

WASHINGTON TEACHERS UNION LOCAL # 6

**FINANCIAL STATEMENTS
AND ACCOUNTANT'S REPORT**

JUNE 30, 2009 and JUNE 30, 2008

HALEY & ASSOCIATES, LLC

**CERTIFIED PUBLIC ACCOUNTANTS
BELTSVILLE, MARYLAND 20705**



WASHINGTON TEACHERS UNION LOCAL # 6

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FOR YEARS ENDED JUNE 30, 2009 & 2008

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HALEY & ASSOCIATES, LLC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Officers and Members
Washington Teachers Union Local # 6
Washington, DC

We have audited the accompanying balance sheet of Washington Teachers Union Local # 6 (a nonprofit organization) as of June 30, 2009 and June 30, 2008 and the related statements of financial activities, and cash flows for the years then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, as established 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Washington Teachers Union Local # 6 as of June 30, 2009 and June 30, 2008, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

October 20, 2009

Haley & Associates, LLC,
Certified Public Accountants

WASHINGTON TEACHERS UNION LOCAL # 6
Statement of Assets, Liabilities, and Net Assets
As of June 30, 2009 and 2008

EXHIBIT A

ASSETS

	2009	2008
<u>Current Assets:</u>		
Cash and Cash Equivalents	\$ 1,540,242	\$ 1,216,688
Other Current Assets - Prepaid Expenses	-	-
Total Current Assets	\$ 1,540,242	\$ 1,216,688
 <u>Other Assets:</u>		
Accounts Receivable	-	\$ 2,267
Furniture and Equipment (Net of Accumulated Depreciation)	50,596	46,595
Total Noncurrent Assets	\$ 50,596	\$ 48,863
Total Assets	\$ 1,590,838	\$ 1,265,550

Current Liabilities:

Accounts Payable	\$ 11,825	\$ -
Payroll, Withholdings & Accrued Vacation	182,148	156,420
Pension Plan Contribution	195,521	66,930
Due DCPS Release Time	781,189	389,851
Deferred Dues	-	195,099
Due Affiliate - Parent AFT (Note 3)	-	121,798
Total Current Liabilities	\$ 1,170,684	\$ 930,098

Net Assets:

Unrestricted:

Operating

Total Unrestricted Net Assets

Total Liabilities and Net Assets

	\$ 420,154	\$ 335,452
Total Liabilities and Net Assets	\$ 1,590,838	\$ 1,265,550

See Auditor's Report and Accompanying Notes to Financial Statements

WASHINGTON TEACHERS UNION LOCAL # 6
Statement of Revenues, Expenses, and Changes in Net Assets
For the Years Ended June 30, 2009 and June 30, 2008

EXHIBIT B

	2009	2008
<u>Revenue:</u>		
Member and Retiree Dues	\$ 3,013,277	\$ 3,133,951
Cost paid by AFT on behalf of the Washington Teachers Union	289,612	60,837
Optical and Dental Plan Contributions and Fees	174,962	177,887
Affiliate AFT Grants & Subsidy	487,414	62,940
COPE Contributions	10,683	12,224
Staff Development Fees	345,491	128,479
Legal Fee recovery	70,715	13,746
Interest	11,430	32,175
Miscellaneous Income	56,715	97,991
Total Revenue	\$ 4,460,299	\$ 3,720,230
<u>Expenses:</u>		
Salaries	\$ 1,308,138	\$ 1,298,619
Administrative cost paid directly by AFT on behalf of the Washington Teachers Union	289,612	60,837
Employee Benefits(see schedule page 5)	382,180	347,293
Administration (see schedule page 5)	927,976	594,802
Professional Fees	297,828	193,195
Meetings and Workshops	78,730	54,318
Affiliate - AFT Per Capita Tax	702,889	711,085
AFL-CIO and Other Per Capita Tax	47,535	44,338
Member Insurance Programs	22,551	29,073
Membership Services (see schedule page 6)	318,158	189,665
Total Expenses	\$ 4,375,597	\$ 3,523,225
 <u>Change in Net Assets</u>	 \$ 84,702	 \$ 197,004
Net Assets (Deficit) at Beginning of Year	\$ 335,452	\$ 138,448
Net Assets (Deficit) at End of Year	\$ 420,154	\$ 335,452

See Auditor's Report and Accompanying Notes to Financial Statements

WASHINGTON TEACHERS UNION LOCAL UNION # 6

EXHIBIT C

Statement of Cash Flows

For the Years Ending June 30, 2009 and June 30, 2008

	<u>2009</u>	<u>2008</u>
<u>Cash Flows from Operating Activities:</u>		
Change in Net Assets	\$ 84,702	\$ 392,103
<u>Adjustments to Reconcile Change in Net Assets to</u> <u>Net Cash Provided by Operating Activities:</u>		
Depreciation	15,620	15,648
<u>Changes in Operating Assets and Liabilities:</u>		
Decrease (Increase) in Receivables	2,267	126,251
Decrease (Increase) in Pre-Paid Expenses	-	-
Increase (Decrease) in Current Liabilities	240,586	(84,838)
Net Cash Provided by Operating Activities	<u>\$ 343,175</u>	<u>\$ 449,165</u>
<u>Cash Flows from Investing Activities:</u>		
Purchase of Furniture and Equipment, net of adjustments	(19,620)	(39,308)
Net Cash from Investing Activities	<u>(19,620)</u>	<u>(39,308)</u>
Net Increase (Decrease) In Cash and Cash Equivalents	<u>\$ 323,554</u>	<u>\$ 409,857</u>
Cash and Cash Equivalents at Beginning of Year	<u>\$ 1,216,688</u>	<u>\$ 806,831</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 1,540,242</u></u>	<u><u>\$ 1,216,688</u></u>

See Auditor's Report and Accompanying Notes to the Financial Statements

WASHINGTON TEACHERS UNION LOCAL # 6
Supplementary Schedules - Audit
For the Years Ended June 30, 2009 and June 30, 2008

	<u>2009</u>	<u>2008</u>
<u>Schedule of Employee Benefits:</u>		
Health Insurance	\$ 46,591	\$ 41,765
Life and Disability Insurance	13,163	12,686
Automobile Allowance and Insurance	50,200	47,050
Parking	49,068	44,576
Pension	140,606	123,371
Employment Taxes	78,566	75,868
Meals and Other Travel	3,986	1,977
	<u>\$ 382,180</u>	<u>\$ 347,293</u>

<u>Schedule of Administrative Expenses:</u>		
Office Rent	\$ 205,176	\$ 261,529
Supplies	37,896	29,439
Postage and Delivery	30,240	29,921
Telephone	60,028	61,125
Software/Computer Expenses	820	12,043
Printing & Publications	29,628	62,003
Office Equipment Leases	20,017	31,469
Office Repairs and Maintenance and Expensed Equipment	10,764	7,175
Office Cleaning	-	1,775
Contributions	10,220	11,950
Payroll Processing Fees	4,222	3,600
Promotional	443,565	1,315
Temporary Services	210	-
Office Insurance	12,465	11,469
Depreciation	15,620	15,648
Interest, Taxes and Other	47,106	54,341
	<u>\$ 927,976</u>	<u>\$ 594,802</u>

See Auditor's Report and Accompanying Notes to Financial Statements

Washington Teachers Union Local # 6
NOTES TO FINANCIAL STATEMENTS

NOTE A - ORGANIZATION AND NATURE OF BUSINESS

Washington Teachers Union Local # 6 was chartered in 1916 under the laws of the District of Columbia as a non-stock, nonprofit organization for the purpose of representing public teachers in the District of Columbia.

Please refer to the Union Constitution and By-Laws for a complete description of their mission statement and purpose.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

Washington Teachers Union Local # 6 (the Union) follows the accrual basis of accounting and principles of nonprofit accounting to comply with restrictions placed on contributions by donors. All assets, liabilities, and activities are classified for accounting and reporting purposes in accordance with Statement of Financial Accounting Standards (SFAS) No. 117 of the Financial Accounting Standards Board, *Financial Statements of Not-for-Profit Organizations*. All financial transactions have been recorded according to the three classes of net assets described in SFAS No. 117 - unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Union has no temporarily or permanently restricted net assets.

2. Income Taxes

Washington Teachers Union Local # 6 is a labor organization exempt from taxes under section 501(c)(5) of the Internal Revenue Code. There is no provision for income taxes in these financial statements. The Union annually files with the Internal Revenue Service form 990 *Return of Organization Exempt from Income Tax*. This form is open to public inspection. Management represents that there are no activities that would generate unrelated business income tax. The most recent tax examination did not affect the organization's tax exempt status.

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Washington Teachers Union Local # 6
NOTES TO FINANCIAL STATEMENTS – CONTINUED

3. Related Party Activity

Prior to the fiscal year ending June 30, 2009 the Union completed its final payment to the American Federation of Teachers (AFT) for Per Capita tax in arrears. As of June 30, 2008 the union owed \$121,798. WTU and AFT agreed to a 48-month non-interest payment plan.

The AFT has also provided administrative services assistance to the local at no charge. The AFT paid on behalf of the Washington Teachers Union \$ 289,612 during the year ending June 30, 2009 and \$60,837 year ending June 30, 2008. The Union recorded an in-kind revenue and expense amount for these services.

The AFT also provided direct grants and subsidies aid to the Union in the amount of \$487,414 in the year-ending June 30, 2009 and \$62,940 during the year ending June 30, 2008.

4. Depreciation

Depreciation is provided in amounts sufficient to relate the cost of the depreciable assets to operations over its useful life using the straight-line method. During the year ended June 30, 2009 the depreciation was \$15,620 and \$15,648 in 2008. The Union did not maintain a listing of fixed assets prior to July 1, 2005, accordingly all pre-existing furniture and fixtures was assumed to be fully depreciated a manual inventory was conducted to include in these financial statements, during the year ended June 30, 2009.

Furniture & Equipment (at cost):	\$259,410
Accumulated Depreciation:	<u>(208,814)</u>
Net Furniture & Equipment:	<u>\$ 50,596</u>

5. Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

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Washington Teachers Union Local # 6
NOTES TO FINANCIAL STATEMENTS – CONTINUED

6. Commitments

The Union has entered into a new lease for the office space 1825 K Street N.W. Washington DC, the lease is scheduled to expire on June 30, 2010 and the following represent the minimum future lease payments, exclusive of escalation clauses:

<u>Year</u>	<u>Amount</u>
2010	<u>\$ 83,040</u>
Total	<u>\$ 83,040</u>

7. Retirement Plans

The Organization participates in a defined contribution retirement plan for all full time employees and officers. The plan requires monthly contributions in the amount of 11.1% of salary. During the year ended June 30, 2009 the contributions were \$140,606 and year ending June 30, 2008 the contributions were \$123,371. The plan maintains an unfunded liability of \$61,170 for former officers and employees that embezzled funds from the Union. These amounts are being withheld as a potential restitution

8. Contingencies

According to the Organization's legal counsel the fund is involved in no litigation that would require disclosure in the financial statements.

9. Compensated Absences

The Union provides vacation, severance and sick leave to employees based on longevity. As of June 30, 2009 and 2008 the amounts of accrued leave liabilities were \$ 182,399 and \$ 149,005 respectively.

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Washington Teachers Union Local # 6
NOTES TO FINANCIAL STATEMENTS – CONTINUED

10. Post-Employment Health Care Obligations

The union does not provide health care benefits to employees upon separation of employment, other than what is required under COBRA, accordingly, there is no accrued liability for post-employment healthcare obligations as required under SFAS #106.

11. Credit Risk

As of June 30, 2009 and at other periods through the fiscal year the Union maintained cash balances in checking and money market accounts that exceeded the FDIC limit for any one financial institution. Management has not experienced any loss nor do they expect that the deposits will be a credit risk.

The Union had the following adjusted account balances at Amalgamated Bank on June 30, 2009:

Account Type	Amount
(Operating) Commercial Checking & Sweep	\$ 580,189
1 Month Certificate of Deposit	\$ 326,667
(Member Svc) Commercial Checking	\$ 2,575
3 Month Certificate of Deposit	\$ 603,189
(COPE) Commercial Checking	\$ 26,411
Escrow Savings	\$ 911
	\$ 1,539,942

12. Subsequent Events

Subsequent to the fiscal year end the organization entered into an agreement to purchase a property located at 2120 Bladensburg Road, NE Washington, DC. The property will serve as the Unions headquarters. This agreement is subject to financing and other terms.