

**WASHOE COUNTY EMPLOYEES
ASSOCIATION, INC.**

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2018

WASHOE COUNTY EMPLOYEES ASSOCIATION, INC.

TABLE OF CONTENTS

JUNE 30, 2018

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes To Financial Statements	6-9
SUPPLEMENTARY INFORMATION	10
Schedule of Functional Expenses	11

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Washoe County Employees Association, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Washoe County Employees Association, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements 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 financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

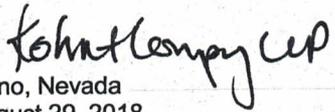
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Washoe County Employees Association, Inc. as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the 2017 Washoe County Employees Association, Inc. financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 13, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 11 is presented for purposes of additional analysis and is not a required part of the financial statements. 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 statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, 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 statements as a whole.


Reno, Nevada
August 29, 2018



WASHOE COUNTY EMPLOYEES ASSOCIATION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2017)

	2018	2017 (Memorandum Only)
ASSETS		
CURRENT ASSETS		
Cash in checking account	\$ 56,342	\$ 83,458
Cash and cash equivalents in credit union	175,674	98,495
Cash and cash equivalents in broker account	-	59
Total cash and cash equivalents	232,016	182,012
Investments	221,105	218,293
Dues receivable	7,406	7,546
Prepaid expenses	10,203	10,174
Deposits	500	500
Prepaid tickets	1,600	1,680
Total current assets	472,830	420,205
FURNITURE AND EQUIPMENT , net of accumulated depreciation of \$27,781 at June 30, 2018 and 2017	-	-
TOTAL ASSETS	\$ 472,830	\$ 420,205
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 1,833	\$ 1,255
Accrued vacation, payroll and taxes	2,737	1,517
Total current liabilities / total liabilities	4,570	2,772
NET ASSETS		
Unrestricted	468,260	417,433
TOTAL LIABILITIES AND NET ASSETS	\$ 472,830	\$ 420,205

See accompanying notes

WASHOE COUNTY EMPLOYEES ASSOCIATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017)

	2018	2017 (Memorandum Only)
UNRESTRICTED REVENUE		
Membership dues	\$ 193,774	\$ 193,571
Interest and dividends	5,285	6,196
Miscellaneous	-	100
Total unrestricted revenue	199,059	199,867
 EXPENSES		
Program services	109,534	116,093
Management and general	51,607	51,930
Total expenses	161,141	168,023
 Change in unrestricted net assets from operations	37,918	31,844
 OTHER GAINS		
Net realized and unrealized gain on investments	12,909	12,387
 Change in unrestricted net assets	50,827	44,231
 UNRESTRICTED NET ASSETS, beginning of year	417,433	373,202
 UNRESTRICTED NET ASSETS, end of year	\$ 468,260	\$ 417,433

See accompanying notes

WASHOE COUNTY EMPLOYEES ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017)

	2018	2017 (Memorandum Only)
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 50,827	\$ 44,231
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	-	102
Unrealized (gain) loss on investments and reinvested income	(17,500)	(13,558)
(Increase) decrease in:		
Dues receivable	140	(147)
Prepaid expenses	(29)	(351)
Prepaid tickets	80	3,064
Increase (decrease) in:		
Accounts payable	578	(1,914)
Accrued vacation, payroll and taxes	1,220	(1,178)
Net cash flows from operating activities	35,316	30,249
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(59)	(205,774)
Sale of investments	14,747	188,751
Net cash flows from investing activities	14,688	(17,023)
 NET CHANGE IN CASH AND CASH EQUIVALENTS	50,004	13,226
 CASH AND CASH EQUIVALENTS, beginning of year	182,012	168,786
 CASH AND CASH EQUIVALENTS, end of year	\$ 232,016	\$ 182,012
 SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
None		

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

WASHOE COUNTY EMPLOYEES ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Washoe County Employees Association, Inc. (Association) is a nonprofit corporation formed March 13, 1973, under the laws of the State of Nevada. The primary mission of the Association is to work for and promote the welfare of the citizens of the community by the advancement and improvement of Washoe County services and Washoe County employees. It seeks to unify and strengthen the Washoe County employees' profession, to secure and maintain the salaries, retirement, tenure, leave and other matters concerning wages, hours, terms and conditions of employment necessary to better serve Washoe County.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual method of accounting in accordance with generally accepted accounting principles, which recognizes revenue when earned and expenses as incurred.

Financial Statement Presentation

The Association reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, based upon the existence or absence of donor-imposed restrictions. The Association has only unrestricted net assets at June 30, 2018 and 2017.

Statement of Cash Flows

For the purpose of the statement of cash flows, the Association considers money market funds and certificates of deposit with original maturities of three months or less to be cash equivalents.

Investments

Investments consist of equity securities and certificates of deposits that are stated at fair value, with realized and unrealized gains and losses included in the statement of activities.

Furniture and Equipment

The Association's policy is to capitalize property and equipment with an estimated useful life of more than one year and a value of more than \$500. The Association records furniture and equipment at cost or at the estimated fair value at the date of the gift, if donated. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, currently five or seven years, on a straight-line basis.

Donated Services

Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Additionally, the Association receives a significant amount of skilled, contributed time which does not meet the two recognition criteria above. Accordingly, the value of the contributed time has not been determined and is not reflected in the accompanying financial statements.

Geographic Concentration

The Association receives all of its dues from members located in Washoe County. Washoe County collects dues from the members and transmits the dues to the Association on a semi-monthly basis.

WASHOE COUNTY EMPLOYEES ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Organization is exempt from federal income taxes under Internal Revenue Code Section 501(c)(5). Management annually reviews its tax positions, which are not expected to materially change within the next twelve months and are summarized as follows:

- It has not engaged in activities that would jeopardize its tax-exempt status
- It has not engaged in any activities that would result in unrelated business income tax
- It has determined that there are no material uncertain tax positions that require financial statement recognition

Accordingly, no provision for income taxes has been made.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Use of 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.

Subsequent Events

Subsequent events have been evaluated through August 29, 2018, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

Memorandum Only – Total Columns

Total columns in the financial statements are captioned “memorandum only” to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, changes in net assets or cash flows in conformity with generally accepted accounting principles.

Reclassifications

Certain items on the 2017 financial statements have been reclassified to conform to the 2018 presentation.

NOTE 2 - INVESTMENTS AND FAIR VALUE

Investments consist of certificates of deposits and equity securities. Accounting principles establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority.

The Association uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Association measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs would be used only when

WASHOE COUNTY EMPLOYEES ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

NOTE 2 - INVESTMENTS AND FAIR VALUE (Continued)

Level 1 or Level 2 inputs are not available. The Association has no investments valued using Level 3 inputs at June 30, 2018.

The Level 1 fair value measurements consist of the fair values of securities for which quoted market prices are available. The securities are valued based on quoted market prices and total \$221,105 and \$203,579 at June 30, 2018 and 2017, respectively.

The Level 2 fair value measurements consist of the fair values of certificates of deposit for which quoted market prices are not available. The certificates of deposit are valued based on stated interest rates and accrued interest based on the financial institution statements. The fair values of the certificates of deposit using Level 2 inputs totals \$0 and \$14,714 at June 30, 2018 and 2017, respectively.

Interest and dividend income and realized and unrealized gains and losses are reported in the statement of activities.

NOTE 3 - LEASE COMMITMENTS

The Association leases office space in Reno, Nevada through August 31, 2018 with current monthly payments of \$897. The Association incurred rental expense for the years ended June 30, 2018 and 2017 totaling \$10,752 and \$10,248, respectively.

Minimum future rental payments under the non-cancelable operating lease for the remaining term are \$1,793 for the year ending June 30, 2019. Subsequent to year end the Association agreed to continue the lease for two additional years.

SUPPLEMENTARY INFORMATION

WASHOE COUNTY EMPLOYEES ASSOCIATION, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017)

	2018			2017
	Program Services	Management and General	Total	Total (Memorandum Only)
Accounting fees	\$ 6,869	\$ -	\$ 6,869	\$ 6,700
Bank and investment fees	-	1	1	1,982
Campaign and legislative counsel	-	-	-	3,451
Cleaning services	-	1,150	1,150	-
Conferences and meetings	2,600	5,102	7,702	1,150
Depreciation	-	-	-	102
Insurance	-	11,520	11,520	11,068
Internet	-	750	750	560
Legal fees	43,200	-	43,200	43,200
Library	-	-	-	434
Meals and entertainment	446	-	446	799
Miscellaneous	11	1,211	1,222	3,461
Salaries and wages	45,199	11,300	56,499	64,605
Payroll taxes and benefits	4,020	1,005	5,025	5,713
Printing and postage	253	-	253	755
Professional fees	3,936	-	3,936	2,500
Rent and utilities	-	13,610	13,610	11,783
Scholarships	3,000	-	3,000	2,000
Security	-	180	180	-
Supplies	-	1,846	1,846	1,127
Telephone	-	1,428	1,428	1,304
Taxes and licenses	-	323	323	455
Travel	-	2,181	2,181	4,874
	<u>\$ 109,534</u>	<u>\$ 51,607</u>	<u>\$ 161,141</u>	<u>\$ 168,023</u>

See accompanying notes