

AFT PART-TIME FACULTY UNITED, LOCAL 6286

Statement of General Fund Expenses and Allocation Between
Chargeable Expenses and Nonchargeable Expenses
For the Year Ended December 31, 2017

(With Independent Auditor's Report Thereon)

Rita C. Villa

Certified Public Accountant

Independent Auditor's Report

To the Executive Board
AFT Part-Time Faculty United, Local 6286:

Report on Financial Statement

I have audited the accompanying statement of general fund expenses and allocation between chargeable expenses and nonchargeable expenses and related notes of the AFT Part-Time Faculty United, Local 6286 ("AFT Local 6286") for the year ended December 31, 2017 (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 accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

My responsibility is to express an opinion on the Financial Statement based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the Financial Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Statement, 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 Statement 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the Financial Statement referred to above presents fairly, in all material respects, the expenses of the general fund of AFT Local 6286 for the year ended December 31, 2017, with regard to the accounting policies explained in Note 2, and the allocated expenses between chargeable expenses and nonchargeable expenses, on the basis of the definitions and significant factors and assumptions described in Notes 3 and 4, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

I draw attention to Note 2(a) to the Financial Statement, which describes that the Financial Statement was prepared for the purpose of complying with the legislation regarding the determination of fair share service fee and is not intended to be a complete presentation of the revenues and expenses of AFT Local 6286's general fund. My opinion is not modified with respect to this matter.

Restriction on Use

This report is intended solely for the information and use of AFT Local 6286 and its fair share fee payers, and is not intended to be used by anyone other than these specified parties and should not be used for any other purpose.



March 2, 2018

AFT PART-TIME FACULTY UNITED, LOCAL 6286

Statement of General Fund Expenses and Allocation
Between Chargeable Expenses and Nonchargeable Expenses

For the Year Ended
December 31, 2017

	Column A Total Expenses	Column B Chargeable Expenses	Column C Nonchargeable Expenses	Notes
American Federation of Teachers Per Capita Taxes	\$ 16,196	\$ 9,205	\$ 6,991	4(a)
California Federation of Teachers Per Capita Taxes	34,761	25,980	8,781	4(a)
Other Per Capita Taxes	3,256	0	3,256	4(a)
Officer Stipends	4,939	4,842	97	4(b)
Clerical Salaries	24,451	23,972	479	4(c)
Employment Costs	3,674	3,602	72	4(c)
Members' Insurances	1,268	0	1,268	4(d)
Good & Welfare	1,745	0	1,745	4(e)
Conferences & Conventions	2,580	2,423	157	4(f)
Meetings	11,080	10,526	554	4(f)
Office	721	707	14	4(g)
Depreciation	337	330	7	4(g)
Insurance	1,059	1,038	21	4(g)
Postage	240	235	5	4(g)
Communications	255	250	5	4(g)
Accounting	7,500	7,500	0	4(h)
Representation	<u>139</u>	<u>139</u>	<u>0</u>	4(h)
 Total Expenses	 <u>\$ 114,201</u>	 <u>\$ 90,749</u>	 <u>\$ 23,452</u>	
 Percentage	 <u>100.00%</u>	 <u>79.46%</u>	 <u>20.54%</u>	

See accompanying notes and independent accountant's review report.

AFT PART-TIME FACULTY UNITED, LOCAL 6286

Notes to Statement of General Fund Expenses and Allocation Between Chargeable Expenses and Nonchargeable Expenses

(1) AFT Part-Time Faculty United, Local 6286

AFT Part-Time Faculty United, Local 6286 (“AFT Local 6286”) was formed to: support quality education, advance the cause of part-time faculty, provide services to members and to represent unit members in their employment relations with the Victor Valley Community College District (the “District”). Through its work and its affiliation with the broader labor movement, AFT Local 6286 seeks to promote quality public education and to support the rights of all workers. AFT Part-Time Faculty United is Local 6286 of the American Federation of Teachers. It is affiliated with the California Federation of Teachers and the AFL-CIO. AFT Local 6286 is the exclusive bargaining agent for part-time faculty of the District.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying Statement of General Fund Expenses and Allocation Between Chargeable Expenses and Nonchargeable Expenses of AFT Local 6286 (the “Statement”) was prepared for the purpose of determining the fair share cost of services rendered by AFT Local 6286 for employees represented by, but not members of, AFT Local 6286. The accompanying statement is not intended to be a complete presentation of AFT Local 6286’s financial position, results of operations or changes in financial position in accordance with generally accepted accounting principles.

(b) Accrued Expenses

The Statement has been prepared on the accrual basis. The accrual basis recognizes expenses when incurred rather than when paid.

(c) Income Taxes

AFT Local 6286 is exempt from income taxes under Section 501(c)(5) of the Internal Revenue Code and Section 23701(a) of the Revenue and Taxation Code of the State of California.

(d) Depreciation

Asset acquisitions greater than \$500 are capitalized. Depreciation on equipment was computed by using the straight-line method over the estimated useful life of the asset.

AFT PART-TIME FACULTY UNITED, LOCAL 6286

Notes to Statement of General Fund Expenses and Allocation Between Chargeable Expenses and Nonchargeable Expenses

(e) Use of Estimates

Preparation of these financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

(3) Definitions

(a) Chargeable Expenses

Chargeable expenses are those incurred by AFT Local 6286 that reflect the share of the costs of operations of AFT Local 6286 which are considered necessarily and reasonably incurred for the purpose of performance of their duties as a representative of the employees in dealing with the employer on labor management issues, including the costs of: negotiating and administering the collective bargaining contract; settling grievances and disputes by mutual agreement, or in arbitration, court or otherwise; activities and undertakings normally and reasonably employed to implement the duties of AFT Local 6286 as representative of the employees in the bargaining unit; and the maintenance of AFT Local 6286's associational existence. The following are examples of expenditures classified as chargeable: preparation for and negotiations of collective bargaining agreements; contract administration including investigation and processing grievances; meetings, conferences, administrative, arbitral and court proceedings and pertinent investigation and research in connection with work-related subjects and issues; handling work-related problems of employees; communications with community organizations, civic groups, government agencies and the media respecting AFT Local 6286's position on work-related matters; maintaining records; and providing legal, economic and technical expertise on behalf of employees in all work-related matters.

(b) Nonchargeable Expenses

Nonchargeable expenses are those of an ideological or political nature and those that are not germane to work-related interests of employees. The term "political" is defined as support for or against candidates for political office of any level of government and any office in the union structure. The term "ideological" is defined as support for or against certain positions that the union may take which are not work-related. The following expenses are classified as nonchargeable: member-only benefits, lobbying, electoral or political activities outside the limited context of contract ratification or implementation; litigation expenses that do not concern the objecting employees' bargaining unit; public relations efforts designed to enhance the reputation of the teaching profession; and the costs of activities primarily aimed at recruiting new members.

AFT PART-TIME FACULTY UNITED, LOCAL 6286

Notes to Statement of General Fund Expenses and Allocation Between Chargeable Expenses and Nonchargeable Expenses

(4) Significant Factors and Assumptions used in the Allocation of Expenses Between Chargeable and Nonchargeable

(a) Per Capita Taxes

The American Federation of Teachers and the California Federation of Teachers provided AFT Local 6286 with audited reports of chargeable and nonchargeable expenses. Based on those reports, AFT Local 6286 allocated as chargeable expense 56.84% and 74.74% of per capita taxes, respectively. In the absence of such a report, per capita taxes are deemed to be 100% nonchargeable.

(b) Officer Stipends

Officer stipends have been allocated to chargeable/nonchargeable expenses based on time spent on chargeable/nonchargeable activities as recorded on activity reports.

(c) Clerical Salaries and Employment Costs

These expenses are allocated in the same ratio as officer stipends.

(d) Members' Insurances

AFT Local 6286 pays for accident and liability insurances on members only, which is therefore considered 100% nonchargeable.

(e) Good & Welfare

Good & welfare expenses are deemed not to benefit nonmembers and are therefore considered nonchargeable.

(f) Conferences and Conventions, and Meetings

Except for costs of activities which were not associated with AFT Local 6286's function as collective bargaining representative, these expenses are considered 100% chargeable.

AFT PART-TIME FACULTY UNITED, LOCAL 6286

Notes to Statement of General Fund Expenses and Allocation Between Chargeable Expenses and Nonchargeable Expenses

(g) Office, Depreciation, Insurance, Postage and Communications

In recognition that these expenses can be used to support nonchargeable activities, these expenses are allocated in the same ratio as officer stipends.

(h) Accounting and Representation

These costs are related to either the associational existence or the collective bargaining responsibilities of AFT Local 6286 and are considered 100% chargeable.

(5) Subsequent Events

AFT Local 6286 has evaluated subsequent events through March 2, 2018, the date the Statement was available to be issued.