

**THE FINANCIAL STATEMENTS OF
FOOTHILL-DE ANZA ASSOCIATION OF
CLASSIFIED EMPLOYEES, INC.**

**FOR THE YEAR ENDED
JUNE 30, 2019**





ISLIP+ COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Executive Board
**FOOTHILL-DE ANZA ASSOCIATION OF
CLASSIFIED EMPLOYEES, INC.**

We have audited the accompanying financial statements of **Foothill-DeAnza Association of Classified Employees, Inc.** (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets - *modified cash basis* as of June 30, 2019, and the related statement of revenues, expenses and changes in net assets - *modified cash basis* 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 the modified cash basis of accounting as described in Note 1; this includes 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.

Auditors' 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 of 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 auditors' judgment, including 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 statement.

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 assets, liabilities, and net assets of **Foothill-DeAnza Association of Classified Employees, Inc.** as of June 30, 2019, and its revenues and expenses for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 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 that matter.

Islip + Company, LLP

Sacramento, California
July 29, 2019

FOOTHILL-DE ANZA ASSOCIATION OF CLASSIFIED EMPLOYEES, INC.

STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS

MODIFIED CASH BASIS

JUNE 30, 2019

	<u><i>Unrestricted</i></u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 748,664
Total current assets	<u>748,664</u>
Property and equipment, net (Note 3)	<u>16,492</u>
TOTAL ASSETS	<u><u>\$ 765,156</u></u>
 LIABILITIES AND NET ASSETS	
Current Liabilities	
None	\$ -
Total current liabilities	<u>-</u>
Net assets	<u>765,156</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 765,156</u></u>

See accompanying notes

FOOTHILL-DE ANZA ASSOCIATION OF CLASSIFIED EMPLOYEES, INC.
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2019

	<i>Unrestricted</i>
Revenues	
Membership dues	\$ 222,949
Service fees	1,674
Interest income	6,717
Total Revenues	<u>231,340</u>
Expenses	
Accounting and auditing	7,259
Books and reference fees	823
Depreciation	5,062
Dues and subscriptions	245
Insurance	3,770
Legal/court fees	114,435
Mileage, travel and meetings	7,751
Office and computer supplies	1,832
Officer stipends	37,800
Taxes and licenses, incl. bachup w/h	1,444
Web hosting fees	1,778
Total expenses	<u>182,199</u>
Change in Net Assets	49,141
Net Assets	
Beginning of year	<u>716,015</u>
End of year	<u>\$ 765,156</u>

See accompanying notes

FOOTHILL-DEANZA ASSOCIATION OF CLASSIFIED EMPLOYEES, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - Foothill-DeAnza Association of Classified Employees, Inc., referred to as "ACE," is a non-profit mutual benefit corporation with the express purpose of providing representation to classified employees of Foothill-De Anza Community College District related to their terms and conditions of employment pursuant to Section 3540 of the California Government Code. The primary source of revenue for the Association are dues.

Method of Accounting - The financial statements of the Association have been prepared on a modified cash basis. Accordingly, revenues are generally recognized when received rather than when earned and expenses are generally recognized when paid rather than when an obligation has been incurred. The Association does provide for depreciation of its capital assets. The modified cash basis of accounting used by the Association is not intended to present financial position or results of operations in conformity with generally accepted accounting principles. Net assets are classified as unrestricted, temporarily restricted, or permanently restricted. Net assets are generally reported as unrestricted unless assets are received from donors with explicit stipulations that limit the use of the asset. The Association does not have any temporarily or permanently restricted net assets.

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.

Income Taxes - The Association is a not-for-profit organization exempt from federal income tax under section 501(c)(5) of the Internal Revenue Code and from California Franchise Tax under section 23701a of the California Revenue and Taxation Code.

The Association's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending 2016, 2017 and 2018 are subject to examination by the IRS, generally for three years after they were filed.

NOTE 2 - CONCENTRATION OF CREDIT RISK

The Association maintains cash accounts with one banking institution. The federal government, FDIC, guarantees cash up to \$250,000 for each institution. At June 30, 2019, the Association had \$26,051 in excess of the maximum guaranteed limit.

FOOTHILL-DEANZA ASSOCIATION OF CLASSIFIED EMPLOYEES, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment is stated at cost or, if donated, at the approximate fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from five to seven years.

Maintenance and repairs are charged to expense when paid. Expenditures for additions and improvements, where significant in amount, are capitalized.

As of June 30, 2019, property and equipment consists of the following:

Furniture and equipment	\$	42,959
Less accumulated depreciation	(<u>26,467</u>)
Net Book Value	\$	<u>16,492</u>

The Association recorded depreciation expense of \$5,062 for the year ended June 30, 2019.

NOTE 4 - FINANCIAL STATEMENT PRESENTATION

Beginning fiscal year ended June 30, 2019, the financial statement presentation has been modified as a result of the Janus Decision that was issued on June 27, 2018, by the Supreme Court of the United States. This decision rendered the Agency Fee Calculation no longer necessary. The Association's financial statements now comprise the statement of assets, liabilities, and net assets - *modified cash basis* as of June 30, 2019, and the related statement of revenues, expenses and changes in net assets - *modified cash basis* for the year then ended.

NOTE 5 - CASH AND CASH EQUIVALENTS

For purposes of the statement of assets, liabilities, and net assets- *modified cash basis*, the Association considers all highly-liquid investments available for current use, including certificate of deposits and money market accounts, to be cash equivalents. At June 30, 2019, cash and cash equivalents consist of the following:

Cash in banks	\$	69,917
Money Market Funds		276,051
Certificate of Deposits		<u>402,696</u>
	\$	<u>748,664</u>

FOOTHILL-DEANZA ASSOCIATION OF CLASSIFIED EMPLOYEES, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - EVALUATION OF SUBSEQUENT EVENTS

The Association has evaluated subsequent events through July 29, 2019, the date which the financial statements were available to be issued.

Foothill-DeAnza Association of Classified Employees

Balance Sheet

As of June 30, 2019

Jun 30, 19

ASSETS

Current Assets

Checking/Savings

Checking - CitiBank 9,556.46

Savings - IMMA 60,360.50

Total Checking/Savings 69,916.96

Other Current Assets

Short-term Investments

CitiBank CD 7207 - 02/24/2020 251,684.77

CitiBank CD 7199 - 02/24/2020 100,673.91

Citibank CD 7215 - 02/24/2020 50,336.95

US Bank - Money Market x8189 276,051.06

Total Short-term Investments 678,746.69

Total Other Current Assets 678,746.69

Total Current Assets 748,663.65

Fixed Assets

Office Equipment

Coffee Maker 115.87

Microwave 439.46

Refridgerator 597.55

Accum Deprec. Kitchen Equipment -845.24

Total Office Equipment 307.64

Computer Equipment

Apple 12" MacBook - Recorder 1,229.70

Accum Dep Apple 12" MacBook Rec -697.00

Hydradock Station for President 169.00

Accum Depre - Hydrodock Station -121.26

Laptop / President 1,581.70

Accum Deprec. Laptop/Pres -1,159.84

PC for Reception 1,336.18

Accum Deprec. PC for Reception -979.88

Laser Jet Color Printer 1,785.00

Accum Deprec. Laser Jet Color -1,309.00

Fujitsu Scanner 461.84

Accum Deprec. Fujitsu Scanner -338.80

Computer MAC for Foothill Camp 1,566.82

Accum Dep - Comp MAC FH -1,566.82

Dell Computer 1,284.54

Accum Dep - Dell Computer -1,284.54

HP Laser Jet CP4025N Printer 1,083.74

Accum. Deprecation - HP Laser -1,083.74

Apple Computer Cost 1,404.16

Accumulated Dep - Apple Compute -1,404.16

Apple Laptop Cost 1,708.23

Accumulated Dep - Apple Laptop -1,708.23

HP Copier Cost 698.48

Accumulated Dep - Copier -698.48

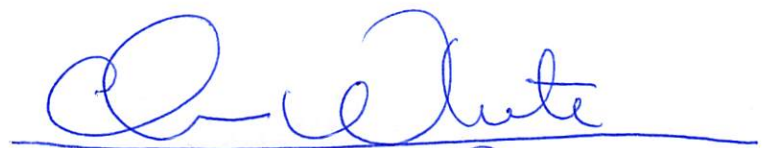
Foothill-DeAnza Association of Classified Employees

Balance Sheet

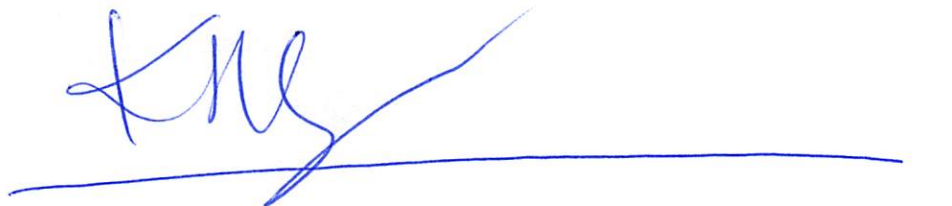
As of June 30, 2019

Jun 30, 19

Total Computer Equipment	1,957.64
Furniture	
New Furniture - 10/2015	14,216.80
Desks	2,030.36
Office Art Work	1,696.57
Accum Depr - Furniture	-9,846.43
Total Furniture	8,097.30
Office Remodel	9,552.50
Accum Dep - Office Remodel	-3,422.80
Total Fixed Assets	16,492.28
TOTAL ASSETS	765,155.93
LIABILITIES & EQUITY	
Equity	
Retained Earnings	716,015.05
Net Income	49,140.88
Total Equity	765,155.93
TOTAL LIABILITIES & EQUITY	765,155.93


CHRIS WHITE, PRESIDENT

8/20/19


KATHY NGUYEN, TREASURER

08/21/2019

*revise = adjusted interest income to retained earnings by \$47.20