

**LOS RIOS COLLEGE FEDERATION OF TEACHERS  
LOCAL 2279**

**FINANCIAL STATEMENTS**

**JUNE 30, 2010 and 2011**

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To the Board of Directors  
Los Rios College Federation of Teachers  
Local 2279  
Sacramento, CA 95816

### INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statements of assets, liabilities and net assets, modified cash basis, of the Los Rios College Federation of Teachers, Local 2279 (a California non profit labor union) as of June 30, 2010 and 2011 and the related statements of support, revenue, and expenses, modified cash basis, for the year then ended. These financial statements are the responsibility of the management of Los Rios College Federation of Teachers, Local 2279. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the over all financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1(b), the Union prepares the financial statements on the modified cash basis, which is comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly in all material respects, the assets, liabilities, and net assets of the Los Rios College Federation of Teachers, Local 2279 at June 30, 2010 and 2011, and revenue, expenses and changes in net assets for the year then ended, on the basis of accounting described in Note 1b.

Allen Monahan, CPA  
Rancho Cucamonga, CA 91701  
August 15, 2011

**LOS RIOS COLLEGE FEDERATION OF TEACHERS  
LOCAL 2279  
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS  
MODIFIED CASH BASIS  
JUNE 30, 2010 and 2011**

**ASSETS**

	<u>June 30, 2010</u>	<u>June 30, 2011</u>
<b>Current Assets</b>		
Checking Wells Fargo (Note 2)	\$ 569,620	\$ 345,143
Certificates of Deposit (Note 3)	<u>557,590</u>	<u>585,819</u>
Total Current Assets	1,127,210	930,962
<b>Property and Equipment</b>		
Land	290,433	290,433
Building	405,798	405,798
Building Improvements	126,327	126,327
Furniture and Equipment	78,995	75,645
Accumulated Depreciation (Note 1c)	<u>( 125,364)</u>	<u>( 162,108)</u>
Total Property and Equipment	776,189	736,095
Total Assets	<u>\$ 1,903,399</u>	<u>\$ 1,667,057</u>

**LIABILITIES AND NET ASSETS**

	<u>June 30, 2010</u>	<u>June 30, 2011</u>
<b>Liabilities</b>		
Accounts Payable (Note 4)	\$ 26,189	\$ 35,940
Mortgage Payable (Note 5)	<u>280,850</u>	<u>000</u>
Total Liabilities	307,039	35,940
<b>Net Assets</b>		
Net Assets	<u>1,596,360</u>	<u>1,631,117</u>
Total Liabilities and Net Assets	<u>\$ 1,903,399</u>	<u>\$ 1,667,057</u>

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

**LOS RIOS COLLEGE FEDERATION OF TEACHERS  
LOCAL 2279  
STATEMENT OF SUPPORT, REVENUE AND EXPENSES  
MODIFIED CASH BASIS  
For the year ended June 30, 2010 and 2011**

<b>REVENUE</b>	<u>June 30, 2010</u>	<u>June 30, 2011</u>
Dues and Agency Fees	\$ 1,511,233	\$ 1,469,642
Staff Funding from CFT/AFT	189,943	200,451
Investment Gain	14,947	8,789
Total Revenue	<u>\$ 1,716,123</u>	<u>\$ 1,678,882</u>
<b>EXPENSES</b>		
Insurance	\$ 12,014	\$ 10,839
Advertising and Promotions	10,684	14,427
Per Capita Tax	1,008,428	984,901
Dues and Subscriptions	1,042	4,897
Legal	54,010	18,011
Education	25,383	28,982
Printing	7,054	10,166
Accounting	11,406	11,769
Equipment and Furniture	5,990	7,363
Miscellaneous	38	156
Parking	6,316	6,300
License, Taxes & Fees	9,667	9,061
Postage	3,775	2,702
Repairs and Maintenance	25,880	16,789
Telecommunications	11,479	14,244
Supplies	6,515	7,338
Utilities	3,685	3,657
Depreciation	42,930	39,895
Interest Expense (Note 5)	24,918	18,212
Janitorial and Yard Services	5,235	5,680
Entertainment - Meals	10,502	13,031
Staff Development	545	180
Travel/Conferences/Conventions	58,181	70,823
Executive Board Meeting	5,854	4,948
College Fund	2,218	2,599
Automobile	1,135	1,355
Retirement Benefits	29,387	30,430
Salary Reimbursement	40,846	102,070
Worker's Comprehensive Insurance	2,269	3,642
Payroll Taxes	13,433	14,280
Wages	177,540	185,378
Total Expenses	<u>1,618,359</u>	<u>1,644,125</u>
Increase in Net Assets	97,764	34,757
Beginning Net Assets	1,498,596	1,596,360
Ending Net Assets	<u>\$ 1,596,360</u>	<u>\$ 1,631,117</u>

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

**LOS RIOS COLLEGE FEDERATION OF TEACHERS  
LOCAL 2279  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

Note 1.

**Summary of Significant Accounting Policies**

- (a) **Activity:** The Los Rios College Federation of Teachers, Local 2279, a California nonprofit labor union, provides representation to full and part time teachers employed in the Los Rios Community College District. The District is made up of four colleges; Sacramento City College, American River College, Cosumnes River College and Folsom Lake College.

The Local is affiliated with the American Federation of Teachers (AFT), the California Federation of Teachers (CFT), and the Sacramento Central Labor Council. A portion of dues and agency fees, known as per capita payments, are paid to these affiliated organizations. The CFT reimburses approximately 36 percent of the per capita payments to the Local for professional staff salaries and benefits.

- (b) **Modified Cash Basis** accounting has been used in the preparation of the financial statements. Modified cash basis is a comprehensive basis of accounting other than generally accepted accounting principles. Although this basis may recognize certain accruals, revenue and related assets are generally recognized when received rather than when earned, and expenses are generally recognized when paid rather than when the obligation is incurred. A statement of Cash Flows is not required in presentations on the modified cash basis of accounting.
- (c) **Property and Equipment:** Land, Building, Furniture and Equipment improvements are stated at cost. Depreciation is determined for related groups of assets under the straight-line method, based upon their estimated useful lives. Minor renewals or replacements, maintenance and repairs are expensed. Major replacements and improvements that extend the life or service of the asset are capitalized.
- (d) **Use of Estimates** and assumptions have been made by management in the preparation of these financial statements. These affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported accounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- (e) **Certain Significant Estimates** include accruals based on historical performance, contingent liabilities, valuation of assets, liabilities and expense.

**LOS RIOS COLLEGE FEDERATION OF TEACHERS  
LOCAL 2279  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

- Note 2.     **Checking - Wells Fargo**  
The Union maintains a general checking account at Wells Fargo Bank. The purpose of this account is to receive all dues and contribution revenue and disburse operational expenses of the Union, including payroll. At June 30, 2011 the Local carried a balance of \$345,143.
- Note 3.     **Certificates of Deposit**  
As of June 30, 2011 the Union carried a balance of \$585,819 in a Wells Fargo Advantage Money Market Fund.
- Note 4.     **Accounts Payable**  
Members are allocated a given numbers of hours that they can work for the Union. When an individual exceeds the allotment, he/she is not paid. The amount is accrued to this account payable. In a later period when the individual falls short of the full allotment, the remainder balance hours can be filled with payment from the LRCFT liability. If no such 'short' period arises, the individual will wait until retirement to collect the accrued earnings.
- Note 5.     **Mortgage payable**  
During November 2006 the Los Rios College Federation of Teachers purchased a building to office the Local. On June 15, 2007 the Local occupied the premises. The Mortgage Payable represented a loan o th ebuilding. The applicable rate was 6.50%. On June 29, 2011 LRCFT paid off the mortgage in full.
- Note 6.     **Income Tax**  
No provision for income tax has been made since the Los Rios College Federation of Teachers, Local 2279, is a nonprofit labor union and tax-exempt organization under I.R.S Code Section 501(c)(5) and California F.T.B. Revenue and Taxation Code Section 23701a.