

COAST FEDERATION OF EDUCATORS, LOCAL 1911

Financial Statements

For the Year Ended August 31, 2020

(With Independent Accountant's Review Report Thereon)

COAST FEDERATION OF EDUCATORS, LOCAL 1911

FINANCIAL STATEMENTS

AUGUST 31, 2020

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Rita C. Villa
Certified Public Accountant

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Executive Board
Coast Federation of Educators, Local 1911:

I have reviewed the accompanying financial statements of the Coast Federation of Educators, Local 1911 (the "Federation") which comprise the statement of financial position as of August 31, 2020, and the related statements of changes in net assets without donor restrictions and cash flows for the year then ended, and the related notes to the 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 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 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 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 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 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Rita C. Villa

November 19, 2020

COAST FEDERATION OF EDUCATORS, LOCAL 1911
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2020

ASSETS:

CURRENT ASSETS:

Cash and cash equivalents	\$1,038,189
Accounts receivable (Note 3)	<u>78,266</u>
Total Current Assets	<u>1,116,455</u>

FIXED ASSETS:

Office equipment	13,853
Accumulated depreciation	<u>(12,484)</u>
Total Fixed Assets	<u>1,369</u>
Total Assets	<u><u>\$1,117,824</u></u>

LIABILITIES AND NET ASSETS:

CURRENT LIABILITIES:

Owed to Affiliates	\$28,850
Accrued expenses (Note 4)	<u>3,616</u>
Total Current Liabilities	<u>32,466</u>

NET ASSETS:

Without donor restrictions	<u>1,085,358</u>
Total Net Assets	<u>1,085,358</u>
Total Liabilities and Net Assets	<u><u>\$1,117,824</u></u>

See accompanying notes and independent accountant's review report.

**COAST FEDERATION OF EDUCATORS, LOCAL 1911
STATEMENT OF CHANGES IN NET ASSETS
WITHOUT DONOR RESTRICTIONS
YEAR ENDED AUGUST 31, 2020**

REVENUES WITHOUT DONOR RESTRICTIONS:

Faculty dues	\$701,149
Interest Income	1,293
Affiliate payments	<u>65,421</u>
Total income	<u>767,863</u>

EXPENSES:

Affiliate per capita taxes	357,267
Legal & professional	20,070
Office	3,836
Representation	1,280
Conferences and meetings	4,815
Personnel costs	211,827
Depreciation	378
Equipment	6,238
Good & Welfare	7,226
Member benefits	<u>12,462</u>
Total expenses	<u>625,399</u>

Change in net assets without donor restrictions	142,464
NET ASSETS - beginning	<u>942,894</u>
NET ASSETS - ending	<u><u>\$1,085,358</u></u>

See accompanying notes and independent accountant's review report.

**COAST FEDERATION OF EDUCATORS, LOCAL 1911
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2020**

**CASH FLOWS FROM
OPERATING ACTIVITIES:**

Increase in net assets	\$142,464
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	378
Decrease in accounts receivable	5,918
Increase in owed to Affiliates	2,714
Decrease in accrued expenses	<u>(1,320)</u>
Net cash provided by operating activities	<u>150,154</u>
Net increase in cash	150,154
CASH AT BEGINNING OF YEAR	<u>888,035</u>
CASH AT END OF YEAR	<u><u>\$1,038,189</u></u>

See accompanying notes and independent accountant's review report.

COAST FEDERATION OF EDUCATORS, LOCAL 1911
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2020

1. ORGANIZATIONAL PURPOSE

The Coast Federation of Educators (the "Federation") was formed to advance the status of teachers and of education in general in the Coast Community College District (the "District"), state and nation. Specific objectives of the Federation include: raising the standards of education by advancing the economic and professional interests of its members, obtaining for faculty all the rights and benefits to which they are entitled, promoting the welfare of students by providing progressively better educational opportunities, regardless of race, color, creed, sex and social, political or economic status, advocating and continuously working on a program of action which reflects the professional objectives and needs of the faculty and initiating and supporting state legislation to benefit students and educational employees of the State of California. The Federation is Local 1911 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 Orange County Central Labor Council, AFL-CIO. The Federation is the exclusive bargaining agent for the certificated employees of the District working more than 50% of a full-time load. The Federation has approximately 550 members.

2. ACCOUNTING POLICIES

(a) Fund Accounting and Financial Statement Presentation

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. The assets, liabilities and net assets of the Federation are reported in one self-balancing fund. None of the assets of the General Fund is subject to donor restrictions.

(b) Financial Statement Presentation

The financial statements of the Federation report the amounts for each of two distinct classes of net assets and changes therein - net assets with donor restrictions and net assets without donor restrictions - based on the existence or absence of donor-imposed restrictions. The Federation had no net assets with donor restrictions for the year ended August 31, 2020.

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 for full-time members are equal to the cost of the unified dues of all affiliations, plus 0.7% of base salary.

COAST FEDERATION OF EDUCATORS, LOCAL 1911
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2020

(c) Cash Equivalents and Liquidity

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

The Federation has \$1,116,455 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash and equivalents of \$1,038,189, and accounts receivable of \$78,266. None of the financial assets is subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the balance sheet date. The Federation has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, as part of its liquidity management, the Federation invests cash in excess of daily requirements in various short-term investments, savings and money market accounts.

(d) Accumulated Vacation

The Federation accrues vacation expense on its clerical employee.

(e) Office Equipment and Depreciation

Asset acquisitions greater than \$500 are capitalized. Depreciation on equipment was computed by using the straight-line method over the estimated useful life of the asset.

(f) 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.

(g) Retirement Plans

The Federation matched full-time employees' contributions to Simple-IRA plans up to a maximum of 3% of compensation. The Federation made retirement plan contributions of \$4,919 during the year ended August 31, 2020.

(h) Leased Equipment

The Federation has leased office equipment with a commitment of \$3,587 for the years ending August 31, 2021 through 2022 and \$598 for the year ending August 31, 2023.

(i) 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.

COAST FEDERATION OF EDUCATORS, LOCAL 1911
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2020

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of amounts due from the CFT of \$17,293 and dues collected by the District of \$60,973 at August 31, 2020.

4. ACCRUED EXPENSES

Accrued expenses consisted of trade payables at August 31, 2020.

5. RISKS AND UNCERTAINTIES

The Federation maintains various credit union and bank accounts which from time to time have balances which exceed the amount guaranteed by the National Credit Union Administration or the Federal Deposit Insurance Corporation coverage limits. At August 31, 2020, the aggregate balance in such accounts was \$788,622 of which \$288,622 exceeded the insured limit.

6. FUNCTIONAL EXPENSES

The Federation's exclusive function is to serve as collective bargaining agent for certificated employees of the District working more than 50% of a full-time load. The table below presents expenses by both their nature and function. Representational expenses and expenses related to internal and external communications about contract negotiations, improvement of working conditions and other matters directly related to collective bargaining have been classified as program expenses. Other expenses not directly related to the Federation's function as bargaining agent have been classified as support expenses.

	Program	Support	Total
Affiliate per capita taxes	\$357,267		\$357,267
Personnel	190,644	\$21,183	211,827
Legal and professional	12,070	8,000	20,070
Conferences & meetings	6,095		6,095
Member benefits	12,462		12,462
Political and social		7,226	7,226
Administrative	<u> </u>	<u>10,452</u>	<u>10,452</u>
Total expenses	<u>\$578,538</u>	<u>\$46,861</u>	<u>\$625,399</u>

COAST FEDERATION OF EDUCATORS, LOCAL 1911
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2020

7. SUPPLEMENTAL CASH FLOW DISCLOSURES

The Federation paid \$64 of interest but no income taxes for the year ended August 31, 2020.

8. SUBSEQUENT EVENTS

The Federation has evaluated subsequent events through November 19, 2020, the date the financial statements were available to be issued.