

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

**FINANCIAL STATEMENTS**

**JUNE 30, 2010 and 2009**

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To the Executive Board  
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, 2009 and 2010 and the related statements of support, revenue, and expenses, modified cash basis, for the years then ended. These financial statements are the responsibility of the management of the 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 2009, and revenue, expenses and changes in net assets for the years then ended, on the basis of accounting described in Note 1b.

Allen Monahan, CPA  
Rancho Cucamonga, CA 91701  
August 27, 2010

**LOS RIOS COLLEGE FEDERATION OF TEACHERS  
LOCAL 2279  
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS  
MODIFIED CASH BASIS  
JUNE 30, 2010 and 2009**

**ASSETS**

<b>Current Assets</b>	<u><b>June 30, 2010</b></u>	<u><b>June 30, 2009</b></u>
Checking Wells Fargo (Note 2)	\$ 569,620	\$ 562,127
Certificates of Deposit (Note 3)	<u>557,590</u>	<u>542,644</u>
Total Current Assets	1,127,210	1,104,771
<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	78,995
Accumulated Depreciation (Note 1c)	<u>( 125,364)</u>	<u>( 82,434)</u>
Total Property and Equipment	776,189	819,119
Total Assets	<u>\$ 1,903,399</u>	<u>\$ 1,923,890</u>

**LIABILITIES AND NET ASSETS**

<b>Liabilities</b>	<u><b>June 30, 2008</b></u>	<u><b>June 30, 2009</b></u>
Accounts Payable (Note 4)	\$ 26,189	\$ 37,379
Mortgage Payable (Note 5)	<u>280,850</u>	<u>387,915</u>
Total Liabilities	307,039	425,294
<b>Net Assets</b>		
Net Assets	<u>1,596,360</u>	<u>1,498,596</u>
Total Liabilities and Net Assets	<u>\$ 1,903,399</u>	<u>\$ 1,923,890</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 2009

<b>REVENUE</b>	<u>6/30/2010</u>	<u>6/30/2009</u>
Dues and Agency Fees	\$ 1,511,233	\$ 1,495,446
Staff Funding from CFT/AFT	189,943	179,323
Interest Income	14,947	1,310
Total Revenue	<u>\$ 1,716,123</u>	<u>\$ 1,676,079</u>
 <b>EXPENSES</b>		
Insurance	\$ 12,014	\$ 11,373
Advertising and Promotions	10,684	21,545
Per Capita Tax	1,008,428	809,285
Dues and Subscriptions	1,042	1,746
Legal	54,010	36,847
Education	25,383	18,573
Printing	7,054	6,193
Accounting	11,406	12,157
Equipment and Furniture	5,990	4,161
Miscellaneous	38	300
Parking	6,316	5,808
License, Taxes & Fees	9,667	9,550
Postage	3,775	3,699
Rent	-	2,471
Repairs and Maintenance (Note 6)	25,880	14,247
Telecommunications	11,479	21,707
Supplies	6,515	7,431
Utilities	3,685	3,584
Depreciation	42,930	42,645
Loss on Disposition of Assets	-	4,770
Interest Expense (Note 5)	24,918	30,200
Janitorial and Yard Services	5,235	5,314
Entertainment - Meals	10,502	11,401
Staff Development	545	2,729
Travel/Conferences/Conventions	58,181	44,580
Executive Board Meeting	5,854	5,476
College Fund	2,218	3,318
Automobile	1,135	4,255
Retirement Benefits	29,387	26,033
Salary Reimbursement	40,846	36,213
Worker's Comprehensive Insurance	2,269	2,492
Payroll Taxes	13,433	12,894
Wages	177,540	179,194
Total Expenses	<u>1,618,359</u>	<u>1,402,191</u>
Increase in Net Assets	97,764	273,888
Beginning Net Assets	1,498,596	1,224,708
Ending Net Assets	<u><u>\$ 1,596,360</u></u>	<u><u>\$ 1,498,596</u></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, 2010**

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, 2010**

- 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, 2010 the Local carried a balance of \$569,620.
- Note 3.     **Certificates of Deposit**  
As of June 30, 2009 the Union carried a balance of \$557,590 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 represents a loan on the building. The current rate is 6.50%.
- Note 6.     **Repairs and Maintenance**  
In the 2009-2010 year, material water damage occurred within the office building accounting for the material increase in repairs.
- Note 7.     **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.