

ACADEMIC SENATE FOR CALIFORNIA COMMUNITY COLLEGES

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

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

Opinion

We have audited the accompanying consolidated financial statements of Academic Senate for California Community Colleges and the Foundation of the Academic Senate for California Community Colleges (collectively the "Organization"), a nonprofit organization, which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Academic Senate for California Community Colleges and the Foundation of the Academic Senate for California Community Colleges as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Propp Christenson Caniglia LLP

October 25, 2022
Roseville, California

ACADEMIC SENATE FOR CALIFORNIA COMMUNITY COLLEGES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2022 and 2021

ASSETS

	<u>2022</u>	<u>2021</u>
Current assets:		
Cash and cash equivalents	\$ 3,826,097	\$ 2,720,573
Accounts receivable	567,431	323,230
Prepaid expenses	<u>107,074</u>	<u>74,503</u>
Total current assets	4,500,602	3,118,306
Property and equipment, net	-	-
Right of use asset	<u>381,247</u>	<u>463,503</u>
Total assets	<u><u>\$ 4,881,849</u></u>	<u><u>\$ 3,581,809</u></u>

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable	\$ 298,409	\$ 91,986
Accrued expenses	65,625	89,591
Deferred revenue	1,038,739	50,048
Lease liability, current portion	<u>102,500</u>	<u>99,953</u>
Total current liabilities	<u>1,505,273</u>	<u>331,578</u>
Long-term liabilities:		
Lease liability, less current portion	<u>309,546</u>	<u>394,448</u>
Total liabilities	<u>1,814,819</u>	<u>726,026</u>
Net assets:		
Without donor restrictions:		
Unrestricted	2,762,830	2,551,583
Designated for reserves	300,000	300,000
With donor restrictions	<u>4,200</u>	<u>4,200</u>
Total net assets	<u>3,067,030</u>	<u>2,855,783</u>
Total liabilities and net assets	<u><u>\$ 4,881,849</u></u>	<u><u>\$ 3,581,809</u></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, 2022 and 2021

	Without Donor Restrictions	With Donor Restrictions	2022 Total
Revenues and other support:			
College dues	\$ 453,974	\$ -	\$ 453,974
College event fees	583,925	-	583,925
State of California Academic Senate grant	1,000,000	-	1,000,000
Chancellor's Office Course ID grant	559,367	-	559,367
Other grants and contracts	1,096,145	-	1,096,145
Foundation contributions	31,677	-	31,677
Interest income	318	-	318
Other income	2,825	-	2,825
Net assets released from restrictions	-	-	-
	<u>3,754,731</u>	<u>-</u>	<u>3,754,731</u>
Total revenues and other support			
Expenses:			
Program services:			
Grant and senate programs	2,445,866	-	2,445,866
Supporting services:			
Management and general	1,097,618	-	1,097,618
	<u>3,543,484</u>	<u>-</u>	<u>3,543,484</u>
Total expenses			
Change in net assets	211,247	-	211,247
Net assets, beginning of year	<u>2,851,583</u>	<u>4,200</u>	<u>2,855,783</u>
Net assets, end of year	<u>\$ 3,062,830</u>	<u>\$ 4,200</u>	<u>\$ 3,067,030</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, 2022 and 2021

	Without Donor Restrictions	With Donor Restrictions	2021 Total
Revenues and other support:			
College dues	\$ 464,052	\$ -	\$ 464,052
College event fees	444,850	-	444,850
Event sponsorships	2,250	-	2,250
State of California Academic Senate grant	1,000,000	-	1,000,000
Chancellor's Office Course ID grant	361,270	-	361,270
Guided Pathways contract	617,088	-	617,088
Other grants and contracts	1,115,265	-	1,115,265
Foundation contributions	10,492	-	10,492
Interest income	490	-	490
Other income	698	-	698
Net assets released from restrictions	-	-	-
	<u>4,016,455</u>	<u>-</u>	<u>4,016,455</u>
Total revenues and other support			
Expenses:			
Program services			
Grant and senate programs	2,167,309	-	2,167,309
Supporting services			
Management and general	879,169	-	879,169
	<u>3,046,478</u>	<u>-</u>	<u>3,046,478</u>
Total expenses			
Change in net assets	969,977	-	969,977
Net assets, beginning of year	<u>1,881,606</u>	<u>4,200</u>	<u>1,885,806</u>
Net assets, end of year	<u>\$ 2,851,583</u>	<u>\$ 4,200</u>	<u>\$ 2,855,783</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, 2022 and 2021

	<u>Program Services</u>	<u>Supporting</u>	
	Grant and	Management	2022
	Senate Programs	and General	Totals
Business expenses	\$ -	\$ 2,686	\$ 2,686
Equipment lease/rental	1,048	2,940	3,988
Equipment purchase	433	1,943	2,376
Executive activities	162,413	28,571	190,984
Executive reassignment	209,682	37,003	246,685
FASCCC Charitable Contributions	21,427	-	21,427
FASCCC G&A Expenses	-	399	399
Grant expenses	939,430	-	939,430
Institutes	302,739	12,727	315,466
Insurance	1,394	6,618	8,012
Internet	730	2,219	2,949
IT/Software	6,036	20,559	26,595
Liaison	30,978	27,607	58,585
Outside administrative services	4,258	1,392	5,650
Parking	3,627	10,834	14,461
Phones - office	528	1,623	2,151
Plenary session	341,202	13,070	354,272
Postage and shipping	51	136	187
Professional services	5,522	28,509	34,031
Publications, marketing, technology	55,132	73,411	128,543
Rent/lease	24,220	73,955	98,175
Salaries and benefits	332,931	745,012	1,077,943
Subscriptions	903	3,298	4,201
Supplies	1,182	3,106	4,288
	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 2,445,866</u>	<u>\$ 1,097,618</u>	<u>\$ 3,543,484</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, 2022 and 2021

	<u>Program Services</u>	<u>Supporting</u>	
	Grant and	Management	2021
	Senate Programs	and General	Totals
Administrative support	\$ -	\$ 3,040	\$ 3,040
Business expenses	-	505	505
Equipment lease/rental	2,745	1,194	3,939
Equipment purchase	1,421	862	2,283
Executive activities	26,339	25,844	52,183
Executive reassignment	95,952	95,952	191,904
FASCCC Charitable Contributions	4,444	-	4,444
FASCCC G&A Expenses	-	57	57
Grant expenses	948,563	-	948,563
Institutes	70,708	11,364	82,072
Insurance	3,676	5,158	8,834
Internet	2,583	674	3,257
IT/Software	10,280	15,261	25,541
Liaison	2,981	2,533	5,514
Parking	10,751	6,105	16,856
Phones - office	1,373	743	2,116
Plenary session	49,416	10,065	59,481
Postage and shipping	91	184	275
Professional services	14,883	23,092	37,975
Publications, marketing, technology	508,931	5,450	514,381
Rent/lease	62,214	37,458	99,672
Salaries and benefits	343,807	631,657	975,464
Subscriptions	4,887	679	5,566
Supplies	1,264	1,292	2,556
	<hr/>	<hr/>	<hr/>
Total expenses	<u>\$ 2,167,309</u>	<u>\$ 879,169</u>	<u>\$ 3,046,478</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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ 211,247	\$ 969,977
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Amortization - right-of-use asset	82,355	75,644
Changes in operating assets and liabilities:		
Accounts receivable	(244,201)	35,979
Prepaid expenses	(32,571)	(8,893)
Accounts payable	206,423	5,488
Accrued expenses	(23,966)	1,071
Deferred revenue	988,691	(35,987)
Accrued rent	(99)	3,710
Reduction of lease liability	<u>(82,355)</u>	<u>(75,644)</u>
Net cash provided by operating activities	<u>1,105,524</u>	<u>971,345</u>
Net change in cash and cash equivalents	1,105,524	971,345
Cash and cash equivalents, beginning of year	<u>2,720,573</u>	<u>1,749,228</u>
Cash and cash equivalents, end of year	<u>\$ 3,826,097</u>	<u>\$ 2,720,573</u>
Noncash disclosure of cash flow information		
Right-of-use asset	\$ -	\$ (619,031)
Lease liability	<u>-</u>	<u>619,031</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 STATEMENTS

June 30, 2022 and 2021

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

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.

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.

ACADEMIC SENATE FOR CALIFORNIA COMMUNITY COLLEGES

NOTES TO CONSOLIDATED STATEMENTS

June 30, 2022 and 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

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, 2022 and 2021, \$3,576,146 and \$2,468,910, respectively, 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

The Organization adopted the provisions of FASB ASC 842 as revised by ASU 2016-02. The standard requires lessees to recognize the assets and liabilities that arise from leases in the statement of financial position. The impact of adopting the amended guidance primarily relates to the recognition of lease assets and lease liabilities on the balance sheet for all leases previously classified as operating leases. In 2020, the Organization recognized an operating right-of-use asset and lease liability initially totaling \$610,590. At June 30, 2021, an additional \$8,441 was recognized as an operating right-of-use asset and lease liability. Leases with an initial term of 12 months or less were not recorded on the balance sheet. See Note 6 for additional information and disclosures.

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.

ACADEMIC SENATE FOR CALIFORNIA COMMUNITY COLLEGES

NOTES TO CONSOLIDATED STATEMENTS

June 30, 2022 and 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 FASB issued 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 adopted the provisions of FASB ASC 606 as revised by ASU 2014-09. The Organization's income received is not recognized as revenues until the revenue is earned, which is at the time when the services are provided. The Organization recognizes college dues on an annual basis and renews memberships at the beginning of each fiscal year. Membership is required by the State of California. Therefore, the Organization does not have a policy for membership refunds. Any unearned amounts for payment received in advance are included in deferred revenue. The Organization has retrospectively adopted the new guidance as of June 30, 2021 with no changes to previously reported net assets.

Estimates

The preparation of consolidated 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 consolidated financial statements and the reported amounts of support, revenue, and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts in the 2021 consolidated financial statements have been reclassified, with no effect to the change in net assets, to conform to the 2022 consolidated financial statement presentation.

Subsequent Events

Events and transactions have been evaluated for potential recognition or disclosure through October 25, 2022, the date that the consolidated financial statements were available to be issued.

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.

ACADEMIC SENATE FOR CALIFORNIA COMMUNITY COLLEGES

NOTES TO CONSOLIDATED STATEMENTS

June 30, 2022 and 2021

NOTE 3: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)

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

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 3,826,097	\$ 2,720,573
Accounts receivable	<u>567,431</u>	<u>323,230</u>
Financial assets	4,393,528	3,043,803
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><u>\$ 4,089,328</u></u>	<u><u>\$ 2,739,603</u></u>

NOTE 4: ACCOUNTS RECEIVABLE

Accounts receivable consist of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
CA Community College Chancellor's Office	\$ 40,118	\$ 263,391
Chabot-Las Positas Community College District	-	13,860
Los Angeles Community College District	-	9,000
Foundation for California Community Colleges	100,000	-
Open Educational Resources	359,811	-
Other	<u>67,502</u>	<u>36,979</u>
Total accounts receivable	<u><u>\$ 567,431</u></u>	<u><u>\$ 323,230</u></u>

NOTE 5: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</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>	<u><u>\$ -</u></u>

ACADEMIC SENATE FOR CALIFORNIA COMMUNITY COLLEGES

NOTES TO CONSOLIDATED STATEMENTS
June 30, 2022 and 2021

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 consolidated financial statements.

The rent expense is reflected in the accompanying consolidated 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 years ended

June 30, 2022 and 2021, cash payments under the terms of the operating lease totaled \$97,554 and \$95,175, respectively. Rent expense under the terms of the operating lease totaled \$97,256 for both years.

The Organization entered into a lease agreement with North Shore Leasing, LLC on February 1, 2021 to lease a Konica Minolta BizHub C754e rebuilt Color System printer. The term of the lease is 39 months and the Organization can upgrade or downgrade at any time during the lease period. The Organization has the option to buy-out the asset at the end of the lease term at fair market value. The lease rate is 2.79%. During the years ended June 30, 2022 and 2021, cash payments totaled \$2,399 and \$968, respectively. Rent expense under terms of the lease totaled \$2,597 for both years.

The minimum contractual obligations for the operating lease (undiscounted) as of June 30, 2022 are as follows:

	<u>Year Ending June 30:</u>	
	2023	\$ 102,500
	2024	105,060
	2025	105,055
	2026	107,681
	2027	<u>27,077</u>
		Total lease payments 447,373
		Less: discounted cash flows, net discount <u>(35,327)</u>
		<u><u>\$ 412,046</u></u>

NOTE 7: NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2022 and 2021, net assets with donor restrictions totaled \$4,200 for the freedom fighter award.

ACADEMIC SENATE FOR CALIFORNIA COMMUNITY COLLEGES

NOTES TO CONSOLIDATED STATEMENTS

June 30, 2022 and 2021

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, 2021. As of June 30, 2021, Academic Senate's share of total plan assets was \$2,240,504, the accrued liability was \$2,415,140, and the plan was 91% 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 \$93,338 and \$98,550 for the years ended June 30, 2022 and 2021, respectively. The estimated required employer contributions for the year ended June 30, 2023, are \$91,644.

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, 2022 and 2021, 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 for each year.

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 \$366,086 and \$513,478 for the years ended June 30, 2022 and 2021, respectively.

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NOTES TO CONSOLIDATED STATEMENTS

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NOTE 12: RISK AND CONTINGENCIES

The COVID-19 coronavirus outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. However, the related financial impact and duration cannot be reasonably estimated at this time.