

ALL FACULTY ASSOCIATION

Financial Statements

June 30, 2017

(With Independent Auditor's Report)

GIBSON & COMPANY, INC.

CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT

Executive Council
ALL FACULTY ASSOCIATION

We have audited the accompanying financial statements of All Faculty Association (a nonprofit corporation) which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and changes in net assets and cash flows for the year 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 audit. We conducted our 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of All Faculty Association as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenses (Schedule 1) is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

GIBSON & COMPANY, INC.
CERTIFIED PUBLIC ACCOUNTANT
Gibson & Company, Inc.
Certified Public Accountant

December 20, 2017
Sacramento, California

ALL FACULTY ASSOCIATION

Statement of Financial Position

June 30, 2017

Assets

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Current Assets:			
Cash	\$ 274,000	3,826	277,826
Prepaid expenses	3,835	-0-	3,835
Miscellaneous receivable	184	-0-	184
Deposits	<u>162</u>	<u>-0-</u>	<u>162</u>
Total Current Assets	278,181	3,826	282,007
Equipment (Note 2):			
Equipment	21,194	-0-	21,194
Accumulated depreciation	<u>(15,800)</u>	<u>-0-</u>	<u>(15,800)</u>
Net Equipment	<u>5,394</u>	<u>-0-</u>	<u>5,394</u>
Total Assets	<u>\$ 283,575</u>	<u>3,826</u>	<u>287,401</u>

See the accompanying notes to financial statements

ALL FACULTY ASSOCIATION

Statement of Financial Position

June 30, 2017

Liabilities and Net Assets

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Current Liabilities:			
Accounts payable	\$ 5,492	-0-	5,492
Accrued payroll and related liabilities	<u>1,448</u>	<u>-0-</u>	<u>1,448</u>
Total Current and Total Liabilities	6,940	-0-	6,940
Net Assets:			
Unrestricted:			
General Operating	271,241	-0-	271,241
Equipment	<u>5,394</u>	<u>-0-</u>	<u>5,394</u>
Total Unrestricted	276,635	-0-	276,635
Temporarily Restricted:			
Political action	<u>-0-</u>	<u>3,826</u>	<u>3,826</u>
Total Temporarily Restricted	<u>-0-</u>	<u>3,826</u>	<u>3,826</u>
Total Net Assets	<u>276,635</u>	<u>3,826</u>	<u>280,461</u>
Total Liabilities and Net Assets	<u>\$ 283,575</u>	<u>3,826</u>	<u>287,401</u>

ALL FACULTY ASSOCIATION

Statements of Activities and Changes in Net Assets

For the Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue:			
Dues and fees	\$ 379,021	-0-	379,021
Interest	252	3	255
Net assets released from restrictions:			
Satisfaction of program restrictions	2,302	(2,302)	-0-
Total Revenue	<u>381,575</u>	<u>(2,299)</u>	<u>379,276</u>
Expenses:			
General Operations:			
Payroll and related expenses	47,752	-0-	47,752
General and administrative expenses	283,688	-0-	283,688
Total General Operating Expenses	<u>331,440</u>	<u>-0-</u>	<u>331,440</u>
Political action:			
General and administrative expenses	<u>2,300</u>	<u>-0-</u>	<u>2,300</u>
Total Political Action Expenses	<u>2,300</u>	<u>-0-</u>	<u>2,300</u>
Total Expenses	<u>333,740</u>	<u>-0-</u>	<u>333,740</u>
Change in Net Assets	47,835	(2,299)	45,536
Net Assets, Beginning of Year	<u>228,800</u>	<u>6,125</u>	<u>234,925</u>
Net Assets, End of Year	<u>\$ 276,635</u>	<u>3,826</u>	<u>280,461</u>

See the accompanying notes to financial statements

ALL FACULTY ASSOCIATION

Statements of Cash Flows

For the Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Unrestricted</u>	<u>Total</u>
Cash Flows From Operating Activities:			
Change in net assets	\$ 47,835	(2,299)	45,536
Adjustments to reconcile change in net assets to net cash provided by operations:			
Depreciation	1,304	-0-	1,304
(Increase) decrease in:			
Prepaid expenses	(59)	-0-	(59)
Miscellaneous receivables	(184)	-0-	(184)
Deposit	(1)	-0-	(1)
Increase (decrease) in:			
Accounts payable	(15,478)	-0-	(15,478)
Accrued payroll and related liabilities	(664)	-0-	(664)
	<u>(15,082)</u>	<u>-0-</u>	<u>(15,082)</u>
Total adjustments			
Net Cash Provided (Used) By Operating Activities	<u>32,753</u>	<u>(2,299)</u>	<u>30,454</u>
Cash Flows From Investing Activities:			
Purchase of property and equipment	<u>(2,195)</u>	<u>-0-</u>	<u>(2,195)</u>
Net Cash Used By Investing Activities	<u>(2,195)</u>	<u>-0-</u>	<u>(2,195)</u>
Cash Flows From Financing Activities:			
Net Cash Used By Financing Activities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net Increase (Decrease) in Cash	30,558	(2,299)	28,259
Cash at Beginning of Year	<u>243,442</u>	<u>6,125</u>	<u>249,567</u>
Cash at End of Year	<u>\$ 274,000</u>	<u>3,826</u>	<u>277,826</u>

See the accompanying notes to financial statements

ALL FACULTY ASSOCIATION

Notes to Financial Statements

June 30, 2017

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a. Nature and Purpose of the Association

All Faculty Association's purpose is to represent members in the following matters: salary, benefits, working conditions, assistance in filing and pursuing employee grievances, legal representation on both an individual and class basis, and technical assistance in matters of job classification. Dues and fee revenue is derived solely from representing full-time and part-time faculty members at Santa Rosa Junior College. This bargaining agreement expires June 30, 2017.

b. Description of Net Assets

The books of account and financial statements of the Association reflect the accrual method of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Association and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. Unrestricted Net Assets-Equipment represents the carrying value of property and equipment.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Association and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Association. Generally, the donors of these assets permit the Association to use all or part of the income earned on any related investments for general or specific purposes.

At June 30, 2017, the Association had only unrestricted and temporarily restricted net assets.

ALL FACULTY ASSOCIATION

Notes to Financial Statements

June 30, 2017

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

c. Income

Dues and fees are collected from members and fee payors by payroll deduction. Dues, fees, interest income, and other income are recognized when earned.

d. Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

e. Equipment

Purchased equipment having an extended useful life are capitalized as equipment at cost. Maintenance and repair costs are charged to expenses as incurred. Replacements and Capital improvements over \$300 are charged to the equipment account. All donated assets are recorded at fair market value at the time of receipt. Depreciation for equipment is recorded using the straight-line method over a period of five to seven years.

f. Incorporation/Income Taxes

The Corporation is organized pursuant to the General Non-Profit Law of the State of California and is exempt from Federal and State income taxes under the provisions of I.R.C. Section 501(c)(5) and California Revenue and Taxation Code Section 23701A, therefore no provision has been made for current or deferred income taxes. Income from certain activities not directly related to the Organization's tax exempt purpose is subject to taxation as unrelated business income. The corporation uses the same accounting methods for tax and financial reporting.

g. Statement of Cash Flows

For purposes of the statement of cash flows, the Association considers all short term investments with an original maturity of three months or less to be cash equivalents.

ALL FACULTY ASSOCIATION

Notes to Financial Statements

June 30, 2017

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

h. Estimates

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

i. Date of Management's Review

Management has evaluated subsequent events through December 20, 2017, the date on which the financial statements were available to be issued.

(2) PROPERTY AND EQUIPMENT:

At June 30, 2017, property and equipment is comprised of the following:

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>Property and Equipment</u>				
Office furniture and equipment	\$ 11,171	-0-	5,431	5,740
Computer equipment	<u>11,027</u>	<u>4,427</u>	<u>-0-</u>	<u>15,454</u>
Total Property and Equipment	22,198	<u>4,427</u>	<u>5,431</u>	21,194
<u>Accumulated Depreciation</u>				
Office furniture and equipment	7,099	436	3,199	4,336
Computer equipment	<u>10,596</u>	<u>868</u>	<u>-0-</u>	<u>11,464</u>
Total Accumulated Depreciation	<u>17,695</u>	<u>1,304</u>	<u>3,199</u>	<u>15,800</u>
Net Book Value	<u>\$ 4,503</u>			<u>5,394</u>

Depreciation expense for the year ended June 30, 2017 was \$1,304.

ALL FACULTY ASSOCIATION

Notes to Financial Statements

June 30, 2017

(3) FUNCTIONAL ALLOCATION OF EXPENSES:

Program services	\$ 284,475
Supporting services	<u>46,965</u>
Total expenses	<u>\$ 331,440</u>

Certain costs have been allocated among the programs and supporting services benefited.

ALL FACULTY ASSOCIATION

Schedules of Expenses

For the Year Ended June 30, 2017

	<u>General Operations</u>	<u>Political Action</u>	<u>Total</u>
Payroll and Related Expenses:			
Salaries	\$ 43,485	-0-	43,485
Payroll taxes	3,865	-0-	3,865
Worker's compensation insurance	402	-0-	402
Total payroll and related expenses	<u>\$ 47,752</u>	<u>-0-</u>	<u>47,752</u>
General and Administrative Expenses:			
Conferences and travel	\$ 7,095	-0-	7,095
Depreciation	1,304	-0-	1,304
Professional fees, other	5,500	-0-	5,500
Equipment rental and maintenance	332	-0-	332
Recognitions & awards	200	-0-	200
Events	1,628	-0-	1,628
Liability insurance	4,493	-0-	4,493
Accounting fees	9,420	-0-	9,420
Legal fees	7,264	-0-	7,264
Office supplies	577	-0-	577
Professional dues	77,811	-0-	77,811
Reassigned time	136,134	-0-	136,134
Rent	5,388	-0-	5,388
State taxes	10	-0-	10
Telephone	22	-0-	22
AFDAF	22,611	-0-	22,611
Subscriptions	823	-0-	823
Computer Supplies	480	-0-	480
Education and training	2,546	-0-	2,546
Stipends	50	-0-	50
Contributions	<u>-0-</u>	<u>2,300</u>	<u>2,300</u>
Total General and Administrative Expenses	<u>\$ 283,688</u>	<u>2,300</u>	<u>285,988</u>