

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

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

FOR THE FISCAL YEARS ENDED

JUNE 30, 2014 AND 2013

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

JUNE 30, 2014

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COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

JUNE 30, 2014 AND 2013

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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, 2014 and 2013, and 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

As more fully described in Note 6 to the financial statement, the League recognizes the cost of its defined benefit pension plan in accordance with accounting principles promulgated by the Government Accounting Standards Board, which is not in accordance with generally accepted accounting principles (GAAP). GAAP requires an employer to recognize the overfunded or underfunded status of a defined benefit pension plan as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through unrestricted net assets. The information to report the defined benefit pension plan in accordance with GAAP is not available to the League and the effects of that departure on the financial statements are not reasonably determinable.

In our opinion, except for the effects of the matter discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the League as of June 30, 2014 and 2013, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

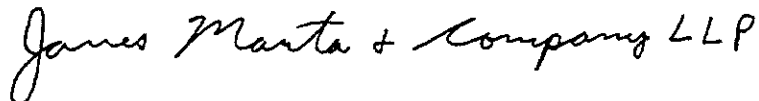
Other Matters

Other information

Our audit was 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 related 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

We have also issued our report dated November 6, 2014 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.



James Marta & Company LLP
Certified Public Accountants
November 6, 2014

FINANCIAL STATEMENTS

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2014 AND 2013

ASSETS	2014	2013
Current Assets		
Cash and cash equivalents	\$ 2,646,562	\$ 1,299,561
Cash held for future library consortium	118,976	-
Cash held on behalf of others	71,406	60,396
Investments held for future library consortium	1,882,573	1,523,149
Investments	-	264,531
Accounts receivable	289,536	1,308,150
Prepaid expenses and deposits	114,193	127,979
Total Current Assets	5,123,246	4,583,766
Noncurrent Assets		
Property & equipment, net	342,799	360,370
Gift annuity investments	5,577,516	5,361,803
Total Noncurrent Assets	5,920,315	5,722,173
Total Assets	\$ 11,043,561	\$ 10,305,939
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 147,074	\$ 340,076
Accrued liabilities	139,328	112,161
Deferred revenue	123,339	56,475
Amounts held for future library consortium	2,001,549	1,523,149
Cash held on behalf of others	71,406	60,396
Current portion of gift annuity liabilities	487,116	487,212
Note payable	-	17,703
Total Current Liabilities	2,969,812	2,597,172
Noncurrent Liabilities		
Gift annuity liabilities, net	5,090,400	4,874,591
Total Noncurrent Liabilities	5,090,400	4,874,591
Total Liabilities	8,060,212	7,471,763
Net Assets		
Unrestricted		
Invested in property & equipment	342,799	360,370
Undesignated	2,640,550	2,473,806
Total Net Assets	2,983,349	2,834,176
Total Liabilities And Net Assets	\$ 11,043,561	\$ 10,305,939

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

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

STATEMENTS OF ACTIVITIES

FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013

UNRESTRICTED NET ASSETS	<u>2014</u>	<u>2013</u>
Revenues		
Membership dues	\$ 2,211,888	\$ 2,164,510
District services	1,394,726	2,478,641
Championships, conventions, conferences, and workshops	1,086,374	993,029
Corporate partners	122,675	128,250
Interest and investment income	121,065	(17,661)
Publications	17,047	14,062
Miscellaneous	36,174	32,041
Total Revenues	<u>4,989,949</u>	<u>5,792,872</u>
Expenses		
Program services:		
Conventions, conferences, and workshops	1,142,546	953,328
District services	805,054	1,830,968
Legislative	548,906	424,373
Publications	125,681	116,104
Special projects	117,732	117,474
Athletics	1,014,021	1,008,039
Total program services	<u>3,753,940</u>	<u>4,450,286</u>
General and administration	1,086,836	1,110,168
Total Expenses	<u>4,840,776</u>	<u>5,560,454</u>
Change in Unrestricted Net Assets	149,173	232,418
Net Assets, Beginning of Period	<u>2,834,176</u>	<u>2,601,758</u>
Net Assets, End of Period	<u>\$ 2,983,349</u>	<u>\$ 2,834,176</u>

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

STATEMENTS CASH FLOWS

FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
Net Cash Flows Provided (Used) by Operating Activities		
Change in net assets	\$ 149,173	\$ 232,418
Reconciliation to net cash provided by operating activities:		
Depreciation	42,801	40,288
Loss on disposition of property and equipment	-	323
Changes in:		
Cash held for future library consortium	(118,976)	1,608,676
Accounts receivable	1,018,614	(985,264)
Prepaid expenses and deposits	13,786	(36,939)
Gift annuity investments	(215,713)	(2,187,355)
Accounts payable	(193,002)	28,215
Accrued liabilities	27,167	(23,320)
Deferred revenue	66,864	(29,795)
Gift annuity liabilities	215,713	2,187,355
Amounts held for future library consortium	478,400	(85,527)
Net cash provided (used) by operating activities	1,484,827	749,075
Net Cash Flows Provided (Used) by Investing Activities		
Purchase of property and equipment	(25,320)	(16,502)
Purchase of investments	(1,438,179)	(1,544,984)
Sale of investments	1,264,726	304,000
Investment income	78,650	(39,714)
Net cash provided (used) by investing activities	(120,123)	(1,297,200)
Net Cash Flows Provided (Used) by Financing Activities		
Principal payments on note payable	(17,703)	(16,146)
Net Increase in Cash and Cash Equivalents	1,347,001	(564,271)
Cash and Cash Equivalents, Beginning of Year	1,299,561	1,863,832
Cash and Cash Equivalents, End of Year	\$ 2,646,562	\$ 1,299,561
Supplementary Information		
Cash paid for interest	\$ 843	\$ 2,278
Unrealized gain (loss) on investments	\$ 42,415	\$ (96,545)

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. ORGANIZATION

The Community College League of California (League) is a nonprofit public benefit corporation organized for the advancement of education, particularly to better the educational opportunities of California community college students and local community colleges. 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 accompanying financial statements are presented in conformity with Accounting Standards Codification (ASC) 958-205, *Not-For-Profit Entities – Presentation of Financial Statements*. Under ASC 958-205, the League reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. The League has no temporarily or permanently restricted net assets.

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.

Contributions and private foundation grants are recognized in full when received or unconditionally promised, in accordance with ASC 958-605, *Not-For-Profit Entities – Revenue Recognition*. Donor-restricted amounts are reported as increases in temporarily restricted net assets. Temporarily restricted net assets become unrestricted, and are reported in the statements of activities as satisfaction of restrictions when the time restrictions expire or the contributions are used for the restricted purposes.

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.

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

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, 2014. 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 2009.

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, 2014, 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.

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

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.

2. CASH AND CASH EQUIVALENTS

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

	<u>2014</u>	<u>2013</u>
Balance Per Bank	\$ 3,108,554	\$ 2,513,812
Plus: Deposits in Transit	160	-
Less: Outstanding Checks	<u>(271,770)</u>	<u>(1,153,855)</u>
Total Cash and Cash Equivalents	<u>\$ 2,836,944</u>	<u>\$ 1,359,957</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, 2014 and 2013 was \$2,058,854 and \$1,808,822, 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>2014</u>	<u>2013</u>
Cash and cash equivalents	\$ 2,646,562	\$ 1,299,561
Cash held for future library consortium	118,976	-
Cash held on behalf of others	<u>71,406</u>	<u>60,396</u>
Total Cash and Cash Equivalents	<u>\$ 2,836,944</u>	<u>\$ 1,359,957</u>

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

3. INVESTMENTS

As of June 30, 2014, Community College League of California held the following investments:

Investment Type	Fair Value	Investment Maturities		
		< 1yr	1-3 yrs	>3 yrs
Mutual Funds	1,882,573	\$ 1,882,573	\$ -	\$ -

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

Investments are presented in two categories on the statement of financial position at June 30:

	<u>2014</u>	<u>2013</u>
Investments held for future library consortium	\$ 1,882,573	\$ 1,523,149
Investments	-	264,531
	<u>\$ 1,882,573</u>	<u>\$ 1,787,680</u>

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2014</u>	<u>2013</u>
Land	\$ 51,177	\$ 51,177
Building and improvements	730,480	720,763
Furniture and equipment	289,576	280,395
Total	1,071,233	1,052,335
Less accumulated depreciation	<u>(728,434)</u>	<u>(691,965)</u>
Total	<u>\$ 342,799</u>	<u>\$ 360,370</u>

Depreciation expense was \$42,801 and \$40,288, respectively, for the years ended June 30, 2014 and 2013.

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

5. 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 120 and 136 participants at June 30, 2014 and 2013, respectively, with account balances of \$5,577,516 and \$5,361,803 at June 30, 2014 and 2013, respectively. The League received administrative and processing fees of \$600 for 2014 and \$800 for 2013, in connection with this program.

Gift annuity investments consist of the following at June 30:

	<u>2014</u>	<u>2013</u>
Money market funds	\$ 183,762	\$ 10,352
Taxable Bonds	2,035,788	2,351,362
Stocks	<u>3,357,966</u>	<u>3,000,089</u>
Total	<u>\$ 5,577,516</u>	<u>\$ 5,361,803</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, 2014 AND 2013

6. 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% (or 6.25% 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 the fiscal years ended June 30, 2014, 2013 and 2012 were 14.056%, 13.856%, and 13.040%, respectively, of annual covered payroll. The League's contributions to CalPERS for the years ending June 30, 2014, 2013 and 2012 were \$369,648, \$243,259, and \$276,330, respectively, and equal 100% of the required contributions for each year.

7. 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.

SUPPLEMENTARY INFORMATION

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

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

JUNE 30, 2014

	<u>CCLC</u>	<u>CCCAA</u>	<u>Eliminations</u>	<u>TOTAL</u>
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 2,231,673	\$ 414,889	\$ -	\$ 2,646,562
Cash held for future library consortium	118,976	-	-	118,976
Cash held on behalf of others	71,406	-	-	71,406
Investments held for future library consortium	1,882,573	-	-	1,882,573
Accounts receivable	376,401	18,572	(105,437)	289,536
Prepaid expenses and deposits	106,667	7,526	-	114,193
Total Current Assets	<u>4,787,696</u>	<u>440,987</u>	<u>(105,437)</u>	<u>5,123,246</u>
Noncurrent Assets				
Property & equipment, net	339,842	2,957	-	342,799
Gift annuity investments	5,577,516	-	-	5,577,516
Total Noncurrent Assets	<u>5,917,358</u>	<u>2,957</u>	<u>-</u>	<u>5,920,315</u>
Total Assets	<u>\$ 10,705,054</u>	<u>\$ 443,944</u>	<u>\$ (105,437)</u>	<u>\$ 11,043,561</u>
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable	\$ 78,764	\$ 173,747	\$ (105,437)	\$ 147,074
Accrued liabilities	101,212	38,116	-	139,328
Deferred revenue	122,939	400	-	123,339
Amounts held for future library consortium	2,001,549	-	-	2,001,549
Cash held on behalf of others	71,406	-	-	71,406
Current portion of gift annuity liabilities	487,116	-	-	487,116
Total Current Liabilities	<u>2,862,986</u>	<u>212,263</u>	<u>(105,437)</u>	<u>2,969,812</u>
Noncurrent Liabilities				
Gift annuity liabilities, net	5,090,400	-	-	5,090,400
Total Noncurrent Liabilities	<u>5,090,400</u>	<u>-</u>	<u>-</u>	<u>5,090,400</u>
Total Liabilities	<u>7,953,386</u>	<u>212,263</u>	<u>(105,437)</u>	<u>8,060,212</u>
Net Assets				
Unrestricted				
Invested in property & equipment	339,842	2,957	-	342,799
Undesignated	2,411,826	228,724	-	2,640,550
Total Net Assets	<u>2,751,668</u>	<u>231,681</u>	<u>-</u>	<u>2,983,349</u>
Total Liabilities And Net Assets	<u>\$ 10,705,054</u>	<u>\$ 443,944</u>	<u>\$ (105,437)</u>	<u>\$ 11,043,561</u>

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

**SCHEDULE II
STATEMENT OF ACTIVITIES BY PROGRAM**

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

UNRESTRICTED NET ASSETS	CCLC	CCCAA	Eliminations	TOTAL
Revenues				
Membership dues	\$ 1,528,463	\$ 683,425	\$ -	\$ 2,211,888
District services	1,394,726	-	-	1,394,726
Championships, conventions, conferences, & workshops	722,186	364,188	-	1,086,374
Corporate partners	103,000	19,675	-	122,675
Interest and investment income	121,055	10	-	121,065
Publications	12,864	4,183	-	17,047
Miscellaneous	32,738	18,180	(14,744)	36,174
Total Revenues	<u>3,915,032</u>	<u>1,089,661</u>	<u>(14,744)</u>	<u>4,989,949</u>
Expenses				
Program services:				
Conventions, conferences, & workshops	1,142,546	-	-	1,142,546
District services	805,054	-	-	805,054
Legislative	548,906	-	-	548,906
Publications	125,681	-	-	125,681
Special projects	117,732	-	-	117,732
Athletics	-	1,028,765	(14,744)	1,014,021
Total program services	<u>2,739,919</u>	<u>1,028,765</u>	<u>(14,744)</u>	<u>3,753,940</u>
General and administration	<u>1,086,836</u>	-	-	<u>1,086,836</u>
Total Expenses	<u>3,826,755</u>	<u>1,028,765</u>	<u>(14,744)</u>	<u>4,840,776</u>
Change in Unrestricted Net Assets	88,277	60,896	-	149,173
Net Assets, Beginning of Period	<u>2,663,391</u>	<u>170,785</u>	-	<u>2,834,176</u>
Net Assets, End of Period	<u>\$ 2,751,668</u>	<u>\$ 231,681</u>	<u>\$ -</u>	<u>\$ 2,983,349</u>

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

SCHEDULE III
DETAIL OF TOTAL REVENUES – BUDGET VS. ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budget		Actual
	(Memorandum Only)		
Membership dues	\$ 2,222,294	\$	2,211,888
District services	1,069,000		1,394,726
Championships, conventions, conferences, & workshops	824,500		1,086,374
Corporate partners	110,000		122,675
Commissions and rebates	20,000		18,180
Interest and investment income	30,300		121,065
Publications	9,100		17,047
Rental income	15,948		14,744
Phi Theta Kappa	8,000		9,035
League on call and miscellaneous	2,000		8,959
	<hr/>		<hr/>
	4,311,142		5,004,693
Rental income - interfund activity	<hr/>		<hr/>
	-		(14,744)
	<hr/>		<hr/>
Total revenues	\$ 4,311,142	\$	4,989,949

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

SCHEDULE IV
DETAIL OF TOTAL EXPENSES – BUDGET VS. ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budget	
	(Memorandum Only)	Actual
Staff	\$ 2,019,962	\$ 2,081,148
District services program	367,250	455,186
Conventions, conferences, & workshops	420,100	663,034
Office operations	188,426	172,783
Boards	65,250	80,687
Other	78,009	128,531
Professional services	26,500	29,767
Publications	32,000	22,083
Phi Theta Kappa awards	10,000	12,526
Committees	18,500	13,377
Corporate partners program	20,000	32,646
League on call	2,000	10,230
Website & association management	3,000	3,600
Memberships	2,000	3,425
Athletics	1,055,072	1,028,765
	4,308,069	4,737,788
From Special Revenue Reserve	-	117,732
Rental expense - interfund activity	-	(14,744)
Total expenses	<u>\$ 4,308,069</u>	<u>\$ 4,840,776</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, 2014

	Budget		Actual
	(Memorandum Only)		
Membership dues	\$ 1,528,469	\$	1,528,463
District services	1,069,000		1,394,726
Conventions, conferences, and workshops	514,500		722,186
Corporate partners	85,000		103,000
Rental income	15,948		14,744
Interest and investment income	30,000		121,055
Publications	3,600		12,864
Phi Theta Kappa	8,000		9,035
League on call and miscellaneous	2,000		8,959
	<u>3,256,517</u>		<u>3,915,032</u>
Rental income - interfund activity	<u>-</u>		<u>(14,744)</u>
Total revenues	<u>\$ 3,256,517</u>	<u>\$</u>	<u>3,900,288</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, 2014

	Budget		Actual
	(Memorandum Only)		
Staff	\$ 2,019,962	\$	2,081,148
District services program	367,250		455,186
Conventions, conferences, and workshops	420,100		663,034
Office operations	188,426		172,783
Boards	65,250		80,687
Other	78,009		128,531
Professional services	26,500		29,767
Publications	32,000		22,083
Phi Theta Kappa awards	10,000		12,526
Committees	18,500		13,377
Corporate partners program	20,000		32,646
League on call	2,000		10,230
Website & association management	3,000		3,600
Memberships	2,000		3,425
	<u>3,252,997</u>		<u>3,709,023</u>
From Special Revenue Reserve	<u>-</u>		<u>117,732</u>
Total expenses	<u>\$ 3,252,997</u>	\$	<u>3,826,755</u>

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

**SCHEDULE VII
CALIFORNIA COMMUNITY COLLEGE ATHLETIC ASSOCIATION -
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Budget		Actual
	(Memorandum Only)		
UNRESTRICTED NET ASSETS			
Revenues			
Membership dues	\$ 693,825	\$	683,425
Annual convention and championships	310,000		364,188
Corporate partners	25,000		19,675
Interest and investment income	300		10
Publications	5,500		4,183
Commissions and rebates	20,000		18,180
Total Revenues	1,054,625		1,089,661
Expenses			
Salaries and benefits	580,341		556,029
Annual convention & championships	225,000		297,826
Operations and other	219,731		153,726
Public relations	5,000		2,550
Professional services	15,000		18,634
Special projects	10,000		-
	1,055,072		1,028,765
Rent expense - interfund activity	-		(14,744)
Total Expenses	1,055,072		1,014,021
Change in Unrestricted Net Assets	\$ (447)	\$	75,640

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. ORGANIZATION

The Community College League of California (League) is a nonprofit public benefit corporation organized for the advancement of education, particularly to better the educational opportunities of California community college students and local community colleges. 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 accompanying financial statements are presented in conformity with Accounting Standards Codification (ASC) 958-205, *Not-For-Profit Entities – Presentation of Financial Statements*. Under ASC 958-205, the League reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. The League has no temporarily or permanently restricted net assets.

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.

Contributions and private foundation grants are recognized in full when received or unconditionally promised, in accordance with ASC 958-605, *Not-For-Profit Entities – Revenue Recognition*. Donor-restricted amounts are reported as increases in temporarily restricted net assets. Temporarily restricted net assets become unrestricted, and are reported in the statements of activities as satisfaction of restrictions when the time restrictions expire or the contributions are used for the restricted purposes.

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.

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

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, 2014. 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 2009.

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, 2014, 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.

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

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.

2. CASH AND CASH EQUIVALENTS

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

	<u>2014</u>	<u>2013</u>
Balance Per Bank	\$ 3,108,554	\$ 2,513,812
Plus: Deposits in Transit	160	-
Less: Outstanding Checks	<u>(271,770)</u>	<u>(1,153,855)</u>
Total Cash and Cash Equivalents	<u>\$ 2,836,944</u>	<u>\$ 1,359,957</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, 2014 and 2013 was \$2,058,854 and \$1,808,822, 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>2014</u>	<u>2013</u>
Cash and cash equivalents	\$ 2,646,562	\$ 1,299,561
Cash held for future library consortium	118,976	-
Cash held on behalf of others	<u>71,406</u>	<u>60,396</u>
Total Cash and Cash Equivalents	<u>\$ 2,836,944</u>	<u>\$ 1,359,957</u>

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

3. INVESTMENTS

As of June 30, 2014, Community College League of California held the following investments:

Investment Type	Fair Value	Investment Maturities		
		< 1yr	1-3 yrs	>3 yrs
Mutual Funds	1,882,573	\$ 1,882,573	\$ -	\$ -

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

Investments are presented in two categories on the statement of financial position at June 30:

	2014	2013
Investments held for future library consortium	\$ 1,882,573	\$ 1,523,149
Investments	-	264,531
	<u>\$ 1,882,573</u>	<u>\$ 1,787,680</u>

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	2014	2013
Land	\$ 51,177	\$ 51,177
Building and improvements	730,480	720,763
Furniture and equipment	289,576	280,395
Total	1,071,233	1,052,335
Less accumulated depreciation	(728,434)	(691,965)
Total	<u>\$ 342,799</u>	<u>\$ 360,370</u>

Depreciation expense was \$42,801 and \$40,288, respectively, for the years ended June 30, 2014 and 2013.

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

5. 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 120 and 136 participants at June 30, 2014 and 2013, respectively, with account balances of \$5,577,516 and \$5,361,803 at June 30, 2014 and 2013, respectively. The League received administrative and processing fees of \$600 for 2014 and \$800 for 2013, in connection with this program.

Gift annuity investments consist of the following at June 30:

	<u>2014</u>	<u>2013</u>
Money market funds	\$ 183,762	\$ 10,352
Taxable Bonds	2,035,788	2,351,362
Stocks	<u>3,357,966</u>	<u>3,000,089</u>
Total	<u>\$ 5,577,516</u>	<u>\$ 5,361,803</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, 2014 AND 2013

6. 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% (or 6.25% 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 the fiscal years ended June 30, 2014, 2013 and 2012 were 14.056%, 13.856%, and 13.040%, respectively, of annual covered payroll. The League's contributions to CalPERS for the years ending June 30, 2014, 2013 and 2012 were \$369,648, \$243,259, and \$276,330, respectively, and equal 100% of the required contributions for each year.

7. 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.