



Financial Statements

June 30, 2022

Washoe County Employees Association

Table of Contents

June 30, 2022

	Page
Independent Auditor's Report	1
Financial Statements	
• Statement of Financial Position	3
• Statement of Activities	4
• Statement of Functional Expenses	5
• Statement of Cash Flows	6
• Notes to Financial Statements	7

Shareholders

Edward R. Cupit, CPA (1943-2010)
Ronald A. Milligan, CPA (Retired)
Thomas M. Ogden, CPA
Melvin L. Williams, CPA

Independent Auditor's Report

To the Board of Directors of
Washoe County Employees Association

Opinion

We have audited the financial statements of Washoe County Employees Association (a non-profit organization), which comprise the statement of financial position as of June 30, 2022 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Washoe County Employees Association as of June 30, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Washoe County Employees Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Washoe County Employees Association's ability to continue as a going concern for one year after the date that the financial statements are issued.

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 GAAS 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 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 GAAS, 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 Washoe County Employees Association'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 Washoe County Employees Association'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.

Report on Summarized Comparative Information

We have previously audited the 2021 Washoe County Employees Association financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated October 13, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Reno, Nevada
August 26, 2022

Washoe County Employees Association
Statement of Financial Position
June 30, 2022 (with comparative totals at June 30, 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	(Memorandum Only) Total
Assets				
<i>Current Assets</i>				
Cash	\$ 174,533	\$ 52,628	\$ 227,161	\$ 272,051
Investments	284,535	-	284,535	325,252
Prepaid insurance	8,749	-	8,749	11,867
Deposits	2,104	-	2,104	500
Prepaid tickets	594	-	594	610
<i>Total Current Assets</i>	470,515	52,628	523,143	610,280
<i>Property and Equipment</i>				
Furniture and fixtures	17,329	-	17,329	21,986
<i>Total Property and Equipment</i>	17,329	-	17,329	21,986
Less accumulated depreciation	(8,305)	-	(8,305)	(17,415)
<i>Net Property and Equipment</i>	9,024	-	9,024	4,571
Total Assets	\$ 479,539	\$ 52,628	\$ 532,167	\$ 614,851
Liabilities and Net Assets				
<i>Current Liabilities</i>				
Accounts payable	\$ 5,041	\$ -	\$ 5,041	\$ 5,288
Accrued payroll and taxes	2,986	-	2,986	2,901
<i>Total Current Liabilities</i>	8,027	-	8,027	8,189
<i>Net Assets</i>	471,512	52,628	524,140	606,662
Total Liabilities and Net Assets	\$ 479,539	\$ 52,628	\$ 532,167	\$ 614,851

The accompanying notes are an integral part of these financial statements.

Washoe County Employees Association

Statement of Activities

For the year ended June 30, 2022 (with comparative totals for the year ended June 30, 2021)

	2022			2021
	Without Donor Unrestricted	With Donor Restrictions	Total	(Memorandum Only) Total
Revenue				
Membership dues	\$ 196,104	\$ 8,770	\$ 204,874	\$ 202,202
Investment (loss) income	(40,016)	-	(40,016)	65,869
Miscellaneous	-	-	-	17
Net assets released from restrictions	5,010	(5,010)	-	-
Total Revenue	161,098	3,760	164,858	268,088
Expense				
<i>Program Services</i>				
Labor representation	172,185	-	172,185	121,423
<i>Total Program Services</i>	<i>172,185</i>	<i>-</i>	<i>172,185</i>	<i>121,423</i>
<i>Supporting Services</i>				
Management and general	75,195	-	75,195	90,630
<i>Total Supporting Services</i>	<i>75,195</i>	<i>-</i>	<i>75,195</i>	<i>90,630</i>
Total Expense	247,380	-	247,380	212,053
Changes in Net Assets	(86,282)	3,760	(82,522)	56,035
Net Assets, Beginning of Year	557,794	48,868	606,662	550,627
Net Assets, End of Year	\$ 471,512	\$ 52,628	\$ 524,140	\$ 606,662

The accompanying notes are an integral part of these financial statements.

Washoe County Employees Association

Statement of Functional Expenses

For the year ended June 30, 2022 (with comparative totals for the year ended June 30, 2021)

	2022			2021
	Program Services	Supporting Services	Total	(Memorandum Only) Total
	Labor Representation	Management and General		
Salaries and wages	\$ 92,163	\$ 24,860	\$ 117,023	\$ 92,340
Legal fees	44,700	-	44,700	43,800
Rent and utilities	-	14,330	14,330	13,775
Insurance	4,940	5,797	10,737	11,894
Payroll taxes	7,859	2,121	9,980	7,733
Accounting fees	-	9,162	9,162	8,065
Information technology	-	7,911	7,911	13,467
Member outreach	7,355	-	7,355	305
Office expenses	-	5,256	5,256	2,177
PAC expenses	5,000	-	5,000	-
Scholarships	4,000	-	4,000	2,000
Miscellaneous	2,004	-	2,004	392
Depreciation	-	1,915	1,915	1,516
Telephone	-	1,868	1,868	2,303
Travel	-	1,732	1,732	412
Dues and subscriptions	1,370	-	1,370	152
Meals and entertainment	1,166	-	1,166	93
Printing and postage	904	-	904	672
Contributions	524	-	524	-
Conferences and meetings	200	-	200	695
Bank fees	-	155	155	-
Taxes and licenses	-	88	88	103
Identity theft protection	-	-	-	7,685
Loss on movie tickets	-	-	-	2,199
Legislative	-	-	-	275
Total Expenses	\$ 172,185	\$ 75,195	\$ 247,380	\$ 212,053

The accompanying notes are an integral part of these financial statements.

Washoe County Employees Association

Statement of Cash Flows

For the year ended June 30, 2022 (with comparative totals for the year ended June 30, 2021)

	<u>2022</u>	<u>(Memorandum Only) 2021</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ (82,522)	\$ 56,035
Adjustments to reconcile changes in net assets to net cash (used) provided by operating activities		
Depreciation	1,915	1,516
Unrealized loss (gain) on investments and reinvested interest income	40,717	(64,601)
<i>Changes in operating assets and liabilities</i>		
Dues receivable	-	7,924
Prepaid insurance	3,118	(1,136)
Deposits	(1,604)	-
Prepaid tickets	16	2,215
Accounts payable	(247)	5,288
Accrued payroll and taxes	85	1,015
Net Cash (Used) Provided by Operating Activities	<u>(38,522)</u>	<u>8,256</u>
Cash Flows from Investing Activities		
Purchase of property and equipment	<u>(6,368)</u>	<u>(811)</u>
Net Cash Used by Investing Activities	<u>(6,368)</u>	<u>(811)</u>
Net Change in Cash	(44,890)	7,445
Cash, Beginning of Year	<u>272,051</u>	<u>264,606</u>
Cash, End of Year	<u>\$ 227,161</u>	<u>\$ 272,051</u>

The accompanying notes are an integral part of these financial statements.

1. Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

Washoe County Employees Association, Inc. (“the Organization”) is a nonprofit corporation formed on March 13, 1973, under the laws of the State of Nevada. The primary mission of the Organization is to 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. The Organization is exempt from federal income tax under Section 501(c)(5) of the Internal Revenue Code.

Basis of Accounting

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

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958 Not-for-Profit Entities. Following ASC 958, the Organization has reported information regarding its assets, liabilities, net assets, revenue and expenses according to two classes: net assets without donor restrictions and net assets with donor restrictions. The Organization’s net assets with donor restrictions totaled \$52,628 at June 30, 2022.

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 26, 2022, the date the financial statements were available to be issued.

Description of Program and Supporting Services

Program Services

- Labor Representation - The Organization represents eligible employees of Washoe County, Nevada in all grievances, disciplinary actions, layoffs and terminations, and answers questions they may have regarding any facet of County employment.

Supporting Services

- General and Administrative - Includes functions necessary to ensure an adequate working environment, provide coordination of the Organization’s program, and manage the financial and budgetary responsibilities of the Organization.

Expense Allocation

Functional expenses, which are not directly attributable to a specific function, are allocated between program and supporting services based on management estimates.

Investments

Investments consist of mutual funds that are stated at fair value, with realized and unrealized gains and losses included in the statement of activities.

Washoe County Employees Association

Notes to Financial Statements

June 30, 2022

Fair Value of Financial Instruments

Fair value accounting establishes a fair value hierarchy that prioritizes the inputs of valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1* Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2* Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and
- Level 3* Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Organization's financial instruments consist of investments in mutual funds. 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 totalled \$284,535 at June 30, 2022. The Organization has no investments valued using Level 2 or Level 3 inputs at June 30, 2022.

Property and Equipment

Property and equipment are capitalized at cost. It is the Organization's policy to capitalize expenditures with an estimated useful life of more than one year and in excess of \$500. Property and equipment are depreciated over their estimated useful lives of three to seven years using the straight-line method. Depreciation expense for the year ended June 30, 2022 was \$1,915.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue Recognition

Members of Washoe County Employees Association are employees of Washoe County. Dues paid by members are paid at a flat amount of \$7 per pay period on a bi-weekly basis. Revenue from membership dues is from performance obligations satisfied over time and is derived from contracts with an initial expected duration of one year or less.

Comparative Information

The prior year information is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Such information should be read in conjunction with the Organization's audited financial statements for the year ended June 30, 2021, from which the summarized information was derived.

2. Investments

Investments consist of mutual funds valued based on quoted market prices which totaled \$284,535 at June 30, 2022.

Investment loss consisted of the following for the year ended June 30, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest income	\$ 701	\$ -	\$ 701
Unrealized loss	<u>(40,717)</u>	<u>-</u>	<u>(40,717)</u>
Total investment loss	<u>\$ (40,016)</u>	<u>\$ -</u>	<u>\$ (40,016)</u>

3. Liquidity and Availability of Resources

The following reflects the Organization's financial assets at June 30, 2022, reduced by amounts not available for general use due to contractual or donor-imposed restrictions within one year of the statement of financial position:

Financial assets at year end	\$ 511,696
Less those unavailable for general expenditure within one year due to:	
Contractual or donor-imposed restrictions:	<u>(52,628)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 459,068</u>

Donor imposed restrictions consist of voluntary contributions related to the Political Action Committee fund. \$5,010 was expended from the fund during the year ended June 30, 2022.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

4. Geographic Concentration

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

5. Lease Commitments

The Organization leases office space in Reno, Nevada with current monthly payments of \$1,604. The Organization incurred rental expense for the year ended June 30, 2022 totaling \$12,238.

Washoe County Employees Association
Notes to Financial Statements
June 30, 2022

Minimum future rental payments under the non-cancelable operating lease consist of the following for the years ending June 30:

2023	\$	19,244
2024		19,822
2025		20,416
2026		21,029
2027		21,660
Thereafter		<u>-</u>
	\$	<u><u>102,171</u></u>