

**STUDENT SENATE FOR
CALIFORNIA COMMUNITY
COLLEGES**

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

**YEARS ENDED
JUNE 30, 2021 AND 2020**

INDEPENDENT AUDITOR'S REPORT

**Board of Directors
Student Senate for California Community Colleges
Sacramento, California**

We have audited the accompanying financial statements of Student Senate for California Community Colleges (Student Senate), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, 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 audits 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 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 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.

Board of Directors
Student Senate for California Community Colleges
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Student Senate for California Community Colleges as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Gilbert CPAs

GILBERT CPAs
Sacramento, California

March 3, 2022

STUDENT SENATE FOR CALIFORNIA COMMUNITY COLLEGES

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,104,160	\$ 185,813
Accounts receivable	46,689	165,051
Prepaid expenses	<u>9,345</u>	<u> </u>
Total current assets	1,160,194	350,864
FUNDS HELD BY CCCCCO	<u> </u>	<u>122,577</u>
TOTAL ASSETS	<u>\$ 1,160,194</u>	<u>\$ 473,441</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	<u>\$ 32,443</u>	<u>\$ 40</u>
NET ASSETS:		
Net assets without donor restrictions:		
Undesignated	1,099,139	300,824
Contingency reserve	<u> </u>	<u>122,577</u>
Total net assets without donor restrictions	1,099,139	423,401
Net assets with donor restrictions	<u>28,612</u>	<u>50,000</u>
Total net assets	<u>1,127,751</u>	<u>473,401</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,160,194</u>	<u>\$ 473,441</u>

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

STUDENT SENATE FOR CALIFORNIA COMMUNITY COLLEGES

STATEMENTS OF ACTIVITIES YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
REVENUES:		
Student representation fees	\$ 917,868	\$ 276,812
Contributions from CCCCCO	50,000	140,000
Conference fees	14,030	29,000
Miscellaneous revenue	3,584	2,544
Net assets released from restriction	96,388	
Total revenues	<u>1,081,870</u>	<u>448,356</u>
EXPENSES:		
Program expenses	305,752	252,506
General and administrative	100,380	92,030
Total expenses	<u>406,132</u>	<u>344,536</u>
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	675,738	103,820
NET ASSETS WITH DONOR RESTRICTIONS:		
Grants	75,000	
Contributions from CCCCCO		50,000
Net assets released from restriction	<u>(96,388)</u>	
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	<u>(21,388)</u>	<u>50,000</u>
INCREASE IN NET ASSETS	654,350	153,820
NET ASSETS, Beginning of year	<u>473,401</u>	<u>319,581</u>
NET ASSETS, End of year	<u>\$ 1,127,751</u>	<u>\$ 473,401</u>

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

STUDENT SENATE FOR CALIFORNIA COMMUNITY COLLEGES

STATEMENTS OF FUNCTIONAL EXPENSES YEARS ENDED JUNE 30, 2021 AND 2020

<u>2021</u>	<u>Program expenses</u>	<u>General and administrative</u>	<u>Total</u>
Personnel	\$ 148,462	\$ 37,115	\$ 185,577
Professional services	44,376	44,117	88,493
Meetings & conference	45,795		45,795
Stipends	43,440		43,440
Office expense	4,973	14,601	19,574
Travel	15,789		15,789
Computers & equipment		1,664	1,664
Miscellaneous expenses	<u>2,917</u>	<u>2,883</u>	<u>5,800</u>
Total	<u>\$ 305,752</u>	<u>\$ 100,380</u>	<u>\$ 406,132</u>

<u>2020</u>	<u>Program expenses</u>	<u>General and administrative</u>	<u>Total</u>
Professional services	\$ 105,195	\$ 81,776	\$ 186,971
Meetings & conference	52,040		52,040
Stipends	33,880		33,880
Office expense	730	6,768	7,498
Travel	49,234		49,234
Miscellaneous expenses	<u>11,427</u>	<u>3,486</u>	<u>14,913</u>
Total	<u>\$ 252,506</u>	<u>\$ 92,030</u>	<u>\$ 344,536</u>

STUDENT SENATE FOR CALIFORNIA COMMUNITY COLLEGES

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 654,350	\$ 153,820
Reconciliation to net cash provided (used) by operating activities:		
Changes in:		
Accounts receivable	118,362	(152,993)
Prepaid expenses	(9,345)	
Funds held by CCCCCO	122,577	(50,898)
Accounts payable and accrued expenses	32,403	(5,197)
Net cash provided (used) by operating activities	<u>918,347</u>	<u>(55,268)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	918,347	(55,268)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>185,813</u>	<u>241,081</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 1,104,160</u>	<u>\$ 185,813</u>

STUDENT SENATE FOR CALIFORNIA COMMUNITY COLLEGES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Student Senate for California Community Colleges (Student Senate) is a nonprofit corporation that endeavors to improve student access, promote student success, engage and empower local student leaders, and enrich the collegiate experience for all California community college students. The Student Senate represents about 2.4 million community college students of the California Community College System in state-level shared governance and legislative advocacy, and fulfills responsibilities regarding student representation, collaboration, accountability, communication, and strategic advocacy.

During 2017, the Student Senate entered into a Memorandum of Understanding (MOU) with the California Community College Chancellor's Office (CCCCO) and the Board of Governors of the California Community Colleges (BOG) to authorize the Student Senate to operate as the official statewide community college student organization pursuant to California Education Code Section 76060.5, and to establish the terms and conditions of that relationship. The 2017 MOU was updated in 2020 to "establish the conditions under which the Student Senate will continue to operate as the statewide community college student organization recognized by the Board of Governors."

The MOU provides that Student Senate will be eligible to receive student representation fees collected by CCCCCO by meeting certain obligations and addressing goals identified in the MOU. In addition to such fees, the CCCCCO will provide Student Senate with an annual financial contribution until April 15, 2021, intended to help Student Senate reach its goals, so long as they are not used for legislative or lobbying activity.

The BOG and/or CCCCCO has sole custody of student representation fees until the prescribed disbursement date of April 15, as long as Student Senate satisfies the requirements of the Education Code set forth in the MOU. The BOG and/or CCCCCO retains 15% of student representation fees as contingency reserve funds. The contingency reserve funds may only be used by Student Senate upon written approval by the Chancellor of the CCCCCO and was terminated April 2021.

Basis of accounting and financial statement presentation – The financial statements are prepared on the accrual basis of accounting and in conformity with professional standards applicable to not-for-profit entities. The Student Senate reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Revenue recognition – Student representation fees are collected by CCCCCO for spring and fall semesters, but the final accounting and disbursement to Student Senate does not occur until April 15 of the year following such collection. Accordingly, such fees are not recognized as revenue until received by Student Senate.

The Student Senate's revenue generated from contracts with customers consists of conference fees. Revenues are recognized when the related event occurs. Funds received in advance of being earned are recorded as deferred revenue, which represents a contract liability. Receivables from contracts with customers are \$1,800, \$29,000, and \$12,058 as of June 30, 2021, 2020, and 2019, respectively.

STUDENT SENATE FOR CALIFORNIA COMMUNITY COLLEGES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

Contributions from CCCCCO are recognized in full when received or unconditionally promised, in accordance with professional standards. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. All contributions are considered available for unrestricted use unless specifically restricted by donors for future periods or specific purposes. Donor-restricted amounts are reported as increases in net assets with donor restrictions. Net assets with donor restrictions become unrestricted, and are reported in the statements of activities as net assets released from restrictions, when the time restrictions expire or the contributions are used for the restricted purpose.

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

The Student Senate maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. The Student Senate's deposits held with financial institutions in excess of federal depository insurance limits were \$854,160 as of June 30, 2021. The cash balance at June 30, 2020 did not exceed the federally insured limits. The Student Senate has not experienced any losses in such accounts. Management believes the Student Senate is not exposed to any significant credit risk related to cash.

Receivables – Accounts receivable consist primarily of outstanding contributions from CCCCCO promised to Student Senate. All contributions are expected to be received within one year.

Income taxes – The Student Senate is exempt from income taxes under Internal Revenue Code Section 501(c)(3).

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses – The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expense present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Professional services and personnel expenses are allocated based on estimates of time and effort. All other expenses are recorded on a direct expense basis.

Subsequent events have been evaluated through March 3, 2022, the date the financial statements were issued. Management concluded that no material subsequent events have occurred since June 30, 2021 that require recognition or disclosure in the financial statements.

STUDENT SENATE FOR CALIFORNIA COMMUNITY COLLEGES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditures within one year of the statement of financial position date, are comprised of the following at June 30:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,104,160	\$ 185,813
Accounts receivable	<u>46,689</u>	<u>165,051</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 1,150,849</u>	<u>\$ 350,864</u>

As part of the Student Senate's liquidity management strategy, financial assets are structured to be available as general expenditures, liabilities, and other obligations come due. Additionally, the Student Senate invests cash in short-term highly liquid investments and money market accounts.

3. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows as of June 30:

	<u>2021</u>	<u>2020</u>
Financial Aid Coalition and strengthen technological capacity	\$ 28,612	
Executive Director's salary		<u>\$ 50,000</u>
Total net assets with donor restrictions	<u>\$ 28,612</u>	<u>\$ 50,000</u>

4. MANAGEMENT SERVICES AGREEMENT

In 2017, the Student Senate entered into an agreement with the Foundation for California Community Colleges (FCCC) to obtain management services. Such services include assistance with leadership development, planning, budgeting and fiscal management, website development, risk management, human resources consulting, and other services.

The term of the agreement coincides with the MOU terms between Student Senate and CCCCCO. Fees paid to FCCC for the year ended June 30, 2020 totaled \$24,128. This service agreement was terminated in April 2020.

5. RISKS AND UNCERTAINTIES

As a result of the ongoing COVID-19 pandemic, economic uncertainties have arisen which could have a negative impact on the Student Senate through business disruption or decreases in revenue. While the impact is expected to be temporary, there is considerable uncertainty around the duration of the impact. Therefore, the potential impact cannot be reasonably estimated at this time.