

**THE FINANCIAL STATEMENT AND  
SUPPLEMENTAL INFORMATION OF  
SIERRA COLLEGE FACULTY ASSOCIATION  
FOR THE YEAR ENDED  
AUGUST 31, 2015**

## ***INDEPENDENT AUDITORS' REPORT***

To the Executive Board  
**Sierra College Faculty Association**

We have audited the accompanying financial statement of **Sierra College Faculty Association** (a nonprofit organization), which comprises the statement of cash receipts and disbursements for the year ended August 31, 2015, and the related notes to the financial statement.

### **Management's Responsibility for the Financial Statement**

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash receipts and disbursements basis of accounting as described in Note 2; this includes determining that the cash receipts and disbursement basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on this financial statement 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 statement of cash receipts and disbursements is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement of cash receipts and disbursements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the statement of cash receipts and disbursements, 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 statement.

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 statement of cash receipts and disbursements referred to above presents fairly, in all material respects, the cash receipts and disbursements of **Sierra College Faculty Association** for the year ended August 31, 2015, on the basis of accounting described in Note 2.

### **Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. The supplemental information is presented for purposes of additional analysis and is not a required part of the financial statement. 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 statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, 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 statement as a whole.

### **Basis of Accounting**

We draw attention to Note 2 of the financial statement, which describes the basis of accounting. The financial statement is prepared on the cash receipts and disbursements basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

*Islip + Company, LLP*

Sacramento, California  
November 20, 2015

**SIERRA COLLEGE FACULTY ASSOCIATION**  
**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

Cash Receipts		
Membership dues		\$ 42,328
Interest income		54
		42,382
Cash Disbursements		
Accounting and auditing		3,231
Computer and website expense		120
Conferences and meetings		13,511
CTA Agency fee escrow		595
Donations		100
Events expense		705
Governance		2,537
Insurance		50
Mileage and travel		1,104
Newsletter		1,772
Office supplies/expense		216
Postage and delivery		711
Stipends		39,938
Taxes and licenses		10
		64,600
Net Change in Cash		(22,218)
Cash, Beginning of Period		136,209
<b>Cash, End of Period</b>		<b>\$ 113,991</b>

*See accompanying notes.*

## SIERRA COLLEGE FACULTY ASSOCIATION

### NOTES TO FINANCIAL STATEMENT AUGUST 31, 2015

#### NOTE 1 - ORGANIZATION AND TAX STATUS

**Sierra College Faculty Association** is a not-for-profit organization affiliated with the California Teachers Association (CTA) and the National Education Association (NEA). All dues are received from members through The General School Fund. The purpose of the Association is to promote and improve the working conditions of member teachers in the Sierra College faculty.

**Sierra College Faculty Association** is exempt from income taxes under Internal Revenue Code Section 501(c)(5) and corresponding California statute. The Association is subject to income taxes on any unrelated business income.

The Association's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending 2012, 2013, and 2014 are subject to examination by the IRS, generally for three years after they were filed.

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Method of Accounting** - The financial statement has been prepared using the cash receipts and disbursements basis of accounting. Revenue is recognized when received rather than when earned, and expenses are recognized when paid rather than when the obligation is incurred. Net assets are classified as unrestricted, temporarily restricted, or permanently restricted. Net assets are generally reported as unrestricted unless assets are received from donors with explicit stipulations that limit the use of the asset. The Association does not have any temporarily or permanently restricted net assets.

**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 these estimates.

#### NOTE 3 - FUNDING

The Association receives the majority of its revenue from member dues, which are unrestricted. In addition, CTA reimburses the Association for a portion of certain expenses, such as contract campaign expenses. Reimbursement generally occurs during the fiscal year after the expense is incurred.

**SIERRA COLLEGE FACULTY ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2015**

**NOTE 4 - CASH AND CASH EQUIVALENTS**

The Association considers bank deposits and certificates of deposit accounts to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value due to the short maturities of those financial instruments.

**NOTE 5 - CONCENTRATION OF CREDIT RISK**

The Organization maintains cash depository accounts with one financial institution. There was no cash that exceeded the maximum guarantee by the Federal Deposit Insurance Corporation (FDIC) of \$250,000 at August 31, 2015.

**NOTE 6 - AGENCY FEES**

The Association maintains an escrow account with CTA for the purpose of funding agency fee refunds to non-members. The amount of the deposit is determined based upon the number of non-members in the school district. Claims for agency fee refunds made by non-members are processed by CTA and paid out of the Association's CTA escrow account.

**NOTE 7 - EVALUATION OF SUBSEQUENT EVENTS**

The Association has evaluated subsequent events through November 20, 2015, the date which the financial statement was available to be issued.

***SUPPLEMENTAL INFORMATION***

**Sierra College Faculty Association AGENCY FEE CALCULATION**

This calculation is based on chapter expenditures for the 2014-2015 fiscal year.

**CHARGEABLE EXPENSES**

Office Expenses .....	\$ <u>2,869</u>
Staff Wages and Benefits .....	<u>-</u>
Negotiations/Stipends .....	<u>16,259</u>
Grievance Processing .....	<u>-</u>
Governance .....	<u>26,921</u>
Conferences/Workshops Relating Primarily to Representational Obligations .....	<u>14,615</u>
Communications .....	<u>-</u>
Legal Expenses Relating to Representational Obligations .....	<u>-</u>
Social Activities .....	<u>-</u>
Other Expenses Relating to Representational Obligations (List Major Categories on Attached Form) ..	<u>3,836</u>
 Total Chargeable Expenses .....	 <u>64,500</u>

**NON-CHARGEABLE EXPENSES**

Political Activities and Contributions .....	<u>-</u>
Legislative and Initiative Activities .....	<u>-</u>
Membership Recruitment/Members-Only Programs .....	<u>-</u>
Public Relations Designed to Enhance Teacher Image Generally .....	<u>-</u>
Charitable Contributions/Scholarships .....	<u>100</u>
Other Expenses Not Relating to Representational Obligations (List Major Categories of Expenditures on Attached Form) .....	<u>-</u>
Total Non-chargeable Expenses .....	<u>100</u>
<b>Total Expenses .....</b>	<b>\$ <u>64,600</u></b>

**PERCENTAGE CHARGEABLE EXPENSES .....** 99 %

**PERCENTAGE NON-CHARGEABLE EXPENSES .....** 1 %

*See independent auditors' report.*



**Sierra College Faculty Association**

**OTHER EXPENSES RELATING TO REPRESENTATIONAL OBLIGATIONS**

Describe each major expense category and amount below.

<u>DESCRIPTION</u>	<u>AMOUNT</u>
1. <u>Accounting and auditing</u>	<u>3,231</u>
2. <u>CTA agency fee escrow</u>	<u>595</u>
3. <u>Taxes and licenses</u>	<u>10</u>
4. _____	
5. _____	
6. _____	
7. _____	
8. _____	
9. _____	
<b>Total</b>	<b>\$ <u>3,836</u></b>

**OTHER EXPENSES NOT RELATING TO REPRESENTATIONAL OBLIGATIONS**

Describe each major expense category and amount below.

<u>DESCRIPTION</u>	<u>AMOUNT</u>
1. _____	
2. _____	
3. _____	
4. _____	
5. _____	
6. _____	
7. _____	
8. _____	
9. _____	
<b>Total</b>	<b>\$ <u>NONE</u></b>

*See independent auditors' report.*