

WASHINGTON TEACHERS UNION LOCAL # 6

**FINANCIAL STATEMENTS
AND ACCOUNTANT'S REPORT**

JUNE 30, 2010 and JUNE 30, 2009

HALEY & ASSOCIATES, LLC

**CERTIFIED PUBLIC ACCOUNTANTS
BELTSVILLE, MARYLAND 20705**



WASHINGTON TEACHERS UNION LOCAL # 6

TABLE OF CONTENTS

FOR YEARS ENDED JUNE 30, 2010 & 2009

CONTENTS

	<u>Reference</u>
Report of Independent Auditors	1
Exhibit "A" - Statement of Assets, Liabilities And Net Assets	2
Exhibit "B" - Statement of Revenue, Expenses And Changes in Net Assets	3
Exhibit "C" – Statement of Cash Flows	4
Exhibit – Supplementary Statement of Expenses	5 - 6
Notes to Financial Statements	7- 10

5000 Sunnyside Avenue, Suite 300
Beltsville, Maryland 20705

Phone (301) 595-5600
Fax (301) 937-0187

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, 2010 and June 30, 2009 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, 2010 and June 30, 2009, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

September 13, 2010


Haley & Associates, LLC,
Certified Public Accountants

WASHINGTON TEACHERS UNION LOCAL # 6

EXHIBIT A

Statement of Assets, Liabilities, and Net Assets**As of June 30, 2010 and 2009**

ASSETS	2010	2009
<u>Current Assets:</u>		
Cash and Cash Equivalents	\$ 1,684,683	\$ 1,540,242
Total Current Assets	\$ 1,684,683	\$ 1,540,242
<u>Other Assets:</u>		
Accounts Receivable	\$ 647,204	\$ -
Prepaid Expenses	\$ 6,920	
Furniture and Equipment (Net of Accumulated Depreciation)	45,363	50,596
Total Noncurrent Assets	\$ 699,487	\$ 50,596
 Total Assets	 \$ 2,384,170	 \$ 1,590,838
 <u>Current Liabilities:</u>		
Accounts Payable	\$ -	\$ 11,825
Payroll, Withholdings & Accrued Vacation	222,063	182,148
Pension Plan Contribution	64,721	195,521
Due DCPS Release Time	952,311	781,189
Due Affiliate - Parent AFT (Note 4)	-	-
Total Current Liabilities	\$ 1,239,095	\$ 1,170,683
 <u>Net Assets:</u>		
Unrestricted:		
Operating		
Total Unrestricted Net Assets	\$ 1,145,075	\$ 420,155
 Total Liabilities and Net Assets	 \$ 2,384,170	 \$ 1,590,838

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, 2010 and June 30, 2009

EXHIBIT B

	2010	2009
<u>Revenue:</u>		
Member and Retiree Dues	\$ 3,178,393	\$ 3,013,277
Cost paid by AFT on behalf of the Washington Teachers Union	229,559	289,612
Optical and Dental Plan Contributions and Fees	201,756	174,962
Affiliate AFT Grants & Subsidy	683,811	487,414
COPE Contributions	9,080	10,683
Staff Development Fees	51,313	345,491
Legal Fee recovery	84,006	70,715
Interest	7,979	11,430
Retroactive Salary Reimbursement	591,869	-
Restitution	127,338	4,270
Miscellaneous Income	309,758	52,445
Total Revenue	\$ 5,474,862	\$ 4,460,299
<u>Expenses:</u>		
Salaries	\$ 1,368,752	\$ 1,308,138
Administrative cost paid directly by AFT on behalf of the Washington Teachers Union	229,559	289,612
Employee Benefits(see schedule page 5)	403,964	382,180
Administration (see schedule page 5)	1,290,806	927,976
Professional Fees	367,150	297,828
Meetings and Workshops	84,032	78,730
Affiliate - AFT Per Capita Tax	786,447	702,889
AFL-CIO and Other Per Capita Tax	24,245	47,535
Member Insurance Programs	20,378	22,551
Membership Services (see schedule page 6)	174,608	318,158
Total Expenses	\$ 4,749,941	\$ 4,375,597
<u>Change in Net Assets</u>	\$ 724,921	\$ 84,702
Net Assets (Deficit) at Beginning of Year	\$ 420,154	\$ 335,452
Net Assets (Deficit) at End of Year	\$ 1,145,075	\$ 420,154

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, 2010 and June 30, 2009**

	<u>2010</u>	<u>2009</u>
<u>Cash Flows from Operating Activities:</u>		
Change in Net Assets	\$ 724,921	\$ 84,702
<u>Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:</u>		
Depreciation	22,700	15,620
<u>Changes in Operating Assets and Liabilities:</u>		
Decrease (Increase) in Receivables	(647,204)	2,267
Decrease (Increase) in Pre-Paid Expenses	(6,920)	-
Increase (Decrease) in Current Liabilities	68,412	240,586
Net Cash Provided by Operating Activities	<u>\$ 161,908</u>	<u>\$ 343,175</u>
<u>Cash Flows from Investing Activities:</u>		
Purchase of Furniture and Equipment, net of adjustments	(17,468)	(19,620)
Net Cash from Investing Activities	<u>(17,468)</u>	<u>(19,620)</u>
Net Increase (Decrease) In Cash and Cash Equivalents	<u>\$ 144,440</u>	<u>\$ 323,554</u>
Cash and Cash Equivalents at Beginning of Year	<u>\$ 1,540,242</u>	<u>\$ 1,216,688</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 1,684,682</u></u>	<u><u>\$ 1,540,242</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, 2010 and June 30, 2009

<u>Schedule of Employee Benefits:</u>	<u>2010</u>	<u>2009</u>
Health Insurance	\$ 50,618	\$ 46,591
Life and Disability Insurance	19,890	13,163
Automobile Allowance and Insurance	54,600	50,200
Parking	54,487	49,068
Pension	133,999	140,606
Employment Taxes	83,127	78,566
Meals and Other Travel	7,243	3,986
	<u>\$ 403,964</u>	<u>\$ 382,180</u>

Schedule of Administrative Expenses:

Office Rent	\$ 83,040	\$ 205,176
Supplies	21,462	37,896
Postage and Delivery	12,663	30,240
Telephone	78,716	60,028
Software/Computer Expenses	29,444	820
Printing & Publications	33,636	29,628
Office Equipment Leases	17,312	20,017
Office Repairs and Maintenance and Expensed Equipment	1,435	10,764
Contributions	8,670	10,220
Payroll Processing Fees	4,730	4,222
Promotional	757,718	443,565
Temporary Services	4,279	210
Office Insurance	11,904	12,465
Depreciation	22,700	15,620
Office Building Venture	133,766	-
Interest, Taxes and Other	69,329	47,106
	<u>\$ 1,290,806</u>	<u>\$ 927,976</u>

See Auditor's Report and Accompanying Notes to Financial Statements

WASHINGTON TEACHERS UNION LOCAL # 6

Supplementary Schedules- Audit

For the Years Ended June 30, 2010 and June 30, 2009

	<u>2010</u>	<u>2009</u>
<u>Schedule of Membership Services:</u>		
Dental / Optical Plan Fees	\$ 112,934	\$ 104,030
Negotiation Expense	21,204	537
General Services	15,899	19,360
Election	193	-
Public Relations and Goodwill	2,379	2,554
Staff Training	21,230	189,366
Dues Refunds	770	2,310
	<u>\$ 174,608</u>	<u>\$ 318,158</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. **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.

During the year ending June 30, 2010 it was determined that there was a variance in the estimated amount accrued for DCPS release time payable. The net affect of this adjustment was \$ 239,825. This change in estimate affects multiple periods but it was applied in total to the current year due to lack of support necessary to adjust prior year audits.

(Continued)

WASHINGTON TEACHERS UNION LOCAL # 6
NOTES TO FINANCIAL STATEMENTS – CONTINUED

3. **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.

4. **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. 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 \$ 229,559 during the year ending June 30, 2010 and \$ 289,612 year ending June 30, 2009. 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 \$ 683,811 in the year-ending June 30, 2010 and \$ 487,414 during the year ending June 30, 2009.

5. **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, 2010 the depreciation was \$ 22,700 and \$ 15,620 in 2009. 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, 2010.

Furniture & Equipment (at cost):	\$272,362
Accumulated Depreciation:	<u>(226,999)</u>
Net Furniture & Equipment:	<u>\$ 45,363</u>

(Continued)

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 March 31, 2012 and the following represent the minimum future lease payments, exclusive of escalation clauses:

<u>Year</u>	<u>Amount</u>
2011.	<u>\$ 155,700</u>
2012.	<u>\$ 133,654</u>
Total	<u>\$ 289,354</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, 2010 the contributions were \$ 133,999 and year ending June 30, 2009 the contributions were \$ 140,606 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, 2010 and 2009 the amounts of accrued leave liabilities were \$ 221,733 and \$ 182,399 respectively.

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.

(Continued)

WASHINGTON TEACHERS UNION LOCAL # 6
NOTES TO FINANCIAL STATEMENTS – CONTINUED

11. **Credit Risk**

As of June 30, 2010 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, 2010:

Account Type	Amount
(Operating) Commercial Checking & Sweep	\$ 358,273
1 Month Certificate of Deposit	\$ 328,442
(Member Svc) Commercial Checking	\$ 1,429
1 Month Certificate of Deposit	\$ 952,695
(COPE) Commercial Checking	\$ 42,929
Escrow Savings	\$ 915
	\$1,684,683

12. **Subsequent Events**

Subsequent to the fiscal year end the organization entered into an agreement to purchase a property located at 816 Potomac Avenue, SE Washington, DC. The property will serve as the Unions headquarters. A contract of purchase has been signed with a purchase price of \$ 2,000,000. This agreement is contingent upon sufficient financing and other terms.