

**STUDENT SENATE FOR
CALIFORNIA COMMUNITY
COLLEGES**

**FINANCIAL STATEMENTS WITH
INDEPENDENT ACCOUNTANT'S
REVIEW REPORT**

YEAR ENDED JUNE 30, 2018

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

We have reviewed the accompanying financial statements of Student Senate for California Community Colleges, which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the financial statements that are free from material misstatements whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Gilbert Associates, Inc.

**GILBERT ASSOCIATES, INC.
Sacramento, California**

February 27, 2019

STUDENT SENATE FOR CALIFORNIA COMMUNITY COLLEGES

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2018

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 261,463
Prepaid expenses	<u>5,500</u>
Total current assets	266,963

FUNDS HELD BY CCCCCO

49,268

TOTAL ASSETS

\$ 316,231

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	<u>\$ 16,718</u>
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NET ASSETS, UNRESTRICTED:

Undesignated	250,245
Contingency reserve	<u>49,268</u>
Total net assets, unrestricted	<u>299,513</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 316,231

STUDENT SENATE FOR CALIFORNIA COMMUNITY COLLEGES

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2018

REVENUES:

Student representation fees	\$ 242,216
Conference fees	<u>72,786</u>
Total revenues	<u>315,002</u>

EXPENSES:

Program expenses	57,284
General and administrative	<u>44,453</u>
Total expenses	<u>101,737</u>

INCREASE IN NET ASSETS 213,265

NET ASSETS, Beginning of year 86,248

NET ASSETS, End of year \$ 299,513

STUDENT SENATE FOR CALIFORNIA COMMUNITY COLLEGES

STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in net assets	\$ 213,265
Reconciliation to net cash provided by operating activities:	
Changes in:	
Student representation fees receivable from CCCCCO	86,248
Prepaid expenses	(5,500)
Funds held by CCCCCO	(49,268)
Accounts payable	<u>16,718</u>
Net cash provided by operating activities	<u>261,463</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	261,463
CASH AND CASH EQUIVALENTS, Beginning of year	<u>0</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 261,463</u>

STUDENT SENATE FOR CALIFORNIA COMMUNITY COLLEGES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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 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 intended to help Student Senate reach its goals, so long as they are not used for legislative or lobbying activity. Once the Student Senate reaches \$1 million in student representation fees in any given fiscal year, the CCCCCO's contributions will end beginning in the following fiscal year. No such contribution occurred in 2018.

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.

Student representation fees totaling \$86,248 were awarded to Student Senate in 2017, however, the actual cash transfer occurred in 2018. The award is reflected in net assets as of June 30, 2017.

Basis of presentation – The financial statements are prepared on the accrual basis of accounting and in conformity with professional standards applicable to not-for-profit entities.

Revenue recognition – The CCCCCO collects student representation fees 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. Other revenues are recognized when earned.

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 has not experienced any losses in such accounts. Management believes the Student Senate is not exposed to any significant credit risk related to cash.

STUDENT SENATE FOR CALIFORNIA COMMUNITY COLLEGES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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 providing the programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and activities based on estimated usage of resources and management services.

Subsequent events have been evaluated through February 27, 2019, the date of the independent accountant's review report. Management concluded that no material subsequent events have occurred since June 30, 2018 that require recognition or disclosure in the financial statements.

2. MANAGEMENT SERVICES AGREEMENT

In 2017, the Student Senate entered into a management services 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.

Initial fees during Student Senate's start-up period range from \$2,000-\$4,000 per month. Once this period has been determined to be complete, ongoing services will bear a fee of 15% of Student Senate's total expenses. Additional fees may be assessed for other services which may be requested. The term of the agreement coincides with the MOU terms between Student Senate and CCCC. Fees paid to FCCC for the year ended June 30, 2018 totaled \$36,000.