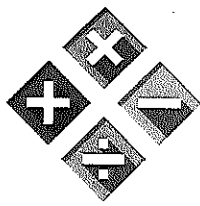


THE FINANCIAL STATEMENTS OF
WASHINGTON TEACHERS ASSOCIATION
FOR THE YEAR ENDED
AUGUST 31, 2018





ISLIP+ COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Executive Board
Washington Teachers Association

We have audited the accompanying financial statements of **Washington Teachers 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 Statements

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 3; 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 **Washington Teachers 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 3.

Basis of Accounting

We draw attention to Note 3 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 21, 2018



WASHINGTON TEACHERS ASSOCIATION

STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS MODIFIED CASH BASIS AUGUST 31, 2018

	<i>Unrestricted</i>	<i>Board- Restricted</i>	
	GENERAL FUND	SCHOLARSHIP/ IFT GRANTS FUND	TOTAL
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 70,853	\$ 24,116	\$ 94,969
Total current assets	70,853	24,116	94,969
Other Assets			
Prepaid credit card	1,166	-	1,166
TOTAL ASSETS	\$ 72,019	\$ 24,116	\$ 96,135
 LIABILITIES AND NET ASSETS			
Current Liabilities			
None	\$ -	\$ -	\$ -
Total current liabilities	-	-	-
Net Assets	72,019	24,116	96,135
TOTAL LIABILITIES AND NET ASSETS	\$ 72,019	\$ 24,116	\$ 96,135

See accompanying notes.



WASHINGTON TEACHERS ASSOCIATION

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

	<u>Unrestricted</u>	<u>Board- Restricted</u>	
	<u>GENERAL</u>	<u>SCHOLARSHIP/ IFT GRANTS</u>	
	<u>FUND</u>	<u>FUND</u>	<u>TOTAL</u>
Revenues			
Dues income	\$ 69,740	\$ -	\$ 69,740
Interest income	183	24	207
Other income/refunds	285	-	285
Scholarship donations	-	8,362	8,362
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Total Revenues	70,208	8,386	78,594
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Expenses			
Accounting and auditing	5,050	-	5,050
Activities and programs	6,559	-	6,559
Bargaining and negotiations	1,353	-	1,353
Computer and website design	337	-	337
Crisis assistance/legal	3,500	-	3,500
Donations/single member gifts	92	-	92
Employer payroll tax expense	1,142	-	1,142
Equipment rental-copier	1,897	-	1,897
General leadership	10,891	-	10,891
Insurance	1,129	-	1,129
Leadership conferences and workshops	6,125	-	6,125
Office rent	10,200	-	10,200
Officer stipends	1,000	-	1,000
Paper and supplies	264	-	264
Political Action expenses	4,200	-	4,200
Professional staff salary	11,000	-	11,000
Public relations	6,331	-	6,331
Scholarships and awards expense	-	15,210	15,210
Taxes and licenses	714	-	714
Telephone expense	4,373	-	4,373
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Total Expenses	76,157	15,210	91,367
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Changes in Net Assets	(5,949)	(6,824)	(12,773)
Net Assets-Beginning of Year	77,200	31,708	108,908
Interfund transfers	768	(768)	-
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Net Assets-End of Year	\$ 72,019	\$ 24,116	\$ 96,135
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See accompanying notes.



WASHINGTON TEACHERS ASSOCIATION

NOTES TO FINANCIAL STATEMENT AUGUST 31, 2018

NOTE 1 - NATURE OF ACTIVITIES

The **Washington Teachers 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 CTA. The purpose of the Association is to promote and improve the welfare and working conditions of members.

NOTE 2 - TAX STATUS

The **Washington Teachers Association** is a not-for-profit organization that is exempt from income tax under the Internal Revenue Code Section 501(c)(5) and corresponding California statute. The Association is subject to income taxes on any unrelated 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 3 - 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 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 those estimates.



WASHINGTON TEACHERS ASSOCIATION

NOTES TO FINANCIAL STATEMENT AUGUST 31, 2018

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

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.

Fund Accounting - To ensure observance of limitations and restrictions placed on the use of resources available to the Association, the accounts of the Association 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.

The Association reports two self-balancing fund groups as follows:

- **General funds** - which are unrestricted resources, represent the portion of expendable funds that are available for support of operations.
- **Scholarship funds/IFT (Institute for Teaching) Grant funds** - which are permanently restricted resources, represent separate voluntary expendable fund contributions for support of the WTA scholarship activities and expenses. IFT funds or Educator Grant funds were awarded on behalf of teachers who serve as fiscal agent to receive and distribute the IFT funds on behalf of this project.

NOTE 4 - CASH AND CASH EQUIVALENTS

The Association considers all highly liquid securities to be cash equivalents. The Association holds certificates of deposit which are considered cash and cash equivalents.

NOTE 5 - 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.

WASHINGTON TEACHERS ASSOCIATION

NOTES TO FINANCIAL STATEMENT AUGUST 31, 2018

NOTE 6 - 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 does not exceed the guaranteed amount at August 31, 2018.

NOTE 7 - 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 8 - 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 9 - EVALUATION OF SUBSEQUENT EVENTS

The Association has evaluated subsequent events through November 21, 2018, the date which the financial statement was available to be issued.

