UNITED ADJUNCT FACULTY OF NEW JERSEY

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

AND

INDEPENDENT AUDITOR'S REPORT
UNITED ADJUNCT FACULTY OF NEW JERSEY  

FINANCIAL STATEMENTS 
WITH SUPPLEMENTARY INFORMATION 

For the Years December 31, 2014 and 2013  

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To the Executive Board of
United Adjunct Faculty of New Jersey
Parsippany, New Jersey

INDEPENDENT AUDITOR’S REPORT

I have audited the accompanying financial statements of United Adjunct Faculty of New Jersey (a nonprofit organization), which comprise the statements of assets, liabilities and net assets - modified cash basis as of December 31, 2014 and 2013, and the related statements of support, revenue and expenses – modified cash basis for the years 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 2; 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.

Auditor’s Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 auditor’s judgment, including the 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, I 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 statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets - modified cash basis of United Adjunct Faculty of New Jersey as of December 31, 2014 and 2013, and its support, revenue and expenses for the years then ended on the basis of accounting described in Note 2.
Other Matter

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of Expenses from Operations – modified cash basis on page 8 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to be the financial statements themselves, and other additional procedures in accordance with the modified cash basis of accounting. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Basis of Accounting

I draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on a modified cash basis, which is a basis of accounting other than accounting principles generally accepted in the United States of America. My opinion is not modified with respect to this matter.

September 22, 2015
Lawrenceville, New Jersey
# UNITED ADJUNCT FACULTY OF NEW JERSEY

## STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS

December 31, 2014 and 2013

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>1,094,368</td>
<td>1,104,631</td>
</tr>
<tr>
<td>Certificates of deposit</td>
<td>152,286</td>
<td>151,678</td>
</tr>
<tr>
<td>Security deposit</td>
<td>500</td>
<td></td>
</tr>
<tr>
<td>Fixed assets, net</td>
<td>875</td>
<td>1,501</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>1,248,029</td>
<td>1,257,810</td>
</tr>
</tbody>
</table>

|                  |          |          |
| **LIABILITIES AND NET ASSETS** |          |          |
| Payroll liabilities | 5,751   | 9,199    |
| Net assets - unrestricted | 1,242,278 | 1,248,611 |
| **Total liabilities and net assets** | 1,248,029 | 1,257,810 |

See accompanying notes.
UNITED ADJUNCT FACULTY OF NEW JERSEY

STATEMENT OF REVENUE COLLECTED
AND EXPENSES PAID AND CHANGES IN NET ASSETS - MODIFIED CASH BASIS

For the Years Ended December 31, 2014 and 2013

Changes in net assets:
Revenues, gains and other support:
Operating revenue:
- Per capita dues $458,036 $524,057
- AFTNJ assistance 4,944 5,000
- Interest income 829 884
Other revenue 4,732 1,100
Total revenues, gains and other support 468,541 531,041
Less expenses of union operations 474,874 432,465
Increase (decrease) in net assets (6,333) 98,576

Net assets:
Beginning of period $1,248,611 1,150,035
End of period $1,242,278 $1,248,611

See accompanying notes.
1. **Nature of Organization**

General

The Organization was established for the purpose to promote, by all proper means, the material and intellectual welfare of its members and their families. Secure, by all legal and proper means, adequate wages, working conditions and opportunities of employment and to encourage its members to register and vote in the interest of obtaining higher standards of citizenship and secure adequate legislation, which will safeguard and promote the principles of free collective bargaining. The Organization was granted a charter from The American Federation of Teachers (AFT) on June 16, 2009.

2. **Summary of Significant Accounting Policies**

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

**Basis of Accounting**

The Organization prepares its financial statements on the modified cash basis of accounting. Under this method, revenue is recognized when received rather than earned, and expenses are recognized when paid rather than when the related obligation is incurred. Modifications to the cash basis of accounting result from management's decision to record fixed assets and related depreciation and payroll tax liabilities in the accompanying statements of assets, liabilities and net assets -modified cash basis.

**Basis of Presentation**

Resources are classified for accounting and reporting purposes, based on the existence or absence of donor-imposed restrictions, into three net asset categories - unrestricted, temporarily restricted, and permanently restricted. For the years ended December 31, 2014 and 2013 the United Adjunct Faculty of New Jersey had accounting transactions in only one of the net asset categories, as follows:

- Unrestricted net assets - Net assets that are not subject to donor imposed restrictions.

**Cash and Cash Equivalents**

Cash and cash equivalents consist of cash held in checking accounts, savings accounts, bank money market accounts and cash on hand. At December 31, 2014, and throughout the year, cash was deposited in several banks.

**Fixed Assets**

Fixed assets are stated at cost. Depreciation is provided on a straight-line basis over the estimated useful of the assets which approximates 3 years. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the period. The cost of maintenance and repairs is charged to an expense account as incurred. It is the policy of the organization to capitalize fixed asset purchases greater than $1,500.

**Reclassification**

Certain items relating to year ended December 31, 2013 have been reclassified to conform with the current year's presentation.
2. **Summary of Significant Accounting Policies (continued)**

**Use of Estimates in the Preparation of Financial Statements**

The preparation of financial statements in accordance with the modified cash basis of accounting requires management to make estimates and assumptions that affect, the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

**Concentrations**

The Organization maintains cash in various financial institutions at December 31, 2014 and 2013. Balances exceeded the FDIC insured amount by approximately $668,000 and $661,200, respectively. The federally insured amounts are a maximum of $250,000.

**Income Tax**

The United Adjunct Faculty of New Jersey has been determined to be exempt from income taxes under Section 501(c) (5) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the financial statements.

**Accounting for Uncertainty in Income Taxes**

The Organization adopted the provisions of FASB ASC740-10 relating to uncertainty in income taxes. The implementation included evaluating the tax positions taken on all income tax returns that remain open to examination by the respective taxing authorities. The Organization does not believe that there are any uncertain tax positions on those returns that meet the requirements of FASB ASC740-10 and therefore should be reflected in the financial statements. Management is not aware of any violation of its tax status as an organization exempt from income taxes, nor of any exposure to unrelated business income tax.

The Organization is subject to routine audits by taxing authorities. There are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examination for years prior December 31, 2011.

**Fair Value of Financial Instruments**

The carrying amounts of cash and cash equivalents, receivables, accounts payable and accrued expenses approximate fair value due to the short maturity of these financial instruments.

3. **Cash and Cash Equivalents**

Cash and cash equivalents consisted of following at December 31:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Checking accounts - non interest bearing</td>
<td>$644,506</td>
<td>$419,820</td>
</tr>
<tr>
<td>Checking accounts - interest bearing</td>
<td>432,288</td>
<td>667,243</td>
</tr>
<tr>
<td>Saving accounts - interest bearing</td>
<td>17,574</td>
<td>17,568</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,094,368</strong></td>
<td><strong>1,104,631</strong></td>
</tr>
</tbody>
</table>
4. **Certificates of Deposit**

Certificates of deposit consist of various deposits at three financial institutions with interest rates varying from 0.06% to 0.45%. They mature throughout 2013 and 2014. The balances at December 31, 2014 and 2013 were $152,28 and $151,678, respectively.

5. **Fixed Assets**

Fixed assets are being depreciated over 3 years. Depreciation expense for the years ended December 31, 2014 and 2013 was $625 and $374, respectively.

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Assets</td>
<td>$1,875</td>
<td>$1,875</td>
</tr>
<tr>
<td>Less Accumulated depreciation</td>
<td>$(1,002)</td>
<td>$374</td>
</tr>
<tr>
<td><strong>Net</strong></td>
<td>$875</td>
<td>$1,501</td>
</tr>
</tbody>
</table>

6. **Payroll Taxes**

As of September 22, 2015, all payroll tax liabilities for the fiscal year have been paid in full. All payroll tax returns have been filed on a timely basis, and all tax payments have been made on a timely basis.

7. **No Subsequent Events**

The Organization's management evaluated the period from December 31, 2014 to September 22, 2015 for items requiring recognition or disclosure in the financial statements. There were no events occurring during the evaluation period that require disclosure, and there were no events that require recognition in the financial statements.