

**COAST FEDERATION OF CLASSIFIED EMPLOYEES
AFT LOCAL 4794**

FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022



INDEPENDENT AUDITOR'S REPORT

Executive Council
Coast Federation of Classified Employees
AFT Local 4794
P.O. Box 3688
Huntington Beach, California 92605

Members of the Council:

Opinion

We have audited the accompanying financial statements of Coast Federation of Classified Employees AFT Local 4794 (the "Federation"), which comprise the statements of assets, liabilities, and net assets - modified cash basis as of June 30, 2023 and 2022, and the related statements of revenue and expenses - modified cash basis and schedules in support of statements of revenue and expenses - modified cash basis for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of the Federation as of June 30, 2023 and 2022, and its revenue and expenses for the years then ended in accordance with the basis of accounting as described in Note 2-A.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Federation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

We draw attention to Note 2-A of the financial statements, which describes the basis of accounting. The financial statements are 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 this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 2-A, and for 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted accounting standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted accounting standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Federation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Federation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Miller Kaplan Arase LLP

MILLER KAPLAN ARASE LLP

North Hollywood, California

April 18, 2024

COAST FEDERATION OF CLASSIFIED EMPLOYEES
AFT LOCAL 4794
STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS
MODIFIED CASH BASIS

	June 30, 2023			June 30, 2022		
	Total	General Fund	COPE Fund	Total	General Fund	COPE Fund
ASSETS						
CASH AND CASH EQUIVALENTS						
Checking Accounts	\$ 32,821	\$ 5,685	\$ 27,136	\$ 27,287	\$ 3,744	\$ 23,543
Interest Checking Accounts	193,565	193,565	-	225,161	225,161	-
Certificate of Deposit	50,074	50,074	-	50,031	50,031	-
TOTAL CASH AND CASH EQUIVALENTS	<u>276,460</u>	<u>249,324</u>	<u>27,136</u>	<u>302,479</u>	<u>278,936</u>	<u>23,543</u>
PROPERTY AND EQUIPMENT						
Furniture and Equipment	12,911	12,911	-	8,019	8,019	-
Less: Accumulated Depreciation	<u>9,377</u>	<u>9,377</u>	<u>-</u>	<u>7,834</u>	<u>7,834</u>	<u>-</u>
PROPERTY AND EQUIPMENT, NET	<u>3,534</u>	<u>3,534</u>	<u>-</u>	<u>185</u>	<u>185</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 279,994</u>	<u>\$ 252,858</u>	<u>\$ 27,136</u>	<u>\$ 302,664</u>	<u>\$ 279,121</u>	<u>\$ 23,543</u>
LIABILITIES AND NET ASSETS						
LIABILITIES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
NET ASSETS WITHOUT RESTRICTIONS						
Balances, July 1	302,664	279,121	23,543	356,761	336,174	20,587
Net Increase (Decrease) for the Year	<u>(22,670)</u>	<u>(26,263)</u>	<u>3,593</u>	<u>(54,097)</u>	<u>(57,053)</u>	<u>2,956</u>
Balances, June 30	<u>279,994</u>	<u>252,858</u>	<u>27,136</u>	<u>302,664</u>	<u>279,121</u>	<u>23,543</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 279,994</u>	<u>\$ 252,858</u>	<u>\$ 27,136</u>	<u>\$ 302,664</u>	<u>\$ 279,121</u>	<u>\$ 23,543</u>

COAST FEDERATION OF CLASSIFIED EMPLOYEES
AFT LOCAL 4794
STATEMENTS OF REVENUE AND EXPENSES
MODIFIED CASH BASIS - ALL FUNDS

	July 1, 2022 to June 30, 2023	July 1, 2021 to June 30, 2022
REVENUE		
Dues	\$ 379,780	\$ 318,794
Voluntary Contributions	8,093	3,069
Interest Income	63	24
Formula Funding and Rebates	44,620	36,719
Opportunity Drawing	-	475
Reimbursements from Payroll Companies	148	9,192
Miscellaneous	2,737	257
TOTAL REVENUE	\$ 435,441	\$ 368,530
EXPENSES		
Per Capita Taxes	235,339	239,127
Salaries	138,070	122,199
Salary Related Expenses	22,746	17,313
Meetings, Conferences and Conventions	14,320	11,678
Office and Administrative Expenses	9,185	11,907
Professional Fees	23,868	10,591
Other Expenses	8,540	9,333
Depreciation	1,543	366
Political Contributions	4,500	113
TOTAL EXPENSES	458,111	422,627
NET (DECREASE) FOR THE YEAR	\$ (22,670)	\$ (54,097)

COAST FEDERATION OF CLASSIFIED EMPLOYEES
AFT LOCAL 4794
STATEMENTS OF REVENUE AND EXPENSES
MODIFIED CASH BASIS - GENERAL FUND

	July 1, 2022 to June 30, 2023	July 1, 2021 to June 30, 2022
REVENUE		
Dues	\$ 379,780	\$ 318,794
Interest Income	63	24
Formula Funding and Rebates	44,620	36,719
Opportunity Drawing	-	475
Reimbursements from Payroll Companies	148	9,192
Miscellaneous	<u>2,737</u>	<u>257</u>
TOTAL REVENUE	\$ 427,348	\$ 365,461
EXPENSES		
Per Capita Taxes - Schedule 1	235,339	239,127
Salaries	138,070	122,199
Salary Related Expenses - Schedule 2	22,746	17,313
Meetings, Conferences and Conventions	14,320	11,678
Office and Administrative Expenses - Schedule 3	9,185	11,907
Professional Fees - Schedule 4	23,868	10,591
Other Expenses - Schedule 5	8,540	9,333
Depreciation	<u>1,543</u>	<u>366</u>
TOTAL EXPENSES	<u>453,611</u>	<u>422,514</u>
NET (DECREASE) FOR THE YEAR	<u><u>\$ (26,263)</u></u>	<u><u>\$ (57,053)</u></u>

COAST FEDERATION OF CLASSIFIED EMPLOYEES
AFT LOCAL 4794
SCHEDULES IN SUPPORT OF STATEMENTS OF REVENUE AND EXPENSES
MODIFIED CASH BASIS - GENERAL FUND

	<u>July 1, 2022 to June 30, 2023</u>	<u>July 1, 2021 to June 30, 2022</u>
PER CAPITA TAXES - SCHEDULE 1		
American Federation of Teachers	\$ 67,284	\$ 68,131
California Federation of Teachers	159,821	162,012
California Labor Federation, AFL-CIO	4,783	4,852
Orange County Central Labor Council, AFL-CIO	<u>3,451</u>	<u>4,132</u>
TOTALS	<u><u>\$ 235,339</u></u>	<u><u>\$ 239,127</u></u>
 SALARY RELATED EXPENSES - SCHEDULE 2		
Payroll Taxes	\$ 12,983	\$ 6,845
Health and Welfare	8,224	8,664
Workers' Compensation Insurance	<u>1,539</u>	<u>1,804</u>
TOTALS	<u><u>\$ 22,746</u></u>	<u><u>\$ 17,313</u></u>
 OFFICE AND ADMINISTRATIVE EXPENSES - SCHEDULE 3		
Office Supplies	\$ 1,858	\$ 3,788
Website	1,572	1,441
Payroll Processing Fees	1,539	2,331
Postage and Delivery	111	107
Equipment Repair and Maintenance	418	543
Insurance	3,645	3,697
Interest Expense	<u>42</u>	<u>-</u>
TOTALS	<u><u>\$ 9,185</u></u>	<u><u>\$ 11,907</u></u>
 PROFESSIONAL FEES - SCHEDULE 4		
Audit and Accounting Fees	\$ 11,355	\$ 7,410
Legal Fees	12,513	3,073
Recruitment	<u>-</u>	<u>108</u>
TOTALS	<u><u>\$ 23,868</u></u>	<u><u>\$ 10,591</u></u>

COAST FEDERATION OF CLASSIFIED EMPLOYEES
AFT LOCAL 4794
SCHEDULES IN SUPPORT OF STATEMENTS OF REVENUE AND EXPENSES
MODIFIED CASH BASIS - GENERAL FUND

	<u>July 1, 2022 to June 30, 2023</u>	<u>July 1, 2021 to June 30, 2022</u>
OTHER EXPENSES - SCHEDULE 5		
Union Negotiation Expenses	\$ 398	\$ 78
Promotional Items	2,435	2,726
Holiday Party	950	740
Member Relations	1,007	2,411
Training	-	340
Scholarships	1,600	2,100
Hardship Donation	705	200
Elections	477	-
Miscellaneous Expenses	<u>968</u>	<u>738</u>
TOTALS	<u><u>\$ 8,540</u></u>	<u><u>\$ 9,333</u></u>

COAST FEDERATION OF CLASSIFIED EMPLOYEES
AFT LOCAL 4794
STATEMENTS OF REVENUE AND EXPENSES
MODIFIED CASH BASIS - COPE FUND

	<u>July 1, 2022 to June 30, 2023</u>	<u>July 1, 2021 to June 30, 2022</u>
REVENUE		
Voluntary Contributions	\$ 8,093	\$ 3,069
EXPENSES		
Political Contributions	<u>4,500</u>	<u>113</u>
NET INCREASE FOR THE YEAR	<u>\$ 3,593</u>	<u>\$ 2,956</u>

COAST FEDERATION OF CLASSIFIED EMPLOYEES
AFT LOCAL 4794
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 - DESCRIPTION OF THE ORGANIZATION

A. General Fund

Coast Federation of Classified Employees AFT Local 4794 (the "Federation") is a chartered local union of the American Federation of Teachers. The Federation has members with the Coast Community College District (the "District"). The objectives of the Federation are to secure full union trade rights for all employees who are eligible for membership; advance the economic, social, and political wellbeing of the membership at the local, state, and national level; represent classified staff in the District on all issues affecting their employment at the local, state, and national level; encourage mutual understanding and cooperation among the membership and between the membership, faculty, and administrators of the District; promote the interests of the community and students who are served by the membership; promote democracy and equality in the District and the community it serves; and promote shared governance in the District for all employees who are eligible for membership.

B. COPE Fund

The Federation established a COPE Fund for the purpose of supporting state and local candidates running for public office; state and local ballot initiatives that the Federation believes further the goals of its members and general public. The committee is funded by voluntary contributions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting. This basis differs from accounting principles generally accepted in the United States of America primarily because the Federation has not recognized all receivables, accounts payables and their related effects on revenue and expenses. However, the financial statements include capitalized fixed assets and the related provision for depreciation.

B. Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires the Federation's management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

C. Cash and Cash Equivalents

Cash consists of cash deposited with financial institutions in checking accounts and a certificate of deposit.

D. Property and Equipment

Property and equipment are stated at cost. Depreciation is determined for related groups of assets under the straight-line method, based upon their estimated useful lives. Minor renewals or replacements and maintenance and repairs are expensed. Major replacements and improvements are capitalized.

Furniture and equipment is depreciated over 3 to 10 years.

COAST FEDERATION OF CLASSIFIED EMPLOYEES
AFT LOCAL 4794
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Tax-Exempt Status

No provision for federal or state income tax is made. The Federation has received tax-exempt status from the federal government under Internal Revenue Code Section 501(c)(5) and the state of California under Revenue and Taxation Code Section 23701a.

Accounting principles require management to evaluate tax positions taken by the Federation and recognize a tax liability if the Federation has taken a tax position that more likely than not would not be sustained upon examination by a tax authority. The Federation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

F. Liquidity

Management of the Federation believes that existing cash resources and expected membership and other revenue will be sufficient to meet cash needs for general expenditures within one year of the date of the statements of assets, liabilities and net assets - modified cash basis.

NOTE 3 - SUMMARY OF EXPENSES BY NATURAL AND FUNCTIONAL CLASSIFICATIONS

The following schedules provide a summary of the Federation's total expenses by their natural and functional classifications, e.g. major class of program services and supporting activity, as required by the modified cash basis of accounting:

	July 1, 2022 to June 30, 2023					
	Membership Representation	General and Administration	Per Capita Taxes	Political Activities	Public Relations, Contributions and Donations	Total
Per Capita Taxes	\$ -	\$ -	\$ 235,339	\$ -	\$ -	\$ 235,339
Salaries	51,740	86,330	-	-	-	138,070
Salary Related Expenses	9,100	13,646	-	-	-	22,746
Meetings, Conferences and Conventions	14,320	-	-	-	-	14,320
Office and Administrative Expenses	-	9,185	-	-	-	9,185
Professional Fees	12,513	11,355	-	-	-	23,868
Other Expenses	3,539	2,184	-	-	2,817	8,540
Depreciation	-	1,543	-	-	-	1,543
Political Contributions	-	-	-	4,500	-	4,500
Total Expenses	\$ 91,212	\$ 124,243	\$ 235,339	\$ 4,500	\$ 2,817	\$ 458,111

	July 1, 2021 to June 30, 2022					
	Membership Representation	General and Administration	Per Capita Taxes	Political Activities	Public Relations, Contributions and Donations	Total
Per Capita Taxes	\$ -	\$ -	\$ 239,127	\$ -	\$ -	\$ 239,127
Salaries	48,332	73,867	-	-	-	122,199
Salary Related Expenses	6,848	10,465	-	-	-	17,313
Meetings, Conferences and Conventions	11,678	-	-	-	-	11,678
Office and Administrative Expenses	-	11,907	-	-	-	11,907
Professional Fees	3,073	7,518	-	-	-	10,591
Other Expenses	2,937	1,380	-	-	5,016	9,333
Depreciation	-	366	-	-	-	366
Political Contributions	-	-	-	113	-	113
Total Expenses	\$ 72,868	\$ 105,503	\$ 239,127	\$ 113	\$ 5,016	\$ 422,627

COAST FEDERATION OF CLASSIFIED EMPLOYEES
AFT LOCAL 4794
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 3 - SUMMARY OF EXPENSES BY NATURAL AND FUNCTIONAL CLASSIFICATIONS (Continued)

The financial statements report certain categories of expenses that are attributable to more than one functional classification. These expenses include salaries and salary related expenses that are allocated based on estimates of time and effort.

NOTE 4 - RELATED PARTY TRANSACTIONS

The Federation paid per capita taxes to the following affiliates during the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
American Federation of Teachers	\$ 67,284	\$ 68,131
California Federation of Teachers	159,821	162,012

The Federation received formula funding and rebates from the California Federation of Teachers totaling \$44,620 and \$36,719 during the years ended June 30, 2023 and 2022, respectively.

NOTE 5 - CONCENTRATION OF CREDIT RISK

On June 30, 2023, the Federation had bank accounts with cash balances in excess of the federally insured limit of \$250,000 per bank. The amount in excess of the limit was subject to risk if the financial institution did not perform. The Federation has not incurred any losses on the uninsured balances.

NOTE 6 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 18, 2024, the date on which the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosures in these financial statements.