

WEST VALLEY-MISSION FEDERATION OF TEACHERS, AFT LOCAL 6554

Consolidated Financial Statements

For the Year Ended May 31, 2018

(With Independent Accountant's Review Report Thereon)

WEST VALLEY-MISSION FEDERATION OF TEACHERS, AFT LOCAL 6554

CONSOLIDATED FINANCIAL STATEMENTS

MAY 31, 2018

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Rita C. Villa
Certified Public Accountant

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

West Valley-Mission Federation of Teachers, AFT Local 6554:

I have reviewed the accompanying consolidated financial statements of the West Valley-Mission Federation of Teachers, AFT Local 6554 (the "Federation") as of May 31, 2018 which comprise the consolidated statement of financial position as of May 31, 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Federation's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, I do not express such an opinion.

Management's Responsibility for the 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

My 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 me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the consolidated financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

Accountant's Conclusion

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

Rita C. Villa

September 30, 2018

WEST VALLEY-MISSION FEDERATION OF TEACHERS, AFT LOCAL 6554
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
MAY 31, 2018

	<u>General Fund</u>	<u>COPE Fund</u>	<u>Total</u>
ASSETS:			
CURRENT ASSETS:			
Cash and cash equivalents	\$312,691	\$30,381	\$343,072
Accounts receivable (Note 3)	71,240		71,240
Prepayments	<u>1,907</u>	<u> </u>	<u>1,907</u>
Total Current Assets	385,838	30,381	416,219
Furniture & Equipment (net)	<u>318</u>	<u> </u>	<u>318</u>
Total Assets	<u>\$386,156</u>	<u>\$30,381</u>	<u>\$416,537</u>
LIABILITIES AND NET ASSETS:			
CURRENT LIABILITIES:			
Owed to Affiliates	\$31,680	(\$1,386)	\$30,294
Accrued expenses (Note 4)	<u>210</u>	<u>312</u>	<u>522</u>
Total Current Liabilities	<u>31,890</u>	<u>(1,074)</u>	<u>30,816</u>
NET ASSETS:			
Unrestricted net assets	<u>354,266</u>	<u>31,455</u>	<u>385,721</u>
Total Net Assets	<u>354,266</u>	<u>31,455</u>	<u>385,721</u>
Total Liabilities and Net Assets	<u>\$386,156</u>	<u>\$30,381</u>	<u>\$416,537</u>

See accompanying notes and independent accountant's review report.

WEST VALLEY-MISSION FEDERATION OF TEACHERS, AFT LOCAL 6554
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED MAY 31, 2018

	<u>General Fund</u>	<u>COPE Fund</u>	<u>Total</u>
REVENUES:			
Dues & fees	\$580,215		\$580,215
Affiliate funding	70,972		70,972
Interest	28		28
Voluntary contributions	<u> </u>	<u>\$14,761</u>	<u>14,761</u>
Total income	<u>651,215</u>	<u>14,761</u>	<u>665,976</u>
EXPENSES:			
Affiliate per capita taxes	365,324		365,324
Office	3,605		3,605
Depreciation	849		849
Conferences and meetings	7,711		7,711
Member insurance	2,755		2,755
Personnel costs	199,796		199,796
Legal	12,519		12,519
Accounting	7,800		7,800
Political expenditures		9,149	9,149
Good & welfare	<u>500</u>	<u> </u>	<u>500</u>
Total expenses	<u>600,859</u>	<u>9,149</u>	<u>610,008</u>
Change in net assets	50,356	5,612	55,968
NET ASSETS - beginning	<u>303,910</u>	<u>25,843</u>	<u>329,753</u>
NET ASSETS - ending	<u>\$354,266</u>	<u>\$31,455</u>	<u>\$385,721</u>

See accompanying notes and independent accountant's review report.

**WEST VALLEY-MISSION FEDERATION OF TEACHERS, AFT LOCAL 6554
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MAY 31, 2018**

	<u>General Fund</u>	<u>COPE Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Increase in net assets	\$50,356	\$5,612	\$55,968
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation	849		849
Increase in accounts receivable	(24,248)	(239)	(24,487)
Increase in owed to affiliates	938		938
Increase in prepayments	(1,907)		(1,907)
Increase/(decrease) in accrued expenses	<u>(953)</u>	<u>165</u>	<u>(788)</u>
Net cash (used)/provided by operating activities	<u>25,035</u>	<u>5,538</u>	<u>30,573</u>
CASH AT BEGINNING OF YEAR	<u>287,656</u>	<u>24,843</u>	<u>312,499</u>
CASH AT END OF YEAR	<u>\$312,691</u>	<u>\$30,381</u>	<u>\$343,072</u>

See accompanying notes and independent accountant's review report.

WEST VALLEY-MISSION FEDERATION OF TEACHERS, AFT LOCAL 6554
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2018

1. ORGANIZATIONAL PURPOSE

The West Valley-Mission Federation of Teachers, Local 6554 (the "Federation"), formerly known as the Association of College Educators, was formed to: (i) secure full trade union rights, including the rights to exclusive recognition and collective bargaining, for all employees who are eligible for membership; (ii) advance the economic, social, and political well-being of the membership; (iii) obtain for members their rightful voice in shaping educational policy and establishing the conditions under which they work; (iv) encourage communication, mutual understanding, cooperation, transparency, and accountability to and among membership; (v) promote the interests of students and communities who are served by the membership; (vi) promote the advancement of community college education at the local, state and national level; (vii) promote the effectiveness and quality of the institutions in which our members work and (viii) promote democracy, equality, social justice and trade unionism in society at large. On December 1, 2015, the Federation affiliated with the American Federation of Teachers as Local 6554. It also affiliated with the California Federation of Teachers and the AFL-CIO. The Federation is the exclusive bargaining agent for all full and part-time faculty employees, counselors, nurses, librarians, and relevant substitute employees of the West Valley-Mission Community College District.

2. ACCOUNTING POLICIES

(a) Fund Accounting and Principles of Consolidation

To ensure observance of limitations and restrictions placed on the use of resources available to the Federation, the accounts of the Federation are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund. All significant inter-fund transactions have been eliminated in consolidation.

The assets, liabilities and net assets of the Federation are reported in two self-balancing, unrestricted net asset fund groups. (1) The COPE Fund is a committee of political education formed for the purpose of making contributions to candidates and to proposition-ballot measures. This Fund is administered through a Board of Directors comprised of members of the Federation. (2) The General Fund records all activity of the Federation that is not related to the COPE Fund. All of the assets of the General Fund and COPE Fund are unrestricted.

(b) Financial Statement Presentation

The consolidated financial statements of the Federation report the amounts for each of three distinct classes of net assets and changes therein - permanently restricted net assets, temporarily restricted net assets and unrestricted net assets - based on the existence or absence of donor-imposed restrictions. The Federation had no permanently or temporarily restricted assets for the year ended May 31, 2018.

WEST VALLEY-MISSION FEDERATION OF TEACHERS, AFT LOCAL 6554
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2018

The accompanying financial statements have been prepared on the accrual basis of accounting. Revenue is recognized when earned. Expenses are recognized when incurred.

The primary source of revenue of the Federation is the dues paid by its members. Revenue is recognized on the accrual basis. The dues for members have been established at the rate of 1.2% of gross earnings.

(c) Cash Equivalents

The Federation defines cash equivalents as short-term, highly liquid (maturing in 90 days) instruments that are readily convertible to cash.

(d) Depreciation

Equipment purchases over \$500 are capitalized. Depreciation is computed by using the straight-line method over the estimated useful lives of the assets.

(e) Income Taxes

The Federation is exempt from federal income taxes under Section 501(c)(5) of the Internal Revenue Code and state franchise taxes under Section 23701(a) of the Revenue and Taxation Code of the State of California.

(f) Use of Estimates

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect certain amounts and disclosures in the financial statements. The nature of those estimates is such that actual results could differ from those estimates.

3. ACCOUNTS RECEIVABLE

General Fund accounts receivable at May 31, 2018 consisted of dues and fees collected by the District of \$51,781 and Affiliate Funding of \$19,459.

4. ACCRUED EXPENSES

Accrued expenses consisted of trade payables at May 31, 2018.

5. SUPPLEMENTAL CASH FLOW DISCLOSURES

The Federation paid no interest or income taxes for the year ended May 31, 2018.

WEST VALLEY-MISSION FEDERATION OF TEACHERS, AFT LOCAL 6554
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2018

6. CONTINGENCIES

The Federation maintains various bank accounts which from time to time have balances which exceed the amount guaranteed by the Federal Deposit Insurance Corporation coverage limit. At May 31, 2018, the aggregate balance in such accounts was \$262,687 of which \$12,687 exceeded the insured limit.

7. SUBSEQUENT EVENTS

The Federation has evaluated subsequent events through September 30, 2018, the date the financial statements were available to be issued.