

CUESTA COLLEGE FEDERATION OF TEACHERS, LOCAL 4909

Financial Statements

For the Year Ended June 30, 2008

(With Auditor's Report Thereon)

CUESTA COLLEGE FEDERATION OF TEACHERS, LOCAL 4909

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2008

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Rita C. Villa
Certified Public Accountant

Independent Auditor's Report

Cuesta College Federation of Teachers, Local 4909

I have audited the accompanying consolidated statement of financial position of the Cuesta College Federation of Teachers, Local 4909 (the "Federation") as of June 30, 2008, and the related consolidated statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Federation's management. My responsibility is to express an opinion on this statement based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Cuesta College Federation of Teachers, Local 4909 as of June 30, 2008, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Rita C. Villa

January 16, 2009

CUESTA COLLEGE FEDERATION OF TEACHERS, LOCAL 4909
STATEMENT OF CONSOLIDATED FINANCIAL POSITION
JUNE 30, 2008

ASSETS

	<u>General Fund</u>	<u>COPE Fund</u>	<u>Total</u>
CURRENT ASSETS			
Cash and cash equivalents	\$37,515	\$ 957	\$38,472
Accounts receivable (Note 3)	<u>67,659</u>	<u> </u>	<u>67,659</u>
Total Current Assets	105,174	957	106,131
FIXED ASSETS: (Note 2)			
Property and equipment	1,297		1,297
Accumulated depreciation	<u>270</u>		<u>270</u>
Total Fixed Assets	<u>1,027</u>	<u> </u>	<u>1,027</u>
Total Assets	<u>\$106,201</u>	<u>\$ 957</u>	<u>\$107,158</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable (Note 4)	<u>\$ 81,407</u>	<u>\$ 81,407</u>
Total Current Liabilities	<u>81,407</u>	<u>81,407</u>

NET ASSETS:

Unrestricted net assets	<u>24,794</u>	<u>957</u>	<u>25,751</u>
Total Net Assets	<u>24,794</u>	<u>957</u>	<u>25,751</u>
Total Liabilities and Net Assets	<u>\$106,201</u>	<u>\$ 957</u>	<u>\$107,158</u>

See independent auditor's report and accompanying notes.

CUESTA COLLEGE FEDERATION OF TEACHERS, LOCAL 4909
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008

	<u>General Fund</u>	<u>COPE Fund</u>	<u>Total</u>
REVENUES:			
Dues and fees	\$208,128		\$208,128
Interest	1,159		1,159
Voluntary contributions		\$1,080	1,080
Affiliate rebates and funding	<u>103,078</u>	<u> </u>	<u>103,078</u>
Total income	<u>312,365</u>	<u>1,080</u>	<u>313,445</u>
EXPENSES:			
Affiliate per capita taxes	125,529		125,529
Legal fees	172,979		172,979
Accounting	6,150		6,150
Conferences and meetings	3,669		3,669
Negotiations	716		716
Member insurance	1,765		1,765
Stipends & organizational leave	24,434		24,434
Political expenditures	31	2,575	2,606
Printing and reproduction	88		88
Depreciation	270		270
Office	318		318
Good and welfare	1,325		1,325
Communications	<u>2,100</u>	<u> </u>	<u>2,100</u>
Total expenses	<u>339,374</u>	<u>2,575</u>	<u>341,949</u>
Change in net assets	(27,009)	(1,495)	(28,504)
NET ASSETS - beginning	<u>51,803</u>	<u>2,452</u>	<u>54,255</u>
NET ASSETS - ending	<u>\$ 24,794</u>	<u>\$ 957</u>	<u>\$ 25,751</u>

See independent auditor's report and accompanying notes.

CUESTA COLLEGE FEDERATION OF TEACHERS, LOCAL 4909
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2008

	<u>General Fund</u>	<u>COPE Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Decrease in net assets	\$ (27,009)	\$(1,495)	\$ (28,504)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:			
Depreciation	270		270
Increase in accounts receivable	(63,669)		(63,669)
Decrease in prepayments	5,241		5,241
Increase in accounts payable	<u>80,812</u>	<u> </u>	<u>80,812</u>
Net cash provided (used) by operating activities	<u>(4,355)</u>	<u>(1,495)</u>	<u>(5,850)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed assets	<u>(1,297)</u>		<u>(1,297)</u>
Net cash used by investing activities	<u>(1,297)</u>	<u> </u>	<u>(1,297)</u>
Net decrease in cash	<u>(5,652)</u>	<u>(1,495)</u>	<u>(7,147)</u>
CASH AT BEGINNING OF YEAR	<u>43,167</u>	<u>2,452</u>	<u>45,619</u>
CASH AT END OF YEAR	<u><u>\$37,515</u></u>	<u><u>\$ 957</u></u>	<u><u>\$38,472</u></u>

See independent auditor's report and accompanying notes.

CUESTA COLLEGE FEDERATION OF TEACHERS, LOCAL 4909
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

1. ORGANIZATIONAL PURPOSE

The Cuesta College Federation of Teachers (the "Federation") was formed to support (i) quality education in the San Luis Obispo County Community College District (the "District") and (ii) the professional interests of faculty members employed by the District. The Federation is Local 4909 of the American Federation of Teachers (the "AFT") and is affiliated with the California Federation of Teachers (the "CFT"), the California Labor Federation and the Tri-Counties Central Labor Council. The Federation is the exclusive bargaining agent for the faculty members of the District. The District has approximately 500 such employees.

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 the officers 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 June 30, 2008.

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 annual dues are 1.2% of gross salary. No dues are paid during summer school.

CUESTA COLLEGE FEDERATION OF TEACHERS, LOCAL 4909
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

(c) Property and Equipment

Purchased equipment is stated at cost. Depreciation is computed using the straight-line method over 3 years.

(d) Cash Equivalents

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

(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

Accounts receivable are amounts due from the AFT and CFT for legal defense grants and from the CFT for staff funding grants.

4. ACCOUNTS PAYABLE

Accounts payable consisted of legal expenses owed at June 30, 2008.

5. SUPPLEMENTAL CASH FLOW DISCLOSURES

The Federation paid no interest or income taxes for the year ended June 30, 2008.