, and accrued expenses to determine whether valuation or impairment adjustments should be made. Management has determined that the amounts reported in the financial statements are properly valued as of June 30, 2020. However, since the duration and full effects of the COVID-19 outbreak are yet unknown there could be future negative impacts to the financial condition of the League.

**COMMUNITY COLLEGE LEAGUE OF CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 13: RELATED PARTY TRANSACTIONS**

Retiree Health Benefits Joint Powers Agency

The Retiree Health Benefits Joint Powers Agency (JPA) was formed in January 2005 to create an irrevocable trust for accumulating funds for payment of member districts' post-employment benefit obligations and operate an investment program for accumulated benefit funds. The board of the JPA consists of one member appointed by the governing body of each participating district, plus two ex-officio members who are League employees. The League acts as administrator for the JPA and collected fees for administrative services totaling \$67,941 and \$65,000 for the years ended June 30, 2020 and 2019, respectively.

California Community College Financing Authority

The California Community College Financing Authority (CCCFA) was created to serve as a conduit debt issuer of lease revenue bonds for California community colleges. The board of the CCCFA consists of two representatives from the Community College League of California (the Executive Director and one other employee); and one appointee from each of the following community college districts: Butte Glenn Community College Districts, Palomar Community College District and State Center Community College District. The League acts as administrator for the CCCFA and collected fees for administrative services totaling \$5,000 and \$30,000 for the years ended June 30, 2020 and 2019, respectively.

**NOTE 14: RESTATEMENT OF FINANCIAL STATEMENTS**

During 2020, the League determined amounts received in the prior year were incorrectly recorded, reconciled the amounts held for the library consortium and determined various other amounts were not correctly stated at June 30, 2019. Accordingly, the League restated its financial statements for the year ended June 30, 2019.

The effect of the restatements on the change in net assets and financial position as of and for the year ended June 30, 2019, is as follows:

	<b>2019</b>	
	<b>As previously reported</b>	<b>Restated</b>
Accounts payable	\$ 200,822	\$ 228,793
Deferred revenue	81,688	208,163
Deposits payable	1,153,347	1,030,433
Ending net assets	4,689,132	4,235,280
Change in net assets	285,621	300,025



## **SUPPLEMENTARY INFORMATION**

**COMMUNITY COLLEGE LEAGUE OF CALIFORNIA**  
**COMBINING STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<u>CCLC</u>	<u>CCCAA</u>	<u>EDGE</u>	<u>Eliminations</u>	<u>Total</u>
<b>Assets</b>					
<b>Current Assets:</b>					
Cash and cash equivalents	\$ 3,425,909	\$ 376,577	\$ 369,081	\$ -	\$ 4,171,567
Cash held for library consortium	1,230,714	-	-	-	1,230,714
Cash held on behalf of others	233,097	-	-	-	233,097
Investments	2,488,790	-	-	-	2,488,790
Investments - CGA Program	4,572,408	-	-	-	4,572,408
Accounts receivable	455,806	26,508	2,730	(56,459)	428,585
Prepaid expenses	1,092	13,618	7,825	-	22,535
Future event deposits	161,275	-	-	-	161,275
<b>Total Current Assets</b>	<u>12,569,091</u>	<u>416,703</u>	<u>379,636</u>	<u>(56,459)</u>	<u>13,308,971</u>
<b>Noncurrent Assets:</b>					
Property and equipment, net	297,366	9,204	8,717	-	315,287
<b>Total Noncurrent Assets</b>	<u>297,366</u>	<u>9,204</u>	<u>8,717</u>	<u>-</u>	<u>315,287</u>
<b>Total Assets</b>	<u>\$ 12,866,457</u>	<u>\$ 425,907</u>	<u>\$ 388,353</u>	<u>\$ (56,459)</u>	<u>\$ 13,624,258</u>
<b>Liabilities</b>					
<b>Current Liabilities:</b>					
Accounts payable	\$ 30,414	\$ 56,711	\$ 13,897	\$ (56,459)	\$ 44,563
Salaries and benefits payable	1,813	-	-	-	1,813
Accrued expenses	4,704	670	1,672	-	7,046
Compensated absences payable	158,983	36,740	7,936	-	203,659
Deferred revenue	177,668	-	69,231	-	246,899
Deposits payable	1,069,124	-	-	-	1,069,124
Library consortium payable	1,230,714	-	-	-	1,230,714
Amounts payable under fiscal agent responsibilities	233,097	-	-	-	233,097
Gift annuity liability - current portion	423,603	-	-	-	423,603
<b>Total Current Liabilities</b>	<u>3,330,120</u>	<u>94,121</u>	<u>92,736</u>	<u>(56,459)</u>	<u>3,460,518</u>
<b>Noncurrent Liabilities:</b>					
Gift annuity liability	4,519,171	-	-	-	4,519,171
<b>Total Noncurrent Liabilities</b>	<u>4,519,171</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,519,171</u>
<b>Total Liabilities</b>	<u>7,849,291</u>	<u>94,121</u>	<u>92,736</u>	<u>(56,459)</u>	<u>7,979,689</u>
<b>Net Assets</b>					
Without donor restrictions	5,017,166	331,786	295,617	-	5,644,569
<b>Total Net Assets</b>	<u>5,017,166</u>	<u>331,786</u>	<u>295,617</u>	<u>-</u>	<u>5,644,569</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 12,866,457</u>	<u>\$ 425,907</u>	<u>\$ 388,353</u>	<u>\$ (56,459)</u>	<u>\$ 13,624,258</u>

**COMMUNITY COLLEGE LEAGUE OF CALIFORNIA**  
**COMBINING STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<u>CCLC</u>	<u>CCCAA</u>	<u>EDGE</u>	<u>Eliminations</u>	<u>Total</u>
<b>Revenues</b>					
Membership dues	\$ 1,845,713	\$ 985,000	\$ -	\$ -	\$ 2,830,713
District services	1,756,932	-	-	-	1,756,932
Championships, conventions, conferences, & workshops	739,242	173,740	-	-	912,982
Corporate partners, sponsorships, exhibits	208,380	46,415	-	-	254,795
Interest and investment income	69,008	47	-	-	69,055
Publications	4,182	1,070	-	-	5,252
Educational services program	45,446	-	-	-	45,446
Management fees	109,156	-	-	(82,862)	26,294
Professional fees	4,000	-	-	-	4,000
Grants	10,984	-	788,187	-	799,171
Miscellaneous/prior year bad debt	735	-	-	-	735
<b>Total Revenues</b>	<u>4,793,778</u>	<u>1,206,272</u>	<u>788,187</u>	<u>(82,862)</u>	<u>6,705,375</u>
<b>Expenses</b>					
<b>Program Services:</b>					
Conventions, conferences, and workshops	1,146,890	128,117	-	-	1,275,007
District services	642,951	-	-	-	642,951
Legislative	406,724	-	393,717	-	800,441
Championships	-	284,583	-	-	284,583
Publications	256,820	-	-	-	256,820
Corporate partners	21,514	-	-	-	21,514
Development	219,491	84,480	-	-	303,971
Boards and advisory committees	404,186	-	-	-	404,186
<b>Total Program Services</b>	<u>3,098,576</u>	<u>497,180</u>	<u>393,717</u>	<u>-</u>	<u>3,989,473</u>
<b>Supporting Services:</b>					
General and administration	716,685	573,937	98,853	(82,862)	1,306,613
<b>Total Supporting Services</b>	<u>716,685</u>	<u>573,937</u>	<u>98,853</u>	<u>(82,862)</u>	<u>1,306,613</u>
<b>Total Expenses</b>	<u>3,815,261</u>	<u>1,071,117</u>	<u>492,570</u>	<u>(82,862)</u>	<u>5,296,086</u>
Change in unrestricted net assets	978,517	135,155	295,617	-	1,409,289
Net Assets, Beginning	4,038,649	196,631	-	-	4,235,280
Net Assets, Ending	<u>\$ 5,017,166</u>	<u>\$ 331,786</u>	<u>\$ 295,617</u>	<u>\$ -</u>	<u>\$ 5,644,569</u>

**COMMUNITY COLLEGE LEAGUE OF CALIFORNIA**  
**STATEMENT OF FUNCTIONAL EXPENSES - CCLC**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Expenses	Program Services				
	Conventions, Conferences, and Workshops	District Services	Legislative	Publications	Corporate Partners
Salaries and benefits	\$ 504,738	\$ 525,920	\$ 339,019	\$ 164,839	\$ 15,393
Travel and meals	44,050	14,314	5,933	-	863
Program and event consultants	42,359	-	30,000	-	-
Events and meetings	518,115	3,402	12,344	-	4,117
Marketing and advertising	-	2,475	850	23,342	-
Social media	-	-	-	-	-
Client relations	-	612	915	-	81
Research, curriculum, and development	-	-	-	-	-
Staff development	39	1,606	1,595	166	450
Ballot measure	-	-	-	50,000	-
Website management	-	15,265	-	-	-
Depreciation	-	-	-	-	-
Insurance	-	-	-	-	-
Memberships and subscriptions	674	8,571	12,503	-	-
Other expenses	21,779	6,353	920	55	210
Professional services	169	58,745	-	-	-
Facilities	-	-	-	-	-
Office operations	14,967	5,688	2,645	18,418	400
<b>Total Expenses</b>	<b>\$ 1,146,890</b>	<b>\$ 642,951</b>	<b>\$ 406,724</b>	<b>\$ 256,820</b>	<b>\$ 21,514</b>

**COMMUNITY COLLEGE LEAGUE OF CALIFORNIA**  
**STATEMENT OF FUNCTIONAL EXPENSES - CCLC (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Expenses	Program Services		Supporting Services	Total Expenses
	Development	Boards and Advisory Committees	General and Administration	
Salaries and benefits	\$ 150,953	\$ 321,668	\$ 419,081	\$ 2,441,611
Travel and meals	5,675	25,059	6,480	102,374
Program and event consultants	34,000	-	5,000	111,359
Events and meetings	375	48,139	54	586,546
Marketing and advertising	7,500	-	1,500	35,667
Social media	69	-	-	69
Client relations	104	194	1,310	3,216
Research, curriculum, and development	14,112	-	-	14,112
Staff development	1,746	-	15,728	21,330
Ballot measure	-	-	-	50,000
Website management	94	-	24,298	39,657
Depreciation	-	-	34,576	34,576
Insurance	-	-	18,092	18,092
Memberships and subscriptions	472	62	14,974	37,256
Other expenses	75	-	15,492	44,884
Professional services	-	6,380	40,133	105,427
Facilities	-	-	57,798	57,798
Office operations	4,316	2,684	62,169	111,287
Total Expenses	\$ 219,491	\$ 404,186	\$ 716,685	\$ 3,815,261

**COMMUNITY COLLEGE LEAGUE OF CALIFORNIA**  
**STATEMENT OF FUNCTIONAL EXPENSES - CCCAA**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Expenses	Program Services			Supporting Services	Total Expenses
	Conventions, Conferences, and Workshops	Championships	Development	General and Administration	
Salaries and benefits	\$ 127,656	\$ 144,152	\$ 60,941	\$ 339,209	\$ 671,958
Travel and meals	-	-	-	24,115	24,115
Events and meetings	461	140,431	-	-	140,892
Marketing and advertising	-	-	7,775	-	7,775
Staff development	-	-	-	212	212
Depreciation	-	-	-	2,987	2,987
Insurance	-	-	-	20,383	20,383
Memberships and subscriptions	-	-	-	2,147	2,147
Professional services	-	-	15,764	58,089	73,853
Office operations	-	-	-	126,795	126,795
Total Expenses	\$ <u>128,117</u>	\$ <u>284,583</u>	\$ <u>84,480</u>	\$ <u>573,937</u>	\$ <u>1,071,117</u>

**COMMUNITY COLLEGE LEAGUE OF CALIFORNIA**  
**STATEMENT OF FUNCTIONAL EXPENSES - EDGE**  
**FOR THE YEAR ENDED JUNE 30, 2020**

<b>Expenses</b>	<b>Program Services</b>	<b>Supporting Services</b>	<b>Total Expenses</b>
	<b>Legislative</b>	<b>General and Administration</b>	
Salaries and benefits	\$ 228,724	\$ 33,633	\$ 262,357
Travel and meals	8,885	1,406	10,291
Events and meetings	967	147	1,114
Depreciation	490	1,749	2,239
Insurance	-	569	569
Memberships and subscriptions	1,105	1,256	2,361
Professional services	130,069	44,436	174,505
Facilities	21,434	7,947	29,381
Office operations	<u>2,043</u>	<u>7,710</u>	<u>9,753</u>
<b>Total Expenses</b>	<b><u>\$ 393,717</u></b>	<b><u>\$ 98,853</u></b>	<b><u>\$ 492,570</u></b>