



Financial Statements

June 30, 2023

Washoe County Employees Association

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***Cupit, Milligan,
Ogden & Williams***
Certified Public Accountants

Shareholders

Edward R. Cupit, CPA (1943-2010)

Ronald A. Milligan, CPA (1949-2022)

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, 2023 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, 2023, 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 2022 Washoe County Employees Association financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated August 26, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Reno, Nevada
August 7, 2023

Washoe County Employees Association
Statement of Financial Position
June 30, 2023 (with comparative totals at June 30, 2022)

	Without Donor Restrictions	2023 With Donor Restrictions	Total	2022 (Memorandum Only) Total
Assets				
<i>Current Assets</i>				
Cash	\$ 185,719	\$ 53,497	\$ 239,216	\$ 227,161
Investments	314,951	-	314,951	284,535
Prepaid expenses	10,233	-	10,233	8,749
Prepaid tickets	-	-	-	594
<i>Total Current Assets</i>	510,903	53,497	564,400	521,039
<i>Other Assets</i>				
Deposits	1,604	-	1,604	2,104
Net property and equipment	6,232	-	6,232	9,024
Right-of-use lease asset	74,661	-	74,661	-
<i>Total Other Assets</i>	82,497	-	82,497	11,128
Total Assets	\$ 593,400	\$ 53,497	\$ 646,897	\$ 532,167
Liabilities and Net Assets				
<i>Current Liabilities</i>				
Accounts payable	\$ 6,787	\$ -	\$ 6,787	\$ 5,041
Accrued payroll and taxes	4,228	-	4,228	2,986
Right-of-use lease obligation, current portion	17,505	-	17,505	-
<i>Total Current Liabilities</i>	28,520	-	28,520	8,027
<i>Long-term Liabilities</i>				
Right-of-use lease obligation, net of current portion	58,325	-	58,325	-
<i>Total Long-term Liabilities</i>	58,325	-	58,325	-
Total Liabilities	86,845	-	86,845	8,027
<i>Net Assets</i>	506,555	53,497	560,052	524,140
Total Liabilities and Net Assets	\$ 593,400	\$ 53,497	\$ 646,897	\$ 532,167

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

Washoe County Employees Association

Statement of Activities

For the year ended June 30, 2023 (with comparative totals for the year ended June 30, 2022)

	2023		2022	
	Without Donor Unrestricted	With Donor Restrictions	Total	(Memorandum Only) Total
Revenue				
Membership dues	\$ 244,831	5,290	\$ 250,121	\$ 204,874
Investment income (loss)	30,709	-	30,709	(40,016)
Net assets released from restrictions	4,421	(4,421)	-	-
Total Revenue	<u>279,961</u>	<u>869</u>	<u>280,830</u>	<u>164,858</u>
Expense				
<i>Program Services</i>				
Labor representation	<u>153,562</u>	<u>-</u>	<u>153,562</u>	<u>172,185</u>
<i>Total Program Services</i>	<u>153,562</u>	<u>-</u>	<u>153,562</u>	<u>172,185</u>
<i>Supporting Services</i>				
Management and general	<u>91,356</u>	<u>-</u>	<u>91,356</u>	<u>75,195</u>
<i>Total Supporting Services</i>	<u>91,356</u>	<u>-</u>	<u>91,356</u>	<u>75,195</u>
Total Expense	<u>244,918</u>	<u>-</u>	<u>244,918</u>	<u>247,380</u>
Changes in Net Assets	35,043	869	35,912	(82,522)
Net Assets, Beginning of Year	<u>471,512</u>	<u>52,628</u>	<u>524,140</u>	<u>606,662</u>
Net Assets, End of Year	<u>\$ 506,555</u>	<u>\$ 53,497</u>	<u>\$ 560,052</u>	<u>\$ 524,140</u>

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, 2023 (with comparative totals for the year ended June 30, 2022)

	2023			2022
	Program Services	Supporting Services	Total	(Memorandum Only) Total
	Labor Representation	Management and General		
Salaries and wages	\$ 78,718	\$ 31,373	\$ 110,091	\$ 117,023
Legal fees	43,200	-	43,200	44,700
Rent	-	20,413	20,413	14,330
Insurance	5,260	8,031	13,291	10,738
Accounting fees	-	11,305	11,305	9,162
Payroll taxes	6,493	2,588	9,081	9,980
Information technology	-	8,653	8,653	7,911
Member outreach	7,637	-	7,637	7,355
PAC expenses	5,000	-	5,000	5,000
Office expenses	-	3,526	3,526	5,256
Scholarships	3,000	-	3,000	4,000
Depreciation	-	2,792	2,792	1,915
Telephone	-	1,772	1,772	1,868
Dues and subscriptions	1,371	-	1,371	1,370
Meals and entertainment	1,162	-	1,162	1,166
Printing and postage	1,120	-	1,120	904
Travel	-	819	819	1,732
Miscellaneous	326	-	326	2,003
Legislative	275	-	275	-
Taxes and licenses	-	64	64	88
Bank fees	-	20	20	155
Contributions	-	-	-	524
Conferences and meetings	-	-	-	200
Total Expenses	\$ 153,562	\$ 91,356	\$ 244,918	\$ 247,380

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, 2023 (with comparative totals for the year ended June 30, 2022)

	<u>2023</u>	<u>(Memorandum Only) 2022</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ 35,912	\$ (82,522)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities		
Depreciation	2,792	1,915
Amortization of right-of-use assets	20,413	-
Unrealized (gain) loss on investments	(21,170)	51,818
Realized gain on investments	(2,187)	(6,214)
<i>Changes in operating assets and liabilities</i>		
Prepaid expenses	(1,484)	3,118
Prepaid tickets	594	16
Deposits	500	(1,604)
Accounts payable	1,746	(247)
Accrued payroll and taxes	1,242	85
Payment of lease liabilities	(19,244)	-
Net Cash Provided (Used) by Operating Activities	<u>19,114</u>	<u>(33,635)</u>
Cash Flows from Investing Activities		
Purchase of property and equipment	-	(6,368)
Reinvested investment income	(7,059)	(4,887)
Net Cash Used by Investing Activities	<u>(7,059)</u>	<u>(11,255)</u>
Net Change in Cash	12,055	(44,890)
Cash, Beginning of Year	<u>227,161</u>	<u>272,051</u>
Cash, End of Year	<u>\$ 239,216</u>	<u>\$ 227,161</u>
Supplemental Disclosure of Noncash Investing and Financing Activities		
Recording of right-of-use asset	<u>\$ 92,165</u>	<u>\$ -</u>
Recording of lease liability	<u>\$ 92,165</u>	<u>\$ -</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 \$53,497 at June 30, 2023.

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 7, 2023, 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, 2023

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 totaled \$314,951 at June 30, 2023. The Organization has no investments valued using Level 2 or Level 3 inputs at June 30, 2023.

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.

Leases

All significant lease arrangements are recognized as right-of-use ("ROU") assets and lease liabilities at lease commencement. ROU assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent its obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the commencement date based on the present value of the future lease payments using the Organization's incremental borrowing rate.

Operating lease expense is recognized on a straight-line basis over the lease term. Operating lease liabilities represent the present value of the future payments.

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 \$8 per pay period on a bi-weekly basis.

Performance Obligations and Significant Judgments

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. Performance obligations related to membership dues are satisfied over time and are derived from contracts with an initial expected duration of one year or less.

Payment Terms and Contract Balances

Membership dues are generally withheld from members' paychecks and remitted to the Association bi-weekly.

The timing of billings, cash collections, and revenue recognition result in contract assets reported in the statements of financial position as accounts receivable. Accounts receivable are recognized only to the extent that it is probable that the Association will collect substantially all of the consideration to which it is entitled in exchange for the services provided.

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, 2022, from which the summarized information was derived.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation. There was no impact on the changes in net assets.

New Accounting Standard

Effective July 1, 2022, the Organization adopted *FASB ASC 842, Leases* (ASC 842). The Organization determines if an arrangement contains a lease at inception based on whether the Organization has the right to control the asset during the contract period and other facts and circumstances.

The Organization elected the option to apply the transition provisions at the adoption date instead of the earliest comparative period presented in the financial statements. By making this election, the Organization has not applied retrospective reporting for the comparable year. The Organization elected the short-term lease exception provided for in the standard and therefore only recognizes right-of-use assets and lease liabilities for leases with a term greater than one year.

The Organization elected the package of practical expedients to not re-evaluate existing contracts as containing a lease or the lease classification unless it was not previously assessed against the lease criteria. In addition, the Organization did not reassess initial direct costs for any existing leases. The Organization has elected the practical expedient to not separate non-lease components from lease components.

The Organization enters into leasing arrangements primarily as a lessee. Leases are classified as operating or finance leases. Both operating and finance leases recognize lease liabilities and associated right-of-use assets. The Organization does not have any finance lease agreements as of June 30, 2023.

The adoption of ASC 842 resulted in the recognition of right-of-use-assets and operating lease liabilities of \$92,165 as of July 1, 2022. The adoption of ASC 842 did not have a material impact on the Organization's results of operations or cash flows.

Washoe County Employees Association
Notes to Financial Statements
June 30, 2023

2. Investment Income

Investment income consisted of the following for the year ended June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest income earned on cash	\$ 293	\$ -	\$ 293
Dividend income	7,059	-	7,059
Unrealized gain on investments	21,170	-	21,170
Net realized gain	2,187	-	2,187
	<u>30,709</u>	<u>-</u>	<u>30,709</u>
Total investment income	<u>\$ 30,709</u>	<u>\$ -</u>	<u>\$ 30,709</u>

3. Liquidity and Availability of Resources

The following reflects the Organization's financial assets at June 30, 2023, 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	\$ 554,167
Less those unavailable for general expenditure within one year due to:	
Contractual or donor-imposed restrictions:	<u>(53,497)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 500,670</u>

Donor imposed restrictions consist of voluntary contributions to the Political Action Committee fund. \$5,000 was expended from the fund during the year ended June 30, 2023.

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. Property and Equipment

Property and equipment consist of the following at June 30, 2023:

Office furniture and equipment	\$ 14,642
Less: accumulated depreciation	<u>(8,410)</u>
Net property and equipment	<u>\$ 6,232</u>

Depreciation expense for the year ended June 30, 2023 was \$2,792.

5. Right-of-Use Lease Asset and Lease Obligation

The Organization leases office space in Reno, Nevada. The lease originated in June 2022 and is for a period of five years. The Organization may be granted an option to extend or renew the lease.

An incremental borrowing rate of 3.5% was utilized based on the risk-free rate at July 1, 2022. Total lease expense for the year ended June 30, 2023 was \$20,413.

The following schedule shows future lease obligations for the years ended June 30:

2024	\$ 19,822
2025	20,416
2026	21,029
2027	19,855
Thereafter	<u>-</u>
	<u>81,122</u>
Less: imputed interest	<u>(5,292)</u>
Present value of minimum lease payments	<u>75,830</u>
Less: current portion	<u>(17,505)</u>
Lease obligations, net of current portion	<u><u>\$ 58,325</u></u>

As of June 30, 2023, the weighted interest rate on this lease was 3.5% and the average remaining lease term was 3.9 years.

6. 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.