October 23, 2018

INDEPENDENT AUDITOR'S REPORT

To the Executive Committee
The Academic Senate for California Community Colleges

We have audited the accompanying consolidated financial statements of The Academic Senate for California Community Colleges (a nonprofit organization) and affiliate, which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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

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accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Academic Senate for California Community Colleges and affiliate as of June 30, 2018, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

We have previously audited The Academic Senate for California Community Colleges 2017 consolidated financial statements, and in our report dated October 19, 2017, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

John Waddell & Co., CPAs

THE ACADEMIC SENATE FOR CALIFORNIA COMMUNITY COLLEGES

Consolidated Statement of Financial Position
June 30, 2018
(with comparative totals for 2017)

ASSETS

	2018	2017
Cash and cash equivalents	**$ 1,038,662**	$ 317,640
Accounts receivable	**339,525**	478,902
Prepaid expenses	**95,567**	43,328
	$ 1,473,754	$ 839,870

LIABILITIES AND NET ASSETS

	2018	2017
Liabilities		
Accounts payable	**$ 181,664**	$ 188,467
Grant payable	**479,664**	-
Accrued expenses	**125,935**	88,469
Deferred revenue	**292,289**	256,356
Deferred lease incentive	**8,603**	12,099
Total Liabilities	**1,088,155**	545,391
Net Assets		
Temporarily restricted	**4,200**	24,647
Designated for reserves	**300,000**	300,000
Unrestricted and undesignated	**81,399**	(30,168)
Total Net Assets	**385,599**	294,479
	$ 1,473,754	$ 839,870

See accompanying notes to consolidated financial statements.

THE ACADEMIC SENATE FOR CALIFORNIA COMMUNITY COLLEGES

Consolidated Statement of Activity
For the Year Ended June 30, 2018
(with comparative totals for 2017)

	Unrestricted	Temporarily Restricted	2018 Total	2017 Total
Revenue				
College dues	$ 392,919	$ -	**$ 392,919**	$ 360,356
College event fees	730,695	-	**730,695**	594,565
Event sponsorships	39,500	-	**39,500**	40,709
State of California Academic Senate grant	768,000	-	**768,000**	768,000
Chancellor's Office Course ID grant	968,827	-	**968,827**	395,902
Guided Pathways contract	384,050	-	**384,050**	-
LACCD contract	280,610	-	**280,610**	30,000
Other grants and contracts	208,681	-	**208,681**	287,989
Foundation contributions	14,807	-	**14,807**	15,544
Investment income	220	-	**220**	136
Other income	46,117	-	**46,117**	46,923
Net assets released from restriction	20,447	(20,447)	**-**	-
Total Revenue	3,854,873	(20,447)	**3,834,426**	2,540,124
Expenses				
Program Services				
Academic Senate	843,754	-	**843,754**	1,136,240
Common Course ID	965,636	-	**965,636**	407,425
LACCD - professional development	281,062	-	**281,062**	-
Guided Pathways	384,353	-	**384,353**	-
Online education/OER	77,859	-	**77,859**	98,975
Other programs	110,840	-	**110,840**	13,862
Total Program Services	2,663,504	-	**2,663,504**	1,656,502
Supporting Services				
Management and administration	1,005,948	-	**1,005,948**	835,143
Fundraising	73,854	-	**73,854**	63,384
Total Supporting Services	1,079,802	-	**1,079,802**	898,527
Total Expenses	3,743,306	-	**3,743,306**	2,555,029
Change in Net Assets	111,567	(20,447)	**91,120**	(14,905)
Net Assets, Beginning of Year	269,832	24,647	**294,479**	309,384
Net Assets, End of Year	$ 381,399	$ 4,200	**$ 385,599**	$ 294,479

See accompanying notes to consolidated financial statements.

THE ACADEMIC SENATE FOR CALIFORNIA COMMUNITY COLLEGES

Consolidated Statement of Cash Flows
For the Year Ended June 30, 2018
(with comparative totals for 2017)

	2018	2017
Cash Flows from Operating Activities		
Change in net assets	**$ 91,120**	$ (14,905)
Noncash Items included in change of net assets:		
Depreciation	**-**	299
Change in certain operating assets and liabilities:		
Accounts receivable	**139,377**	82,896
Prepaid expenses	**(52,239)**	23,112
Accounts payable	**(6,803)**	(29,845)
Grant payable	**479,664**	-
Accrued expenses	**37,466**	33,526
Deferred revenue	**35,933**	41,604
Deferred lease incentive	**(3,496)**	(2,146)
Cash Provided by Operating Activities	**721,022**	134,541
Net Increase in Cash	**721,022**	134,541
Cash and Cash Equivalents, Beginning of Year	**317,640**	183,099
Cash and Cash Equivalents, End of Year	**$ 1,038,662**	$ 317,640

See accompanying notes to consolidated financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Academic Senate for California Community Colleges (the Academic Senate) is a California non-profit corporation established October 2, 1970 whose purpose is to promote the best interests of higher education in the State of California and to represent the faculty in all California community colleges at the State level.

The general purpose and powers are:

a. To strengthen local academic senates and councils of community colleges;

b. To serve as the voice of the faculty of the community colleges in matters of statewide concern;

c. To develop policies and promote the implementation of policies on matters of statewide issues; and

d. To make recommendations on statewide matters affecting the community colleges.

On August 11, 2008, the Academic Senate formed The Foundation of The Academic Senate for California Community Colleges (The Foundation), a California charitable corporation whose purposes are:

a. To benefit, support and enhance the excellence of California community colleges;

b. To support, design and implement professional development for California community college faculty;

c. To research, develop and communicate effective practices to promote effective teaching and learning in the California community colleges; and

d. To promote a variety of activities and strategies to advance teaching and learning.

All significant inter-company transactions have been eliminated in these consolidated financial statements.

Estimates

Management uses estimates and assumptions in preparing consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Prior Period Information

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with The Academic Senate for California Community Colleges' consolidated financial statements for the year ended June 30, 2017, from which the summarized information was derived.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits in checking and money market accounts.

Accounts Receivable

Accounts receivable, which consist primarily of grants receivable, are stated at the amount management expects to collect from outstanding balances. Management believes all of the receivables are collectible; accordingly, no allowance for doubtful accounts has been established. Receivables are determined to be past due based on contractual terms. Receivables for events are written-off after 90 days. Grants receivable are written-off on a case by case basis after management has exhausted all collection efforts.

Property and Equipment

Property and equipment purchased in excess of $5,000 are stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, generally five years.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions that are temporarily restricted are then reclassified to unrestricted net assets upon satisfaction of the restrictions. Restricted contributions whose restrictions are met within the reporting period are recorded as unrestricted.

Income Taxes

The Academic Senate is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code and Section 23701(e) of the California Revenue and Taxation Code. The Foundation is exempt from income taxes under Section 501(c)(3) and Section 23701(d). The federal and state tax returns are generally subject to examination for three and four years, respectively, from the date they are filed.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and activities benefited.

Subsequent Events

Management has evaluated subsequent events through the date the financial statements were available to be issued, which was October 23, 2018.

NOTE 2 CONCENTRATIONS & CONTINGENCIES

A significant portion of the grant revenue is from the State of California, most of which is passed through various community college districts. Similarly, a significant portion of the accounts receivable are due from the State of California, either directly or through community college districts. Claims for reimbursement are subject to audit and possible disallowance by awarding agencies. All cash is held in one bank and thus exceeds federally insured limits.

NOTE 3 LEASE OBLIGATION

The Academic Senate leases office space effective November 2014 and expiring February 2020. The lease provides for a free rent period for a portion of the space and contains escalating payments. Accordingly, rent expense has been recorded on a straight-line basis, and the difference between rent expense and rent paid is recorded as deferred lease incentive. Future minimum lease payments under this lease are as follows:

2019	$ 65,392
2020	44,120
	$ 109,512

Rent expense totaled $65,771 for the year ended June 30, 2018.

NOTE 4 RESTRICTIONS ON ASSETS

Net assets were released from restriction by incurring expenses satisfying the program restriction. Temporarily restricted net assets are restricted for the freedom fighter award.

NOTE 5 EMPLOYEE BENEFIT PLAN

Qualified employees are eligible to participate in the California Public Employees' Retirement System (CalPERS). CalPERS is a cost sharing multiple employer defined benefit pension plan that provides retirement, disability, and death benefits to Plan members and beneficiaries. The risks of participating in a multiple employer plan are different from single employer plans. Specifically, Academic Senate may be liable, on termination or withdrawal from the plan, for allocated shares of the plan's unfunded vested benefits. The Academic Senate currently has no intention to terminate or withdraw from the plan.

Because Academic Senate has less than 100 employees, it is required to participate in a Risk Pool within CalPERS. The Academic Senate's contributions represented less than 5% of total Risk Pool contributions per the Risk Pool's most recent actuarial report, which was as of June 30, 2017. As of June 30, 2017, Academic Senate's share of total plan assets was $1,289,672, the accrued liability was $1,589,821, and the Plan was 81% funded.

The California Public Employees' Pension Reform Act (PEPRA) resulted in different contribution and benefit rates for employees hired prior to and after January 1, 2013. Employees contribute 7% or 6.25% of their annual covered salary, depending on hire date. Academic Senate contributes an amount that is actuarially determined by CalPERS. In addition, CalPERS adopted a Risk Mitigation Policy which is designed to reduce funding risk over time and is expected to impact future valuations.

Total contributions to the Plan by Academic Senate amounted to $78,395 for the year ended June 30, 2018. The estimated required employer contributions for the year ended June 30, 2019, are $77,021.

NOTE 6 RELATED PARTY TRANSACTIONS

Board members are compensated for their services to The Academic Senate by their districts. The Academic Senate makes payments to the districts for board member time, aka reassign time. The Academic Senate directly compensated various board members for their services during the year ended June 30, 2018, in the amount of $48,000.

NOTE 7 COMMITMENTS

The Academic Senate has hotel contracts for meetings to be held in subsequent to year end. These contracts contain deposits, room and food and beverage commitments, and cancellation fees. The cancellation fees under the contracts if the contracts were cancelled as of the date the financial statements were available to be issued totaled $342,492.