

**PAJARO VALLEY FEDERATION OF TEACHERS**

Consolidated Financial Statements

For the Year Ended December 31, 2024

(With Independent Accountant's Review Report Thereon)

**PAJARO VALLEY FEDERATION OF TEACHERS**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2024**

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***Rita C. Villa***  
Certified Public Accountant

**INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

To the Executive Council  
Pajaro Valley Federation of Teachers

I have reviewed the accompanying consolidated financial statements of the Pajaro Valley Federation of Teachers (the "Federation") which comprise the consolidated statement of financial position as of December 31, 2024, and the related consolidated statements of activities and changes in net assets without donor restrictions and cash flows for the year then ended, and the related notes to the consolidated financial statements. A review includes primarily applying analytical procedures to the management's financial data and making inquiries of the Federation's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, I do not express such an opinion.

**Management's Responsibility for the Financial Statements**

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

**Accountant's Responsibility**

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the consolidated financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

I am required to be independent of the Federation and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my review.

**Accountant's Conclusion**

Based on my review, I am not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



June 16, 2025

**PAJARO VALLEY FEDERATION OF TEACHERS  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2024**

|                              | <b>ASSETS</b>              |                         |                           |
|------------------------------|----------------------------|-------------------------|---------------------------|
|                              | <b><u>General Fund</u></b> | <b><u>COPE Fund</u></b> | <b><u>Total</u></b>       |
| <b>CURRENT ASSETS:</b>       |                            |                         |                           |
| Cash and cash equivalents    | \$1,171,850                | \$108,869               | \$1,280,719               |
| Affiliate receivable         | 322,250                    |                         | 322,250                   |
| Prepayments                  | <u>2,900</u>               | <u>          </u>       | <u>2,900</u>              |
| Total Current Assets         | 1,497,000                  | 108,869                 | 1,605,869                 |
| Deposits                     | 2,000                      |                         | 2,000                     |
| Property and equipment       | 38,197                     |                         | 38,197                    |
| Accumulated depreciation     | <u>(38,197)</u>            | <u>          </u>       | <u>(38,197)</u>           |
| Total Fixed Assets           | <u>0</u>                   | <u>0</u>                | <u>0</u>                  |
| Right of use assets (Note 3) | <u>110,867</u>             | <u>          </u>       | <u>110,867</u>            |
| Total Assets                 | <u><u>\$1,609,867</u></u>  | <u><u>\$108,869</u></u> | <u><u>\$1,718,736</u></u> |

**LIABILITIES AND NET ASSETS**

|  |                           |                         |                           |
|--|---------------------------|-------------------------|---------------------------|
| <b>CURRENT LIABILITIES:</b>                    |                           |                         |                           |
| Affiliate payables                             | \$77,228                  |                         | \$77,228                  |
| Release time owed to District                  | 83,312                    |                         | 83,312                    |
| Current portion of operating lease liabilities | 30,115                    |                         | 30,115                    |
| Fund transfers                                 | 14,223                    | \$(14,223)              | 0                         |
| Other accounts payable (Note 4)                | <u>17,795</u>             | <u>          </u>       | <u>17,795</u>             |
| Total Current Liabilities                      | 222,673                   | (14,223)                | 208,450                   |
| Operating lease liabilities                    | <u>80,752</u>             | <u>          </u>       | <u>80,752</u>             |
| Total Liabilities                              | <u>303,425</u>            | <u>(14,223)</u>         | <u>289,202</u>            |
| <b>NET ASSETS:</b>                             |                           |                         |                           |
| Without donor restrictions                     | <u>1,306,442</u>          | <u>123,092</u>          | <u>1,429,534</u>          |
| Total Net Assets                               | <u>1,306,442</u>          | <u>123,092</u>          | <u>1,429,534</u>          |
| Total Liabilities and Net Assets               | <u><u>\$1,609,867</u></u> | <u><u>\$108,869</u></u> | <u><u>\$1,718,736</u></u> |

See independent auditor's report and accompanying notes.

**PAJARO VALLEY FEDERATION OF TEACHERS**  
**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**WITHOUT DONOR RESTRICTIONS**  
**YEAR ENDED DECEMBER 31, 2024**

|   | <u>General<br/>Fund</u>   | <u>COPE<br/>Fund</u>    | <u>Total</u>              |
|---|---------------------------|-------------------------|---------------------------|
| <b>REVENUES WITHOUT DONOR RESTRICTIONS:</b>     |                           |                         |                           |
| Member dues                                     | \$1,409,033               |                         | \$1,409,033               |
| Assistance from affiliates                      | 195,883                   |                         | 195,883                   |
| Interest  | 180                       |                         | 180                       |
| Transfers between funds                         | <u>(24,988)</u>           | <u>\$24,988</u>         | <u>0</u>                  |
| Total income                                    | <u>1,580,108</u>          | <u>24,988</u>           | <u>1,605,096</u>          |
| <b>EXPENSES:</b>                                |                           |                         |                           |
| Affiliate per capita taxes                      | 841,956                   |                         | 841,956                   |
| Salaries and employment expenses                | 432,021                   |                         | 432,021                   |
| Operating lease cost                            | 35,501                    |                         | 35,501                    |
| Other occupancy costs                           | 5,499                     |                         | 5,499                     |
| Conventions, conferences and meetings           | 34,794                    |                         | 34,794                    |
| Representation                                  | 14,358                    |                         | 14,358                    |
| Equipment and technical support                 | 14,367                    |                         | 14,367                    |
| Member insurance                                | 6,751                     |                         | 6,751                     |
| Professional fees                               | 49,137                    |                         | 49,137                    |
| Printing  | 2,365                     |                         | 2,365                     |
| Office expenses                                 | 16,164                    |                         | 16,164                    |
| Union elections                                 | 1,499                     |                         | 1,499                     |
| Good and welfare                                | 17,957                    |                         | 17,957                    |
| Political                                       | <u>          </u>         | <u>26,550</u>           | <u>26,550</u>             |
| Total expenses                                  | <u>1,472,369</u>          | <u>26,550</u>           | <u>1,498,919</u>          |
| Change in net assets without donor restrictions | 107,739                   | (1,562)                 | 106,177                   |
| <b>NET ASSETS - beginning</b>                   | <u>1,198,703</u>          | <u>124,654</u>          | <u>1,323,357</u>          |
| <b>NET ASSETS - ending</b>                      | <u><u>\$1,306,442</u></u> | <u><u>\$123,092</u></u> | <u><u>\$1,429,534</u></u> |

See independent auditor's report and accompanying notes.

**PAJARO VALLEY FEDERATION OF TEACHERS  
CONSOLIDATED STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2024**

|  | <u><b>General<br/>Fund</b></u> | <u><b>COPE Fund</b></u> | <u><b>Total</b></u>       |
|--|--------------------------------|-------------------------|---------------------------|
| <b>CASH FLOWS FROM<br/>OPERATING ACTIVITIES</b>  |                                |                         |                           |
| Increase in net assets   | \$107,739                      | (\$1,562)               | \$106,177                 |
| Adjustments to reconcile change in net assets<br>to net cash provided by operating activities: |                                |                         |                           |
| Increase in accounts receivable  | (241,839)                      |                         | (241,839)                 |
| Increase in prepayments  | (2,900)                        |                         | (2,900)                   |
| Decrease in per capita owed to affiliates  | (1,038)                        |                         | (1,038)                   |
| Decrease in release time owed to District  | (25,492)                       |                         | (25,492)                  |
| Increase/(decrease) in inter-fund balances   | 7,150                          | (7,150)                 | 0                         |
| Increase in accounts payable   | <u>3,869</u>                   | <u>          </u>       | <u>3,869</u>              |
| Net cash used by<br>operating activities   | <u>(152,511)</u>               | <u>(8,712)</u>          | <u>(161,223)</u>          |
| <b>CASH AT BEGINNING OF YEAR</b>   | <u>1,324,361</u>               | <u>117,581</u>          | <u>1,441,942</u>          |
| <b>CASH AT END OF YEAR</b>   | <u><u>\$1,171,850</u></u>      | <u><u>\$108,869</u></u> | <u><u>\$1,280,719</u></u> |

See independent auditor's report and accompanying notes.

**PAJARO VALLEY FEDERATION OF TEACHERS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2024**

1. ORGANIZATIONAL PURPOSE

The Pajaro Valley Federation of Teachers (the "Federation") was formed to: (i) be recognized as the exclusive bargaining agent for teachers in the process of collective bargaining (ii) organize the teachers of the Pajaro Valley Unified School District, (the "District") (iii) obtain for teachers all rights and benefits to which they are entitled (iv) raise the standards of the teaching profession (v) secure conditions essential to the best professional service and (vi) promote such democratization of the schools and District as will enable them better to equip students to take their places in the economic, social and political life of the community. The Federation represents the non-administrative certificated employees of the District. The Federation is Local 1936 of the American Federation of Teachers (the "AFT") and is affiliated with the California Federation of Teachers (the "CFT"), the California Federation of Labor AFL-CIO, and the Monterey Bay Central Labor Council AFL-CIO. The District has approximately 1,000 non-administrative certificated employees almost all of whom are members of the Federation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

To ensure observance of limitations and restrictions placed on the use of resources available to the Federation, the accounts of the Federation are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes.

The assets, liabilities and net assets of the Federation are reported in two self-balancing, net asset fund groups. (1) The COPE Fund is a committee of political education formed for the purpose of making contributions to candidates and to proposition-ballot measures. This Fund is administered through a Board of Directors comprised of the officers of the Federation. (2) The General Fund records all activity of the Federation that is not related to the COPE Fund. None of the assets of the COPE Fund and the General Fund is subject to donor restrictions.

**PAJARO VALLEY FEDERATION OF TEACHERS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2024**

(b) Financial Statement Presentation

The consolidated financial statements of the Federation report the amounts for each fund in two distinct classes of net assets and changes therein - net assets with donor restrictions and net assets without donor restrictions - based on the existence or absence of donor-imposed restrictions. The Federation had no net assets with donor restrictions for the year ended December 31, 2024.

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting. Revenue is recognized when earned. Expenses are recognized when incurred.

The primary sources of revenue of the Federation are the dues paid by its members and assistance received from affiliates. Revenue is recognized on the accrual basis. Annual dues for a full time member are currently 1% of gross pay plus \$517. No dues are paid during July.

(c) Property and Equipment

Purchased equipment is stated at cost. Assets over \$2,500 are capitalized. Depreciation is computed using the straight-line method over the expected life of the assets. At December 31, 2024, property and equipment consisted of office furniture and equipment which was fully depreciated.

(d) Cash Equivalents and Liquidity

The Federation defines cash equivalents as short-term, highly liquid (maturing in 90 days) instruments that are readily convertible to cash.

The Federation has \$1,602,969 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures, consisting of cash and equivalents of \$1,280,719 and accounts receivable of \$322,250. None of the financial assets is subject to donor or other contractual restrictions that make them unavailable for general expenditures within each respective fund within one year of the balance sheet date. The Federation's policy is to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

(e) Per Capita Taxes

Due to its affiliation with the AFT, the CFT, and the California Labor Federation, the Federation is required to pay a per capita tax on its members along with any members' insurance for which it has subscribed. Separately, it is required to pay AFL-CIO dues to its local chapter.



**PAJARO VALLEY FEDERATION OF TEACHERS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2024**

(f) Income Taxes

The Federation is exempt from federal income taxes under Section 501(c)(5) of the Internal Revenue Code and state franchise taxes under Section 23701(a) of the Revenue and Taxation Code of the State of California.

(g) Leases

Effective January 1, 2022, the Federation adopted ASU 2016-02 (Topic 842) Leases. Topic 842 requires Lessees to recognize assets and liabilities arising from leases.

(h) Use of Estimates

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect certain amounts and disclosures in the financial statements. The nature of those estimates is such that actual results could differ from those estimates.

3. LEASES

The Federation signed a lease on November 9, 2011 for new office space in Watsonville, California. The lease was for seven years beginning December 1, 2011 and ending on December 1, 2018. The lease has now been extended through November 30, 2028 at the rate of \$2,650 per month. In accordance with Topic 842, the Federation recorded a right of use asset and a related lease liability for its office space and equipment leases. The right of use asset and operating lease liability for its office space were recorded in the amount of \$189,210 representing the present value of the lease payments at the date of adoption of Topic 842. The right of use asset and operating lease liability for its equipment were recorded in the amount of \$13,850 representing the present value of the lease payments at the date of adoption of Topic 842. The cost of the each lease is recognized over the term of the lease on a straight line basis. The annual undiscounted cash flows for the operating leases are: \$34,956 for the years ended December 31, 2025 through December 31, 2027, \$32,305 for the year ended December 31, 2028 and \$262 for the year ended December, 2029. At December 31, 2024, the net present value of the lease liability, \$110,867, is less than the undiscounted cash flows, \$137,435, due to the present value discount of \$26,568. The weighted average remaining lease term is 4.79 years.

**PAJARO VALLEY FEDERATION OF TEACHERS  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024**

4. OTHER ACCOUNTS PAYABLE

Other accounts payable consisted of the following at December 31, 2024:

|                |                  |
|----------------|------------------|
| Trade payables | \$ 17,566        |
| Payroll taxes  | <u>229</u>       |
|                | <u>\$ 17,795</u> |

6. SUPPLEMENTAL CASH FLOW DISCLOSURES

The Federation paid no interest or income taxes for the year ended December 31, 2024.

7. RISKS AND UNCERTAINTIES

The Federation maintains various bank and investment accounts which, from time to time, may have balances which exceed the amount guaranteed by the Federal Deposit Insurance Corporation (the "FDIC"). At December 31, 2024, the aggregate balance in such accounts was \$1,172,395, of which \$922,395 was not insured by the FDIC based on the current coverage limits.

8. FUNCTIONAL EXPENSES

The Federation's exclusive function is to serve as collective bargaining agent for all non-administrative certificated employees in their employment relations with the District. The table below presents expenses by both their nature and function. Representational expenses and expenses related to internal and external communications about contract negotiations, improvement of working conditions and other matters directly related to collective bargaining have been classified as program expenses. Other expenses not directly related to the Federation's function as bargaining agent have been classified as support expenses.

**PAJARO VALLEY FEDERATION OF TEACHERS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2024**

|                                     | <u>Program</u>     | <u>Support</u>   | <u>Total</u>       |
|-------------------------------------|--------------------|------------------|--------------------|
| Affiliate per capita taxes          | \$841,956          |                  | \$841,956          |
| Salaries and employment expenses    | 388,819            | \$43,202         | 432,021            |
| Conventions, conferences & meetings | 34,794             |                  | 34,794             |
| Representation                      | 14,358             |                  | 14,358             |
| Printing                            |                    | 2,365            | 2,365              |
| Member insurance                    | 6,751              |                  | 6,751              |
| Administrative                      |                    | 36,029           | 36,029             |
| Legal and professional              | 3,337              | 45,800           | 49,137             |
| Operating lease cost                |                    | 35,501           | 35,501             |
| Union elections                     | 1,499              |                  | 1,499              |
| Good & welfare                      |                    | 17,957           | 17,957             |
| Political                           | <u>          </u>  | <u>26,550</u>    | <u>26,550</u>      |
| Total expenses                      | <u>\$1,291,514</u> | <u>\$207,405</u> | <u>\$1,498,919</u> |

9. SUBSEQUENT EVENTS

The Federation has evaluated subsequent events through June 16, 2025, the date the financial statements were available to be issued.