

**ACADEMIC SENATE FOR CALIFORNIA COMMUNITY COLLEGES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2020 and 2019**

ACADEMIC SENATE FOR CALIFORNIA COMMUNITY COLLEGES

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Academic Senate for California Community Colleges  
Sacramento, California

We have audited the accompanying consolidated financial statements of the Academic Senate for California Community Colleges and the Foundation of the Academic Senate for California Community Colleges (collectively the "Organization"), nonprofit organizations, which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Consolidated 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 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 audits 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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 Organization'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.

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## 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 the Foundation of the Academic Senate for California Community Colleges as of June 30, 2020 and 2019, and the changes in its consolidated net assets and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Propp Christenson Caniglia LLP*

October 15, 2020  
Roseville, California

ACADEMIC SENATE FOR CALIFORNIA COMMUNITY COLLEGES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
June 30, 2020 and 2019

ASSETS

	<u>2020</u>	<u>2019</u>
Current assets:		
Cash and cash equivalents	\$ 1,749,228	\$ 979,845
Accounts receivable	359,209	627,335
Prepaid expenses	65,610	108,130
	<u>2,174,047</u>	<u>1,715,310</u>
Property and equipment, net	-	-
Right of use asset	534,416	-
	<u>534,416</u>	<u>-</u>
Total assets	<u>\$ 2,708,463</u>	<u>\$ 1,715,310</u>

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable	\$ 86,498	\$ 195,379
Accrued expenses	88,520	49,521
Deferred revenue	86,035	295,531
Lease liability, current portion	74,770	-
	<u>335,823</u>	<u>540,431</u>
Total current liabilities	<u>335,823</u>	<u>540,431</u>
Long-term liabilities:		
Lease liability, less current portion	486,834	-
	<u>486,834</u>	<u>-</u>
Total liabilities	<u>822,657</u>	<u>540,431</u>
Net assets:		
Without donor restrictions:		
Unrestricted	1,581,606	870,679
Designated for reserves	300,000	300,000
With donor restrictions	4,200	4,200
	<u>1,885,806</u>	<u>1,174,879</u>
Total net assets	<u>1,885,806</u>	<u>1,174,879</u>
Total liabilities and net assets	<u>\$ 2,708,463</u>	<u>\$ 1,715,310</u>

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

ACADEMIC SENATE FOR CALIFORNIA COMMUNITY COLLEGES

CONSOLIDATED STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2020 and 2019

	Without Donor Restrictions	With Donor Restrictions	2020 Total
Revenues and other support:			
College dues	\$ 445,329	\$ -	\$ 445,329
College event fees	605,920	-	605,920
Event sponsorships	26,055	-	26,055
State of California Academic Senate grant	1,000,000	-	1,000,000
Chancellor's Office Course ID grant	575,134	-	575,134
Guided Pathways contract	652,565	-	652,565
LACCD contract	98,194	-	98,194
Other grants and contracts	985,845	-	985,845
Foundation contributions	10,178	-	10,178
Interest income	24,524	-	24,524
Other income	5,982	-	5,982
Net assets released from restrictions	-	-	-
	<u>4,429,726</u>	<u>-</u>	<u>4,429,726</u>
Total revenues and other support			
Expenses:			
Program services	2,668,709	-	2,668,709
Supporting services:			
Management and general	1,050,090	-	1,050,090
	<u>3,718,799</u>	<u>-</u>	<u>3,718,799</u>
Total expenses			
Change in net assets	710,927	-	710,927
Net assets, beginning of year	1,170,679	4,200	1,174,879
Net assets, end of year	<u>\$ 1,881,606</u>	<u>\$ 4,200</u>	<u>\$ 1,885,806</u>

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

ACADEMIC SENATE FOR CALIFORNIA COMMUNITY COLLEGES

CONSOLIDATED STATEMENTS OF ACTIVITIES (CONTINUED)  
For the Years Ended June 30, 2020 and 2019

	Without Donor Restrictions	With Donor Restrictions	2019 Total
Revenues and other support:			
College dues	\$ 425,418	\$ -	\$ 425,418
College event fees	753,124	-	753,124
Event sponsorships	25,000	-	25,000
State of California Academic Senate grant	1,000,000	-	1,000,000
Chancellor's Office Course ID grant	470,215	-	470,215
Guided Pathways contract	664,054	-	664,054
LACCD contract	239,876	-	239,876
Other grants and contracts	390,529	-	390,529
Foundation contributions	19,890	-	19,890
Interest income	2,111	-	2,111
Other income	15,712	-	15,712
Net assets released from restrictions	-	-	-
	<u>4,005,929</u>	<u>-</u>	<u>4,005,929</u>
Total revenues and other support			
Expenses:			
Program services	2,223,045	-	2,223,045
Supporting services			
Management and general	<u>993,604</u>	<u>-</u>	<u>993,604</u>
Total expenses	<u>3,216,649</u>	<u>-</u>	<u>3,216,649</u>
Change in net assets	789,280	-	789,280
Net assets, beginning of year	<u>381,399</u>	<u>4,200</u>	<u>385,599</u>
Net assets, end of year	<u>\$ 1,170,679</u>	<u>\$ 4,200</u>	<u>\$ 1,174,879</u>

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

ACADEMIC SENATE FOR CALIFORNIA COMMUNITY COLLEGES

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended June 30, 2020 and 2019

	Grant and Senate	Management and General	2020 Totals
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Administrative support	\$ 644	\$ 98	\$ 742
Business expenses	-	17,635	17,635
Copying/publishing OSP allowance	-	3,136	3,136
Equipment lease/rental	6,185	4,557	10,742
Equipment purchase	866	593	1,459
Executive activities	99,635	67,296	166,931
Executive reassign time	111,827	111,827	223,654
FASCCC Charitable Contributions	6,781	-	6,781
FASCCC G&A Expenses	-	3,936	3,936
Furnishings	366	386	752
Grant expenses	1,157,644	-	1,157,644
Institutes	500,140	54,478	554,618
Insurance	3,906	4,161	8,067
Internet	1,746	1,516	3,262
IT/Software	10,431	12,312	22,743
Liaison	44,226	34,900	79,126
Moving expense	4,757	5,029	9,786
Parking	12,869	9,625	22,494
Phones - office	1,155	1,002	2,157
Plenary session	136,058	15,832	151,890
Postage and shipping	316	314	630
Professional services	18,573	17,202	35,775
Publications, marketing, technology	72,935	46,774	119,709
Rent	52,274	45,435	97,709
Salaries and benefits	417,381	587,497	1,004,878
Subscriptions	6,012	2,699	8,711
Supplies	1,982	1,850	3,832
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total expenses	<u>\$ 2,668,709</u>	<u>\$ 1,050,090</u>	<u>\$ 3,718,799</u>

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



ACADEMIC SENATE FOR CALIFORNIA COMMUNITY COLLEGES

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)  
For the Years Ended June 30, 2020 and 2019

	Grant and Senate	Management and General	2019 Totals
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Administrative support	\$ 10	\$ 9	\$ 19
Business expenses	982	67,172	68,154
Copying/publishing OSP allowance	-	5,869	5,869
Equipment lease/rental	5,135	7,367	12,502
Equipment purchase	1,946	1,845	3,791
Executive activities	146,162	94,306	240,468
Executive reassign time	133,148	133,148	266,296
Furnishings	4,854	4,697	9,551
Grant expenses	598,499	-	598,499
Institutes	560,212	33,781	593,993
Insurance	3,145	4,437	7,582
Internet	1,221	1,762	2,983
IT/Software	6,014	7,941	13,955
Liaison	48,245	37,706	85,951
Moving expense	-	6,799	6,799
Outside administrative services	6,553	9,844	16,397
Parking	4,231	5,939	10,170
Phones - office	899	1,305	2,204
Plenary session	258,209	42,307	300,516
Postage and shipping	150	227	377
Professional services	13,888	22,923	36,811
Publications, marketing, technology	6,354	41,879	48,233
Rent	25,512	38,253	63,765
Salaries and benefits	375,012	418,214	793,226
Scholarships and donations	18,683	-	18,683
Subscriptions	2,594	3,927	6,521
Supplies	1,387	1,947	3,334
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total expenses	<u>\$ 2,223,045</u>	<u>\$ 993,604</u>	<u>\$ 3,216,649</u>

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

ACADEMIC SENATE FOR CALIFORNIA COMMUNITY COLLEGES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 710,927	\$ 789,280
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Amortization - right-of-use asset	48,986	-
Changes in operating assets and liabilities:		
Accounts receivable	268,126	(287,810)
Prepaid expenses	42,520	(12,563)
Accounts payable	(108,881)	13,715
Grant payable	-	(479,664)
Accrued expenses	38,999	(76,414)
Deferred revenue	(209,496)	3,242
Accrued rent	27,188	(8,603)
Reduction of lease liability	(48,986)	-
Net cash provided by (used in) operating activities	<u>769,383</u>	<u>(58,817)</u>
Net change in cash and cash equivalents	769,383	(58,817)
Cash and cash equivalents, beginning of year	<u>979,845</u>	<u>1,038,662</u>
Cash and cash equivalents, end of year	<u>\$ 1,749,228</u>	<u>\$ 979,845</u>
Noncash disclosure of cash flow information		
Right-of-use asset	\$ (610,590)	\$ -
Lease liability	<u>610,590</u>	<u>-</u>
Net noncash impact	<u>\$ -</u>	<u>\$ -</u>

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

ACADEMIC SENATE FOR CALIFORNIA COMMUNITY COLLEGES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 1: NATURE OF ACTIVITIES

The Academic Senate for California Community Colleges (the "Academic Senate") is a California non-profit corporation established on 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:

- To strengthen local academic senates and councils of community colleges;
- To serve as the voice of the faculty of the community colleges in matters of statewide concern;
- To develop policies and promote the implementation of policies on matters of statewide issues; and
- 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 controlled by the Academic Senate, whose purposes are:

- To benefit, support and enhance the excellence of California community colleges;
- To support, design and implement professional development for California community college faculty;
- To research, develop and communicate effective practices to promote effective teaching and learning in the California community colleges; and
- To promote a variety of activities and strategies to advance teaching and learning.

These financial statements of the Academic Senate and the Foundation are presented on a consolidated basis, with all significant inter-company transactions eliminated. The Academic Senate and the Foundation are collectively referred to as the "Organization".

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation

In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-14 Not-for-Profit Entities Presentation of Financial Statements of Not-for-Profit Entities. The amendments in this update are designed to improve the presentation of net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. The Organization has adopted the provision as of June 30, 2019.

The Organization presents its consolidated financial statements in accordance with FASB ASC Topic 958, Subtopic 210 (FASB ASC 958-210), Presentation of Financial Statements of Not-for-Profit Entities. Under FASB ASC 958-210, the Organization is required to report information regarding its financial position and activities according to the following two classes of net assets:

Net assets without donor restrictions - Net assets that are not subject to stipulations.

Net assets with donor restrictions - Net assets that are subject to stipulations that will be met by actions or the passage of time.

ACADEMIC SENATE FOR CALIFORNIA COMMUNITY COLLEGES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2020 and 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Basis of Presentation (Continued)*

Revenues and gains and losses on investments are reported as changes in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as changes in net assets without donor restrictions. Expirations of donor restrictions on net assets are reported as reclassifications between the applicable classes of net assets.

Donor-restricted contributions are reported as revenues which increase net assets with donor restrictions. Expirations of donor restrictions on contributions whose restrictions are met in the same reporting period have been reported as net assets without donor restrictions.

*Cash and Cash Equivalents*

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

*FDIC Insured Deposit Accounts*

The Organization maintains its cash in financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Deposit accounts, at times, may exceed federally insured limits. As of June 30, 2020 and 2019, \$1,465,571 and \$619,446 was held in excess of FDIC insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash balances.

*Accounts Receivable*

Accounts receivable, which consist primarily of grants receivable, are stated at the amount management expects to collect from outstanding balances. Management believes that all of the receivables are collectable; 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. The Organization provides for depreciation over the estimated useful lives of the assets using the straight-line method. The estimated lives of these assets range from 3 to 5 years. Expenditures for major renewals and betterments, which extend the useful lives of property and equipment, are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

*Leases*

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The standard requires lessees to recognize the assets and liabilities that arise from leases in the statement of financial position. Additionally, in July 2018, the FASB issued ASU 2018-11, Leases (Topic 842) – Targeted Improvements, which, among other things, provides an additional transition method that would allow entities to not apply the guidance in ASU 2016-02 in the comparative periods presented in the financial statements and instead recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The Organization adopted ASU 2016-02 and its related amendments as of June 30, 2020, which resulted in the recognition of an operating right-of-use asset and lease liability initially totaling \$610,590. The Organization elected to adopt the transition relief provisions from ASU 2018-11 and recorded the impact of adoption as of July 1, 2019, without restating any prior-year amounts or disclosures. Additional lease disclosures can be found in Note 6. There was no cumulative effect adjustment to the opening balance of retained earnings required.

ACADEMIC SENATE FOR CALIFORNIA COMMUNITY COLLEGES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2020 and 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status

The Academic Senate is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code (IRC) and Section 23701e of the California Revenue and Taxation Code. The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and Section 23701d of the California Revenue and Taxation Code. After they are filed, the Organization's income tax returns remain subject to examination by taxing authorities generally three years for federal returns and four years for state returns. Activities unrelated to the Organization's mission may be subject to unrelated business income tax.

Functional Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Costs specifically identified with programs are directly allocated to those functions. All costs not identifiable with programs, but indispensable to the conduct of such programs and activities and to the Organization's existence, are included as management and general expenses. Expenses that benefit more than one function of the Organization are allocated among the functions based generally on the amount of time and effort spent by personnel on each function.

Revenue Recognition

In June 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") No. 2018-08 "Not-for-Profit Entities (Topic 958)". The ASU provides an update to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Organization has retrospectively adopted the provision as of June 30, 2020 with no effect to previously reported net asset balances.

Estimates

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

Upcoming Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") No. 2014-09 "Revenue from Contracts with Customers (Topic 606)". The ASU provides guidance over the core principle of recognizing revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 will supersede the revenue recognition requirements in FASB Accounting Standard Codification (ASC) 605, "Revenue Recognition", and most industry-specific guidance throughout the Industry Topics of the FASB ASC. The purpose of the new standard is to clarify the principles for recognizing revenue and to develop a common revenue standard for U.S. GAAP and International Financial Reporting Standards (IFRS). For non-public entities, the amendments in this update are effective for annual reporting periods beginning after December 15, 2017, and interim periods withing annual periods beginning after December 15, 2018. Early adoption is permitted. In May 2020, the FASB voted to defer the effective date of ASU No. 2014-09 "Revenue from Contracts with Customers" for all entities by one year. Management has not determined the impact on the financial statements.

ACADEMIC SENATE FOR CALIFORNIA COMMUNITY COLLEGES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2020 and 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Events and transactions have been evaluated for potential recognition or disclosure through October 15, 2020, the date that the consolidated financial statements were available to be issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen. While the disruption is currently expected to be temporary, there is considerable unknown around the duration. The Organization expects this matter to negatively impact its operating environment; however, the related financial impact and duration cannot be reasonably estimated at this time.

NOTE 3: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

The Organization's financial assets available within one year of the balance sheet date for general expenditures are as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,749,228	\$ 979,845
Accounts receivable	<u>359,209</u>	<u>627,335</u>
Financial assets	2,108,437	1,607,180
Less those unavailable for general expenditures within one year, due to:		
Purpose restrictions stipulated by donors	(4,200)	(4,200)
Board designated reserves	<u>(300,000)</u>	<u>(300,000)</u>
Financial assets available to meet cash need for expenditures within one year	<u>\$ 1,804,237</u>	<u>\$ 1,302,980</u>

NOTE 4: ACCOUNTS RECEIVABLE

Accounts receivable consist of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
CA Community College Chancellor's Office	\$ 299,662	\$ 239,515
Chabot-Las Positas Community College District	20,047	235,528
Los Angeles Community College District	4,400	106,806
Santa Clarita Community College District	33,000	33,722
Other	<u>2,100</u>	<u>11,764</u>
Total accounts receivable	<u>\$ 359,209</u>	<u>\$ 627,335</u>

ACADEMIC SENATE FOR CALIFORNIA COMMUNITY COLLEGES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 5: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Furniture and fixtures	\$ 5,989	\$ 5,989
Less accumulated depreciation	<u>(5,989)</u>	<u>(5,989)</u>
Total property and equipment, net	<u>\$ -</u>	<u>\$ -</u>

NOTE 6: OPERATING LEASE OBLIGATION

The Organization leases office space under an operating lease agreement with an original term from November 2014 through February 2020. On July 1, 2019, the Organization executed an amendment to the office lease, extending the term of the lease through September 2026. The lease amendment also provided for free rent periods in each of its initial three months and contained escalating monthly payments starting at \$7,785 and increasing by 2.5% annually. Under the provisions of FASB ASC Topic 842, an initial right-of-use asset and lease liability of \$610,590 was recorded based on the net present value of the future minimum contractual obligations under the lease, discounted at 3.87%. At the end of the amended term of the lease, the Organization may extend this lease for two successive terms of 60 months each; however, such extensions have not been reflected in the related right-of-use asset or lease liability included in the accompanying financial statements.

The rent expense is reflected in the accompanying financial statements on a straight-line basis over the term of the lease with the difference between rent expense and rent payments being reflected as accrued rents and offset with the right-of-use asset. During the year ended June 30, 2020, cash payments and rent expense under the terms of the operating lease totaled \$70,067 and \$97,256, respectively.

The minimum contractual obligations for the operating lease (undiscounted) as of June 30, 2020 are as follows:

<u>Year Ending June 30:</u>	
2021	\$ 95,175
2022	97,554
2023	99,993
2024	102,493
2025	105,055
Thereafter	<u>134,758</u>
Total lease payments	635,028
Less: discounted cash flows, net discount	<u>(73,424)</u>
Discounted lease liability	<u>\$ 561,604</u>

NOTE 7: NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2020 and 2019, net assets with donor restrictions totaled \$4,200 for the freedom fighter award.

ACADEMIC SENATE FOR CALIFORNIA COMMUNITY COLLEGES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2020 and 2019

NOTE 8: 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, 2019. As of June 30, 2019, Academic Senate's share of total plan assets was \$1,431,312, the accrued liability was \$1,810,344, and the plan was 78% 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 \$89,645 and \$72,221 for the years ended June 30, 2020 and 2019, respectively. The estimated required employer contributions for the year ended June 30, 2021, are \$90,551.

NOTE 9: RELATED PARTY TRANSACTIONS

A board member's college is provided reassignment time for their service to the Organization. The Organization makes payment to the college (or in some instances, the district) for the board member's time, paid at the part-time faculty rate, as determined by the Chancellor's Office Data Mart data. For the years ended June 30, 2020 and 2019, the Organization provided stipends to various board members during the summer session for their work not included in the reassignment payment to the college, totaling \$40,000 and \$52,000, respectively.

NOTE 10: CONCENTRATIONS AND 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 11: COMMITMENTS

The Academic Senate has hotel contracts for meetings to be held subsequent to year-end. These contracts contain deposits, room and food beverage commitments and cancellation fees. The cancellation fees under the contracts if the contracts were cancelled as of the date the consolidated financial statements were available to be issued totaled \$261,795 and \$373,972 for the years ended June 30, 2020 and 2019, respectively.