

THE FINANCIAL STATEMENT OF
SIERRA COLLEGE FACULTY ASSOCIATION
FOR THE YEAR ENDED
AUGUST 31, 2018





ISLIP+ COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Executive Board
Sierra College Faculty Association

We have audited the accompanying financial statements of **Sierra College Faculty Association** (a nonprofit organization), which comprises the statement of assets, liabilities, and net assets - *modified cash basis* as of August 31, 2018, and the related statement of revenues, expenses and changes in net assets - *modified cash basis* for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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.

Auditors' 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 of 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 auditors' judgment, including 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 presents fairly, in all material respects, the assets, liabilities and net assets of **Sierra College Faculty Association** as of August 31, 2018, and its revenues and expenses for the year then ended in accordance with the modified cash basis of accounting described in Note 2.

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 modified cash 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 12, 2018

SIERRA COLLEGE FACULTY ASSOCIATION

STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS *MODIFIED CASH BASIS*

AUGUST 31, 2018

ASSETS

Current Assets

Cash in bank

\$ 59,880

Total current assets

59,880

Other Assets

-

TOTAL ASSETS

\$ 59,880

LIABILITIES AND NET ASSETS

Current Liabilities

None

\$ -

Total current liabilities

-

Net Assets

59,880

TOTAL LIABILITIES AND NET ASSETS

\$ 59,880

See accompanying notes.

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SIERRA COLLEGE FACULTY ASSOCIATION

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS *MODIFIED CASH BASIS* FOR THE YEAR ENDED AUGUST 31, 2018

Revenues		
Membership dues	\$	50,046
Interest income		27
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Total Revenues		50,073
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Expenses		
Accounting and auditing		3,445
Agency fee rebates (note 6)		676
Computer and website expense		291
Conferences and meetings		225
Governance		3,364
Faculty breakfast/events		6,799
Membership recruitment		2,439
Mileage and travel		854
Office supplies/expense		127
Postage and delivery		358
Stipends		48,708
Taxes and licenses		10
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Total Expenses		67,296
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Changes in Net Assets		(17,223)
Net Assets		
Beginning of year		77,103
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End of year	\$	59,880
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See accompanying notes.



SIERRA COLLEGE FACULTY ASSOCIATION

NOTES TO FINANCIAL STATEMENT AUGUST 31, 2018

NOTE 1 - NATURE OF ACTIVITIES 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 2015, 2016, and 2017 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 statements of the Association have been prepared on a modified cash basis. Accordingly, revenues are generally recognized when received rather than when earned and expenses are generally recognized when paid rather than when an obligation has been incurred. The Association does provide for depreciation of its capital assets. The modified cash basis of accounting used by the Association is not intended to present financial position or results of operations in conformity with generally accepted accounting principles. 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.

Property and Equipment - The Association capitalizes property and equipment over \$2,500. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from five to thirty years.

Maintenance and repairs are charged to expense when incurred. Expenditures for additions and improvements, where significant in amount, are capitalized.



SIERRA COLLEGE FACULTY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2018

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.

NOTE 4 - CONCENTRATION OF CREDIT RISK

The Association maintains cash accounts with one financial institution. The federal government, FDIC, guarantees cash up to \$250,000 for each institution. The Association has no cash deposits in excess of the maximum guaranteed at August 31, 2018.

NOTE 5 - AGENCY FEES

The Association maintained an escrow account with CTA for the purpose of funding agency fee refunds to non-members. The amount of the deposit was determined based upon the number of non-members in the school district. Claims for agency fee refunds made by non-members were processed by CTA and paid out of the Association's CTA escrow account. Due to the result of the Janus Decision that was issued on June 27, 2018, whereas the agency fees reporting are no longer required, CTA has issued refunds for 2017/2018 remaining escrow balances to each local chapter by November 1, 2018.

NOTE 6 - FINANCIAL STATEMENT PRESENTATION

Beginning fiscal year ended August 31, 2018, the financial statement presentation has been modified as a result of the Janus Decision that was issued on June 27, 2018, by the Supreme Court of the United States. This decision rendered the Agency Fee Calculation no longer necessary. Since all California Teachers Association (CTA) local chapters are still required to complete the annual Public Employment Relations Board (PERB) requirements, the Association's financial statements comprise the statement of assets, liabilities, and net assets - *modified cash basis* as of August 31, 2018, and the related statement of revenues, expenses and changes in net assets - *modified cash basis* for the year then ended.

NOTE 7 - EVALUATION OF SUBSEQUENT EVENTS

The Association has evaluated subsequent events through November 12, 2018, the date which the financial statement was available to be issued.

