



Financial Statements

June 30, 2024

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, 2024 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, 2024, 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.

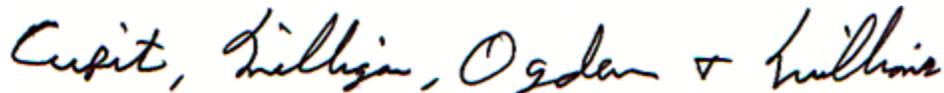
In performing an audit in accordance with GAAS, we:

- 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 2023 Washoe County Employees Association financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated August 7, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Reno, Nevada
August 21, 2024

Washoe County Employees Association
Statement of Financial Position
June 30, 2024 (with comparative totals at June 30, 2023)

	Without Donor Restrictions	2024 With Donor Restrictions	Total	2023 (Memorandum Only) Total
Assets				
<i>Current Assets</i>				
Cash	\$ 222,562	\$ 59,093	\$ 281,655	\$ 239,216
Investments	361,621	-	361,621	314,951
Dues receivable	11,484	-	11,484	-
Prepaid expenses	9,879	-	9,879	10,233
<i>Total Current Assets</i>	<u>605,546</u>	<u>59,093</u>	<u>664,639</u>	<u>564,400</u>
<i>Other Assets</i>				
Deposits	1,604	-	1,604	1,604
Net property and equipment	4,683	-	4,683	6,232
Right-of-use lease asset	56,565	-	56,565	74,661
<i>Total Other Assets</i>	<u>62,852</u>	<u>-</u>	<u>62,852</u>	<u>82,497</u>
Total Assets	<u>\$ 668,398</u>	<u>\$ 59,093</u>	<u>\$ 727,491</u>	<u>\$ 646,897</u>
Liabilities and Net Assets				
<i>Current Liabilities</i>				
Accounts payable	\$ 17,730	\$ -	\$ 17,730	\$ 6,787
Accrued payroll and taxes	3,664	-	3,664	4,228
Right-of-use lease obligation, current portion	18,733	-	18,733	17,505
<i>Total Current Liabilities</i>	<u>40,127</u>	<u>-</u>	<u>40,127</u>	<u>28,520</u>
<i>Long-term Liabilities</i>				
Right-of-use lease obligation, net of current portion	39,593	-	39,593	58,325
<i>Total Long-term Liabilities</i>	<u>39,593</u>	<u>-</u>	<u>39,593</u>	<u>58,325</u>
Total Liabilities	<u>79,720</u>	<u>-</u>	<u>79,720</u>	<u>86,845</u>
<i>Net Assets</i>	<u>588,678</u>	<u>59,093</u>	<u>647,771</u>	<u>560,052</u>
Total Liabilities and Net Assets	<u>\$ 668,398</u>	<u>\$ 59,093</u>	<u>\$ 727,491</u>	<u>\$ 646,897</u>

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

Washoe County Employees Association

Statement of Activities

For the year ended June 30, 2024 (with comparative totals for the year ended June 30, 2023)

	2024		2023	
	Without Donor Unrestricted	With Donor Restrictions	Total	(Memorandum Only) Total
Revenue				
Membership dues	\$ 296,236	5,606	\$ 301,842	\$ 250,121
Investment income	47,646	-	47,646	30,709
Net assets released from restriction	10	(10)	-	-
Total Revenue	343,892	5,596	349,488	280,830
Expense				
<i>Program Services</i>				
Labor representation	173,017	-	173,017	153,562
<i>Total Program Services</i>	<i>173,017</i>	<i>-</i>	<i>173,017</i>	<i>153,562</i>
<i>Supporting Services</i>				
Management and general	88,752	-	88,752	91,356
<i>Total Supporting Services</i>	<i>88,752</i>	<i>-</i>	<i>88,752</i>	<i>91,356</i>
Total Expense	261,769	-	261,769	244,918
Changes in Net Assets	82,123	5,596	87,719	35,912
Net Assets, Beginning of Year	506,555	53,497	560,052	524,140
Net Assets, End of Year	\$ 588,678	\$ 59,093	\$ 647,771	\$ 560,052

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, 2024 (with comparative totals for the year ended June 30, 2023)

	2024			2023
	Program Services	Supporting Services	Total	(Memorandum Only) Total
	Labor Representation	Management and General		
Salaries and wages	\$ 82,333	\$ 32,018	\$ 114,351	\$ 110,091
Legal fees	43,200	-	43,200	43,200
Rent	-	20,413	20,413	20,413
Insurance	5,902	7,286	13,188	13,291
Arbitration	11,430	-	11,430	-
Payroll taxes	7,082	2,754	9,836	9,081
Accounting fees	-	9,070	9,070	11,305
Information technology	-	8,989	8,989	8,653
Member outreach	8,040	-	8,040	7,637
Scholarships	8,000	-	8,000	3,000
Travel	-	2,862	2,862	819
Depreciation	-	2,741	2,741	2,792
Telephone	-	1,807	1,807	1,772
Charitable contributions	1,500	-	1,500	-
Dues and subscriptions	1,391	-	1,391	1,371
Meals and entertainment	1,278	-	1,278	1,162
Conferences and meetings	1,050	-	1,050	-
Printing and postage	1,015	-	1,015	1,120
Miscellaneous	796	-	796	326
Office expenses	-	711	711	3,526
Taxes and licenses	-	51	51	64
Bank fees	-	50	50	20
PAC expenses	-	-	-	5,000
Legislative	-	-	-	275
Total Expenses	\$ 173,017	\$ 88,752	\$ 261,769	\$ 244,918

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, 2024 (with comparative totals for the year ended June 30, 2023)

	<u>2024</u>	<u>(Memorandum Only) 2023</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ 87,719	\$ 35,912
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	2,741	2,792
Amortization of right-of-use assets	20,413	20,413
Unrealized gain on investments	(38,227)	(21,170)
Realized gain on investments	(1,464)	(2,187)
<i>Changes in operating assets and liabilities</i>		
Dues receivable	(11,484)	-
Prepaid expenses	354	(1,484)
Prepaid tickets	-	594
Deposits	-	500
Accounts payable	10,943	1,746
Accrued payroll and taxes	(564)	1,242
Payment of lease liabilities	(19,822)	(19,244)
Net Cash Provided by Operating Activities	<u>50,609</u>	<u>19,114</u>
Cash Flows from Investing Activities		
Purchase of property and equipment	(1,190)	-
Reinvested investment income	(6,980)	(7,059)
Net Cash Used by Investing Activities	<u>(8,170)</u>	<u>(7,059)</u>
Net Change in Cash	42,439	12,055
Cash, Beginning of Year	<u>239,216</u>	<u>227,161</u>
Cash, End of Year	<u>\$ 281,655</u>	<u>\$ 239,216</u>
Supplemental Disclosure of Noncash Investing and Financing Activities		
Recording of right-of-use asset	<u>\$ -</u>	<u>\$ 92,165</u>
Recording of lease liability	<u>\$ -</u>	<u>\$ 92,165</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 \$59,093 at June 30, 2024.

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 21, 2024, 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, 2024

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 \$361,621 at June 30, 2024. The Organization has no investments valued using Level 2 or Level 3 inputs at June 30, 2024.

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 control 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. 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 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, 2024. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization has elected the practical expedient to not separate non-lease components from lease components.

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 \$9 per pay period on a bi-weekly basis.

Washoe County Employees Association

Notes to Financial Statements

June 30, 2024

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 Organization will collect substantially all of the consideration to which it is entitled in exchange for the services provided.

The beginning and ending contract asset balances were \$0 and \$11,484 for the year ended June 30, 2024.

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, 2023, from which the summarized information was derived.

2. Investment Income

Investment income consisted of the following for the year ended June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest income earned on cash	\$ 975	\$ -	\$ 975
Dividend income	6,980	-	6,980
Unrealized gain on investments	38,227	-	38,227
Net realized gain	1,464	-	1,464
Total investment income	<u>\$ 47,646</u>	<u>\$ -</u>	<u>\$ 47,646</u>

3. Liquidity and Availability of Resources

The following reflects the Organization's financial assets at June 30, 2024, 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	\$ 654,760
Less those unavailable for general expenditure within one year due to:	
Contractual or donor-imposed restrictions:	<u>(59,093)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 595,667</u>

Washoe County Employees Association

Notes to Financial Statements

June 30, 2024

Donor imposed restrictions consist of voluntary contributions to the Political Action Committee fund.

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, 2024:

Office furniture and equipment	\$ 15,833
Less: accumulated depreciation	<u>(11,150)</u>
Net property and equipment	<u>\$ 4,683</u>

Depreciation expense for the year ended June 30, 2024 was \$2,741.

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, 2024 was \$20,413.

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

2025	\$ 20,416
2026	21,029
2027	19,855
Thereafter	<u>-</u>
	<u>61,300</u>
Less: imputed interest	<u>(2,974)</u>
Present value of minimum lease payments	<u>58,326</u>
Less: current portion	<u>(18,733)</u>
Lease obligations, net of current portion	<u>\$ 39,593</u>

As of June 30, 2024, the weighted interest rate on this lease was 3.5% and the average remaining lease term was 2.9 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.