

THE FINANCIAL STATEMENT AND  
SUPPLEMENTAL INFORMATION OF  
**WASHINGTON TEACHERS ASSOCIATION**  
FOR THE YEAR ENDED  
AUGUST 31, 2013

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

To the Executive Board  
**Washington Teachers Association**

We have audited the accompanying financial statement of **Washington Teachers Association** (a nonprofit organization), which comprise the statement of cash receipts and disbursements for the year ended August 31, 2013, 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 3; 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 **Washington Teachers Association** for the year ended August 31, 2013, on the basis of accounting described in Note 3.

## **Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. The agency fee calculation for the year ended August 31, 2013, 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 3 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  
February 7, 2014

# WASHINGTON TEACHERS ASSOCIATION

## STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS YEAR ENDED AUGUST 31, 2013

Cash Receipts		
Dues income	\$	58,440
Interest income		259
Scholarship fund income		1,154
		<hr/>
Total Cash Receipts		59,853
		<hr/>
Cash Disbursements		
Accounting and auditing		4,951
Activities and programs		6,739
Associate staff salaries		11,000
Bank fees and service charges		11
Bargaining and negotiations		290
Computer and website design		656
CTA escrow		162
Employer payroll tax expense		515
Equipment rental		2,702
General leadership		7,714
Insurance		763
Leadership conferences and workshops		6,568
Office rent		9,350
Officers stipends		1,000
Officers telephone expense		2,854
Paper and supplies		1,228
Political Action		3,700
Postage		302
Printing and duplicating		429
Public relations		4,050
Scholarship expense		1,000
Taxes and licenses		87
Telephone expense		2,069
		<hr/>
Total Cash Disbursements		68,140
		<hr/>
Net Change in Cash		(8,287)
Cash, Beginning of Period		118,040
		<hr/>
Cash, End of Period	\$	109,753
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*See accompany notes.*



# WASHINGTON TEACHERS ASSOCIATION

## NOTES TO FINANCIAL STATEMENT

AUGUST 31, 2013

### 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 2010, 2011, and 2012 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 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 those estimates.

### NOTE 4 - 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, 2013

### NOTE 5 - 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, 2013.

### 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 February 7, 2014, the date which the financial statement was available to be issued.

***SUPPLEMENTAL INFORMATION***

**Washington Teachers Association AGENCY FEE CALCULATION**

This calculation is based on chapter expenditures for the 2012-2013 fiscal year.

**CHARGEABLE EXPENSES**

Office Expenses .....	\$ 17,510
Staff Wages and Benefits .....	11,515
Negotiations .....	290
Grievance Processing .....	-
Governance .....	11,001
Conferences/Workshops Relating Primarily to	
Representational Obligations .....	13,874
Communications .....	-
Legal Expenses Relating to Representational	
Obligations .....	-
Social Activities .....	-
Other Expenses Relating to Representational	
Obligations (List Major Categories of Expenditures	
on Attached Form) .....	5,200
Total Chargeable Expenses .....	<u>59,390</u>

**NON-CHARGEABLE EXPENSES**

Political Activities and Contributions .....	3,700
Legislative and Initiative Activities .....	-
Membership Recruitment/Members-Only Programs .....	-
Public Relations Designed to Enhance Teacher	
Image Generally .....	4,050
Charitable Contributions/Scholarships .....	1,000
Other Expenses Not Relating to Representational	
Obligations (List Major Categories of Expenditures	
on Attached Form) .....	-
Total Non-chargeable Expenses .....	8,750
<b>Total Expenses</b> .....	<b><u>\$ 68,140</u></b>

**PERCENTAGE CHARGEABLE EXPENSES** ..... 87.2 %

**PERCENTAGE NON-CHARGEABLE EXPENSES** ..... 12.8 %

*See independent auditors' report.*



**Washington Teachers Association**

OTHER EXPENSES RELATING TO REPRESENTATIONAL OBLIGATIONS

Describe each major expense category and amount below.

<u>DESCRIPTION</u>	<u>AMOUNT</u>
1. Accounting and auditing	4,951
2. Taxes and licenses	87
3. CTA escrow expense	162
4.	
5.	
6.	
7.	
8.	
9.	
<b>Total</b>	<b>\$ <u>5,200</u></b>

OTHER EXPENSES NOT RELATING TO REPRESENTATIONAL OBLIGATIONS

<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.*