

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT**

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2019 AND 2018**

**JAMES MARTA &
COMPANY LLP**

**701 HOWE AVENUE, E3
SACRAMENTO, CA**

**(916) 993-9494
(916) 993-9489 FAX**

WWW.JPMCPCPA.COM

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

JUNE 30, 2019

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COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

JUNE 30, 2019 AND 2018

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James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Tax, and Consulting

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Community College League of California
Sacramento, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Community College League of California (League), which comprise the statements of financial position as of June 30, 2019 and 2018, the related statements of activities and cash flows for the years 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 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 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 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

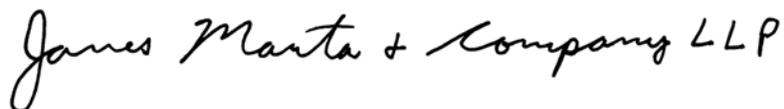
In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the League as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information as listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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.

Other Required Reporting

In accordance with auditing standards generally accepted in the United States of America, we have also issued our report dated November 6, 2019 on our consideration of the League's internal control over financial reporting. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and the results of that testing, and not to provide an opinion on internal control over financial reporting. That report is an integral part of an audit performed in accordance with auditing standards generally accepted in the United States of America in considering the League's internal control over financial reporting.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style. To the right of the signature, there is a vertical yellow line.

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
November 6, 2019

FINANCIAL STATEMENTS

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2019 AND 2018

	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,768,818	\$ 2,572,977
Cash held for future library consortium	304,676	802,575
Cash held on behalf of others	3,675,252	617,900
Investments	1,798,805	1,433,212
Accounts receivable	1,156,683	1,932,337
Prepaid expenses and deposits	178,566	160,481
Total Current Assets	8,882,800	7,519,482
Noncurrent Assets		
Property & equipment, net	314,914	298,111
Gift annuity investments	4,962,785	4,847,515
Total Noncurrent Assets	5,277,699	5,145,626
Total Assets	\$ 14,160,499	\$ 12,665,108
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 258,820	\$ 292,603
Accrued liabilities	188,146	158,866
Deferred revenue	81,688	108,926
Amounts held for future library consortium	304,676	2,235,787
Cash held on behalf of others	3,675,252	617,900
Current portion of gift annuity liabilities	433,283	437,231
Total Current Liabilities	4,941,865	3,851,313
Noncurrent Liabilities		
Gift annuity liabilities, net	4,529,502	4,410,284
Total Noncurrent Liabilities	4,529,502	4,410,284
Total Liabilities	9,471,367	8,261,597
Net Assets		
Without restrictions		
Invested in property & equipment	314,914	298,111
Undesignated	4,374,218	4,105,400
Total Net Assets	4,689,132	4,403,511
Total Liabilities And Net Assets	\$ 14,160,499	\$ 12,665,108

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

STATEMENTS OF ACTIVITIES

FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Revenues		
Membership dues	\$ 2,657,561	\$ 2,633,725
District services	1,568,999	1,966,734
Championships, conventions, conferences, and workshops	1,387,699	1,440,068
Corporate partners	155,043	59,960
Interest and investment income	82,064	85,402
Publications	9,621	4,864
Miscellaneous	99,800	90,556
Total Revenues	<u>5,960,787</u>	<u>6,281,309</u>
Expenses		
Program services:		
Conventions, conferences, and workshops	1,957,523	1,529,565
District services	425,864	1,063,360
Legislative	290,948	404,424
Championships	497,181	510,109
Publications	224,858	111,941
Operations	335,584	397,468
Development	222,724	199,269
Special projects	92,041	
Total program services	<u>4,046,723</u>	<u>4,216,136</u>
General and administration	1,628,443	1,415,691
Total Expenses	<u>5,675,166</u>	<u>5,631,827</u>
Change in Net Assets without restrictions	<u>285,621</u>	<u>649,482</u>
Net Assets, Beginning of Period	<u>4,403,511</u>	<u>3,754,029</u>
Net Assets, End of Period	<u>\$ 4,689,132</u>	<u>\$ 4,403,511</u>

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

STATEMENTS OF CASH FLOWS

FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Net Cash Flows Provided (Used) by Operating Activities		
Change in net assets	\$ 285,621	\$ 649,482
Reconciliation to net cash provided (used) by operating activities:		
Depreciation	35,358	36,570
Changes in:		
Cash held for future library consortium	497,899	(386,486)
Cash held on behalf of others	(3,057,352)	401,852
Accounts receivable	775,654	(1,688,350)
Prepaid expenses and deposits	(18,085)	31,170
Gift annuity investments	(115,270)	168,443
Accounts payable	(33,783)	165,021
Accrued liabilities	29,280	70,102
Deferred revenue	(27,238)	(44,640)
Gift annuity liabilities	115,270	(168,443)
Amounts held for future library consortium	(1,931,111)	386,486
Cash held on behalf of others	3,057,352	(401,852)
Net cash provided (used) by operating activities	(707,384)	(780,645)
Net Cash Flows Provided (Used) by Investing Activities		
Purchases of property and equipment	(52,161)	(30,933)
Purchase of investments	(1,510,168)	(1,574,942)
Sale of investments	1,062,511	1,488,120
Investment income	82,064	85,402
Net cash provided (used) by investing activities	(417,754)	(32,353)
Net Increase (Decrease) in Cash and Cash Equivalents	(804,159)	(812,998)
Cash and Cash Equivalents, Beginning of Year	2,572,977	3,385,975
Cash and Cash Equivalents, End of Year	\$ 1,768,818	\$ 2,572,977
Supplementary Information		
Unrealized gain (loss) on investments	\$ (15,559)	\$ 2,598

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. ORGANIZATION

The Community College League of California (the League, CCLC) 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. California Community College Athletic Association (CCCAA) 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.

B. BASIS OF PRESENTATION

The financial statements of the League have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the League to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without restrictions: Net assets that are not subject to restrictions by an outside entity and may be expended for any purpose in performing the primary objectives of the League. These net assets may be used at the discretion of the League's management and the board of directors.

Net assets with restrictions: Net assets subject to stipulations imposed by outside funders. Some restrictions are temporary in nature; those restrictions will be met by actions of the League or by the passage of time. Other restrictions are perpetual in nature, where by the outside party has stipulated the funds be maintained in perpetuity.

Restricted income is reported as increases in net assets with restrictions. When a restriction expires, net assets are reclassified from net assets with restrictions to net assets without restrictions in the statements of activities. The League has no net assets with donor restrictions as of June 30, 2019 and 2018.

C. 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.

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 on assets with donor-imposed restrictions, 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. Government grants are recognized as revenue in accordance with the terms of the applicable grant agreement, which is generally upon the incurrence of expenditures related to the required services.

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 that League would otherwise need to purchase.

D. CASH AND CASH EQUIVALENTS

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

E. PROPERTY AND EQUIPMENT

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.

F. AMOUNTS HELD FOR FUTURE LIBRARY CONSORTIUM

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.

G. INCOME TAXES

The League is exempt from incomes 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 adopted the accounting principles related to accounting for uncertainty in income taxes (as described under ASC 740-10) as of July 1, 2009 and has determined that there is no material impact on the financial statements for June 30, 2019. With some exceptions, the League is no longer subject to U.S. federal and state income tax examinations by tax authorities for years prior to 2015.

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the program services have been summarized on a functional basis in the statement 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.

I. SUBSEQUENT EVENTS

The League's management evaluated its financial statements for subsequent events through November 6, 2019, 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.

J. 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 and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

K. FAIR VALUE MEASURES

Assets and liabilities measured at fair value are recorded in accordance with ASC 820, *Fair Value Measurements and Disclosures*, 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, ASC 820 establishes a three-tier value hierarchy, which prioritizes the inputs used in measuring fair values 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 THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. PENSION PLANS

The financial statements are prepared on the accrual basis of accounting in conformity with accounting standards applicable to not-for-profit entities. Financial Accounting Standards Board (FASB) statements 87 – Employers’ Accounting for Pensions and 158 – Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans – An Amendment of FASB Statements No. 87, 88, 106 and 132(R) provide guidance on the accounting for pension plans related to non-profit organizations.

2. CASH AND CASH EQUIVALENTS

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

	<u>2019</u>	<u>2018</u>
Balance Per Bank	\$ 5,972,904	\$ 4,188,189
Plus: Deposits in Transit	-	507,240
Less: Outstanding Checks	<u>(224,158)</u>	<u>(701,977)</u>
Total Cash and Cash Equivalents	<u>\$ 5,748,746</u>	<u>\$ 3,993,452</u>

Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). The amount held in banks in excess of FDIC as of June 30, 2019 and 2018 was \$5,370,222 and \$3,251,026, respectively. The League has not experienced any losses in bank deposit accounts that exceed federally insured limits. Management believes the League is not exposed to any significant credit risk related to cash.

Cash is presented in three categories on the statement of financial position at June 30:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 1,768,818	\$ 2,572,977
Cash held for future library consortium	304,676	802,575
Cash held on behalf of others	<u>3,675,252</u>	<u>617,900</u>
Total Cash and Cash Equivalents	<u>\$ 5,748,746</u>	<u>\$ 3,993,452</u>

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

The following represents the League's financial assets as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 1,768,818	\$ 1,139,765
Cash held for future library consortium	304,676	2,235,787
Cash held on behalf of others	3,675,252	617,900
Accounts receivable	<u>1,156,683</u>	<u>1,932,337</u>
Total Financial Assets	6,905,429	5,925,789
Financial assets available to meet general expenditures over the next twelve months from June 30.	<u>\$ 6,905,429</u>	<u>\$ 5,925,789</u>

The League's goal is generally 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.

4. INVESTMENTS

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>		
		<u>< 1yr</u>	<u>1-3 yrs</u>	<u>>3 yrs</u>
US 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	<u>74,995</u>	<u>74,995</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 1,798,805</u>	<u>\$ 562,136</u>	<u>\$ 538,162</u>	<u>\$ 698,507</u>

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

4. INVESTMENTS (CONTINUED)

As of June 30, 2018, Community College League of California held the following investments:

Investment Type	Fair Value	Investment Maturities		
		< 1yr	1-3 yrs	>3 yrs
US Treasuries	\$ 454,407	\$ 175,805	\$ 278,602	\$ -
Government Agencies	200,189	-	200,189	-
Corporate Bonds	346,173	-	77,323	268,850
Municipal Bonds	319,103	-	-	319,103
Certificates of Deposit	113,340	63,678	49,662	-
Total Investments	\$ 1,433,212	\$ 239,483	\$ 605,776	\$ 587,953

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

The entire investment balance as of June 30, 2019 and 2018 is held for future library consortium.

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	2019	2018
Non-depreciable assets		
Land	\$ 51,177	\$ 51,177
Depreciable assets		
Building and improvements	767,818	748,213
Furniture and equipment	238,061	216,321
Total, at cost	1,005,878	964,534
Accumulated Depreciation	(742,141)	(717,600)
Depreciable assets, net	263,737	246,934
Property and Equipment, net	\$ 314,914	\$ 298,111

Depreciation expense was \$35,358 and \$36,570 respectively, for the years ended June 30, 2019 and 2018.

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

6. 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 112 and 115 participants at June 30, 2019 and 2018, respectively, with account balances of \$4,962,785 and \$4,847,515 at June 30, 2019 and 2018, respectively. The League did not receive administrative and processing fees for fiscal year 2018-2019 or 2017-2018, in connection with this program.

Gift annuity investments consist of the following at June 30:

	<u>2019</u>	<u>2018</u>
Money market funds	\$ 565,254	\$ 67,315
Taxable Bonds	2,014,874	2,406,126
Stocks	<u>2,382,657</u>	<u>2,374,074</u>
Total	<u>\$ 4,962,785</u>	<u>\$ 4,847,515</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.

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

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.

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 for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for Classic Members for the fiscal years ended June 30, 2019 and 2018 were 7.634% and 7.2% of annual payroll. The required employer contribution rate for PEPRA Members for the fiscal years ended June 30, 2019 and 2018 were 6.842% and 6.533% of annual payroll. The contribution requirements of the plan members are established by the state statute.

The League's contributions to CalPERS for the fiscal years ending June 30, 2019 and 2018 were \$146,227 and \$328,503 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, 2019 and 2018.

The risks of participating in this multiemployer 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 multiemployer pension plan. Depending on the number of employees withdrawn in any future period and the financial condition of the multiemployer 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 multiemployer pension plan.

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

7. DEFINED BENEFIT 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, 2019 and 2018, 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 multi-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.

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 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.

9. RELATED ENTITIES

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 \$65,000 and \$127,063 for the fiscal years ended June 30, 2019 and 2018, 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 District, 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 \$30,000 and \$12,000 for the fiscal years ended June 30, 2019 and 2018, respectively.

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

10. LEASE COMMITMENTS

Operating Lease

The League leases copier equipment under a non-cancelable operating lease, which expires in August 2024. Rental expense under these leases for the years ended June 30, 2019 and 2018, was \$13,466 and \$431, respectively.

Future minimum lease payments under these leases are as follows:

Year Ending June 30:	Minimum Lease Commitments
2020	\$ 15,101
2021	15,101
2022	15,101
2023	14,670
2024	1,655
Total	<u>\$ 61,628</u>

SUPPLEMENTARY INFORMATION

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

**SCHEDULE I
STATEMENT OF FINANCIAL POSITION BY PROGRAM**

JUNE 30, 2019

	<u>CCLC</u>	<u>CCCA</u>	<u>Eliminations</u>	<u>TOTAL</u>
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 1,488,635	\$ 280,183	\$ -	\$ 1,768,818
Cash held for future library consortium	304,676	-	-	304,676
Cash held on behalf of others	3,675,252	-	-	3,675,252
Investments held for future library consortium	562,136	-	-	562,136
Accounts receivable	1,137,101	19,582	(57,998)	1,098,685
Prepaid expenses and deposits	178,566	-	-	178,566
Total Current Assets	<u>7,346,366</u>	<u>299,765</u>	<u>(57,998)</u>	<u>7,588,133</u>
Noncurrent Assets				
Investments	1,236,669	-	-	1,236,669
Property & equipment, net	308,641	6,273	-	314,914
Gift annuity investments	4,962,785	-	-	4,962,785
Total Noncurrent Assets	<u>6,508,095</u>	<u>6,273</u>	<u>-</u>	<u>6,514,368</u>
Total Assets	<u>\$ 13,854,461</u>	<u>\$ 306,038</u>	<u>\$ (57,998)</u>	<u>\$ 14,102,501</u>
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable	\$ 170,915	\$ 87,905	\$ (57,998)	\$ 200,822
Accrued liabilities	151,638	36,508	-	188,146
Deferred revenue	81,188	500	-	81,688
Amounts held for future library consortium	304,676	-	-	304,676
Cash held on behalf of others	3,675,252	-	-	3,675,252
Current portion of gift annuity liabilities	433,283	-	-	433,283
Total Current Liabilities	<u>4,816,952</u>	<u>124,913</u>	<u>(57,998)</u>	<u>4,883,867</u>
Noncurrent Liabilities				
Gift annuity liabilities, net	4,529,502	-	-	4,529,502
Total Noncurrent Liabilities	<u>4,529,502</u>	<u>-</u>	<u>-</u>	<u>4,529,502</u>
Total Liabilities	<u>9,346,454</u>	<u>124,913</u>	<u>(57,998)</u>	<u>9,413,369</u>
Net Assets				
Unrestricted				
Invested in property & equipment	308,641	6,273	-	314,914
Undesignated	4,199,366	174,852	-	4,374,218
Total Net Assets	<u>4,508,007</u>	<u>181,125</u>	<u>-</u>	<u>4,689,132</u>
Total Liabilities And Net Assets	<u>\$ 13,854,461</u>	<u>\$ 306,038</u>	<u>\$ (57,998)</u>	<u>\$ 14,102,501</u>

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

**SCHEDULE II
STATEMENT OF ACTIVITIES BY PROGRAM**

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>CCLC</u>	<u>CCCAA</u>	<u>Eliminations</u>	<u>TOTAL</u>
Revenues				
Membership dues	\$ 1,781,091	\$ 876,470	\$ -	\$ 2,657,561
District services	1,568,999	-	-	1,568,999
Championships, conventions, conferences, & workshops	1,078,663	309,036	-	1,387,699
Corporate partners	129,600	25,443	-	155,043
Interest and investment income	81,921	143	-	82,064
Publications	6,691	2,930	-	9,621
Miscellaneous	100,837	38,963	(40,000)	99,800
Total Revenues	<u>4,747,802</u>	<u>1,252,985</u>	<u>(40,000)</u>	<u>5,960,787</u>
Expenses				
Program services:				
Conventions, conferences and workshops	1,763,507	194,016	-	1,957,523
District services	425,864	-	-	425,864
Legislative	290,948	-	-	290,948
Championships	-	497,181	-	497,181
Publications	224,858	-	-	224,858
Operations	-	375,584	(40,000)	335,584
Development	-	222,724	-	222,724
Special Projects	44,862	47,179	-	92,041
Total program services	<u>2,750,039</u>	<u>1,336,684</u>	<u>(40,000)</u>	<u>4,046,723</u>
General and administration	1,628,443	-	-	1,628,443
Total Expenses	<u>4,378,482</u>	<u>1,336,684</u>	<u>(40,000)</u>	<u>5,675,166</u>
Change in Unrestricted Net Assets	<u>369,320</u>	<u>(83,699)</u>	<u>-</u>	<u>285,621</u>
 Net Assets, Beginning of Period	<u>4,138,687</u>	<u>264,824</u>	<u>-</u>	<u>4,403,511</u>
 Net Assets, End of Period	<u>\$ 4,508,007</u>	<u>\$ 181,125</u>	<u>\$ -</u>	<u>\$ 4,689,132</u>

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

**SCHEDULE III
DETAIL OF TOTAL REVENUES – BUDGET VS. ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Budget		Actual		Variance
	(Memorandum Only)				
Membership dues	\$ 2,660,393	\$	2,657,561	\$	(2,832)
District services	1,370,000		1,568,999		198,999
Championships, conventions, conferences, & workshops	1,505,850		1,373,196		(132,654)
Corporate partners	45,000		155,043		110,043
Commissions and rebates	50,850		38,963		(11,887)
Interest and investment income	90,300		82,064		(8,236)
Publications	6,650		9,621		2,971
CCCAA Fiscal Services	40,000		40,000		-
EDGE Fiscal Services	-		60,837		60,837
Fall Meeting	10,800		14,503		3,703
	<u>5,779,843</u>		<u>6,000,787</u>		<u>220,944</u>
Fiscal Services - interfund activity	<u>(40,000)</u>		<u>(40,000)</u>		<u>-</u>
 Total revenues	 <u>\$ 5,739,843</u>	 \$	 <u>5,960,787</u>	 \$	 <u>220,944</u>

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

**SCHEDULE IV
DETAIL OF TOTAL EXPENSES – BUDGET VS. ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Budget		Actual		Variance
	(Memorandum Only)				
Staff	\$ 2,304,781	\$	2,385,415	\$	80,634
District services program	287,900		235,462		(52,438)
Conventions, conferences, & workshops	1,063,365		940,358		(123,007)
Office operations	207,800		256,498		48,698
Boards	119,750		41,137		(78,613)
Other	93,500		79,116		(14,384)
Professional services	68,000		179,526		111,526
Publications	31,100		37,095		5,995
Marketing	50,000		11,300		(38,700)
Committees	24,500		-		(24,500)
Corporate partners program	17,000		-		(17,000)
Intercompany activity	-		89,730		89,730
Website & association management	35,000		37,433		2,433
Memberships	2,000		43,550		41,550
History project	25,000		-		(25,000)
Research and Policy Development	65,000		41,862		(23,138)
Athletics	1,301,954		1,336,684		34,730
	<u>5,696,650</u>		<u>5,715,166</u>		<u>18,516</u>
From Special Revenue Reserve	-		-		0
Fiscal services - interfund activity	<u>(40,000)</u>		<u>(40,000)</u>		<u>-</u>
 Total expenses	 <u>\$ 5,696,650</u>	 \$	 <u>5,675,166</u>	 \$	 <u>(21,484)</u>

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

**SCHEDULE V
DETAIL OF TOTAL REVENUES -
EXCLUDING CALIFORNIA COMMUNITY COLLEGE ATHLETIC ASSOCIATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Budget		Variance
	(Memorandum Only)	Actual	
Membership dues	\$ 1,781,093	\$ 1,781,091	\$ (2)
District services	1,370,000	1,568,999	198,999
Championships, conventions, conferences, & workshops	1,162,850	1,078,663	(84,187)
Indirect revenue	30,850	100,837	69,987
Corporate partners	25,000	129,600	104,600
Interest and investment income	90,000	81,921	(8,079)
Publications	4,150	6,691	2,541
CCCAA Fiscal Services	40,000	40,000	-
	<u>4,503,943</u>	<u>4,787,802</u>	<u>283,859</u>
Fiscal Services - interfund activity	<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>
 Total revenues	 <u>\$ 4,463,943</u>	 <u>\$ 4,747,802</u>	 <u>\$ 283,859</u>

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

**SCHEDULE VI
DETAIL OF TOTAL EXPENSES –
EXCLUDING CALIFORNIA COMMUNITY COLLEGE ATHLETIC ASSOCIATION**

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budget		Actual	Variance
	(Memorandum Only)			
Staff	\$ 2,304,781	\$	2,385,415	\$ 80,634
District services program	287,900		235,462	(52,438)
Conventions, conferences, & workshops	1,063,365		940,358	(123,007)
Office operations	207,800		256,498	48,698
Boards	119,750		41,137	(78,613)
Other	93,500		79,116	(14,384)
Professional services	68,000		179,526	111,526
Publications	31,100		37,095	5,995
Marketing	50,000		11,300	(38,700)
Committees	24,500		-	(24,500)
Corporate partners program	17,000		-	(17,000)
Intercompany activity	-		89,730	89,730
Website & association management	35,000		37,433	2,433
Memberships	2,000		43,550	41,550
History project	25,000		-	(25,000)
Research and Policy Development	65,000		41,862	(23,138)
Athletics	1,301,954		1,296,684	(5,270)
	<u>\$ 5,696,650</u>	\$	<u>5,675,166</u>	<u>\$ (21,484)</u>

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

**SCHEDULE VII
CALIFORNIA COMMUNITY COLLEGE ATHLETIC ASSOCIATION -
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Budget (Memorandum Only)	Actual	Variance
Revenues			
Membership dues	\$ 879,300	\$ 876,470	\$ (2,830)
Annual convention, conferences and championships	353,800	309,036	(44,764)
Corporate partners	20,000	25,443	5,443
Interest and investment income	300	143	(157)
Publications	2,500	2,930	430
Commissions and rebates	20,000	38,963	18,963
Total Revenues	1,275,900	1,252,985	(22,915)
Expenses			
Championships	385,130	497,181	112,051
Operations	436,016	375,584	(60,432)
Annual convention	201,645	194,016	(7,629)
Development	194,247	222,724	28,477
Special projects	-	47,179	47,179
	1,217,038	1,336,684	119,646
Fiscal Services- interfund activity	(40,000)	-	40,000
Total Expenses	1,177,038	1,336,684	159,646
Change in Net Assets without restrictions	\$ 98,862	\$ (83,699)	\$ (182,561)

NOTE: Expenditures for California Community College Athletic Association (CCCAA) exceeded revenues for the fiscal year ended June 30, 2019. This deficit spending was authorized by the CCCAA board of directors and related expenses were paid using cash accumulated from prior years.