

**NATIONAL ASSOCIATION OF SOCIAL WORKERS
CALIFORNIA CHAPTER**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2009 AND 2008

**NATIONAL ASSOCIATION OF SOCIAL WORKERS
CALIFORNIA CHAPTER**

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INDEPENDENT AUDITORS' REPORT

To The Board of Directors
National Association of Social Workers,
California Chapter
Sacramento, California

We have audited the accompanying statements of financial position of National Association of Social Workers, California Chapter (a nonprofit organization) as of June 30, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Association of Social Workers, California Chapter as of June 30, 2009, and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

HALEY & COMPANY LLP

September 9, 2009

NATIONAL ASSOCIATION OF SOCIAL WORKERS CALIFORNIA CHAPTER
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2009 AND 2008

ASSETS

	<u>2009</u>	<u>2008</u>
Cash and cash equivalents	\$ 117,977	\$ 428,621
Certificate of deposit	721,280	392,486
Investments in mutual funds	676,047	764,302
Membership dues receivable	62,809	117,192
Accounts receivable	2,482	7,912
Prepaid expenses	13,782	32,330
Prepaid income tax	2,592	3,177
Inventory	1,400	1,400
Land, building and equipment	199,022	209,412
Deposits	<u>3,097</u>	<u>1,597</u>
 Total assets	 <u>\$ 1,800,488</u>	 <u>\$ 1,958,429</u>

LIABILITIES AND NET ASSETS

LIABILITIES:

Accounts payable	\$ 27,727	\$ 42,640
Accrued expenses	45,662	37,773
Deferred revenue	<u>446,555</u>	<u>449,579</u>
 Total liabilities	 519,444	 529,992

NET ASSETS:

Operations	1,156,817	1,303,124
Designated	<u>124,227</u>	<u>125,313</u>
 Total net assets	 <u>1,281,044</u>	 <u>1,428,437</u>
 Total liabilities and net assets	 <u>\$ 1,800,488</u>	 <u>\$ 1,958,429</u>

See accompanying notes.

**NATIONAL ASSOCIATION OF SOCIAL WORKERS CALIFORNIA CHAPTER
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
REVENUES AND INCOMES:		
Membership dues	\$ 736,489	\$ 795,835
Fees and collections	118,762	69,145
Referral service fees	35,997	23,910
Workshop income	354,042	380,933
Conferences	117,409	113,101
Newsletter income	48,019	43,772
Jobs databank	8,369	31,121
Interest and dividend income	66,499	75,840
Miscellaneous income	<u>13,072</u>	<u>28,512</u>
Total revenue	<u>1,498,658</u>	<u>1,562,169</u>
EXPENSES:		
Membership	333,198	310,757
Publications	106,096	85,333
Conferences	182,786	162,448
Workshop expenses	351,342	397,233
Community services	224,881	202,145
Administration	318,101	305,020
Realized investment loss	42,148	0
Unrealized investment loss	<u>87,499</u>	<u>62,303</u>
Total expenses	<u>1,646,051</u>	<u>1,525,239</u>
Change in net assets	(147,393)	36,930
NET ASSETS, Beginning of Year	<u>1,428,437</u>	<u>1,391,507</u>
NET ASSETS, End of Year	<u>\$ 1,281,044</u>	<u>\$ 1,428,437</u>

See accompanying notes.

**NATIONAL ASSOCIATION OF SOCIAL WORKERS CALIFORNIA CHAPTER
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	(\$ 147,393)	\$ 36,930
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	11,766	11,614
Unrealized (gain) loss on investments	76,486	62,303
Changes in:		
Dues receivable	54,384	(62,454)
Prepaid expenses	18,548	(14,994)
Prepaid income tax	585	(1,927)
Accounts receivable	5,430	(1,204)
Deposits	(1,500)	(1,250)
Accounts payable	(15,413)	1,027
Accrued expenses	7,889	(2,173)
Deferred revenue	(<u>3,024</u>)	(<u>8,886</u>)
Net cash provided by operating activities	<u>7,758</u>	<u>18,986</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Purchase) sale of investments	11,768	(157,812)
Purchase of certificate of deposit	(328,794)	(73,698)
Purchase of equipment	(<u>1,376</u>)	(<u>3,986</u>)
Net cash used by investing activities	(<u>318,402</u>)	(<u>235,496</u>)
Change in cash	(310,644)	(216,510)
CASH, Beginning of Year	<u>428,621</u>	<u>645,131</u>
CASH, End of Year	<u>\$ 117,977</u>	<u>\$ 428,621</u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash payments for interest for the years ended June 30, 2009 and 2008, were \$0 and \$0, respectively. Cash payments for taxes for the years ended June 30, 2009 and 2008, were \$892 and \$8,800, respectively.

See accompanying notes.

**NATIONAL ASSOCIATION OF SOCIAL WORKERS CALIFORNIA CHAPTER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies applied in the preparation of the accompanying financial statements follows:

Organization

The Association is the California administrative unit of the National Association of Social Workers which is incorporated as a nonprofit organization in the State of Delaware. The Association provides education and information to members in the social work profession.

Cash and Cash Equivalents

The Association considers all short term investments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable is recorded at the amount the Association expects to collect on balances outstanding at year-end. Management closely monitors outstanding balances and writes off all balances that have not been collected in a reasonable time period. The allowance for uncollectible accounts is set up to include substantially all receivables uncollected after a 120 day period. The estimated allowance for uncollectible accounts at June 30, 2009 and 2008, is \$2,416 and \$2,416, respectively.

Inventory

Inventories consist of office supplies and publications and are stated at the lower of cost or market.

Depreciation

The Association provided for depreciation on its furniture and equipment using the straight-line method over the estimated useful lives of the assets. The Association capitalizes all assets purchased over \$500.

**NATIONAL ASSOCIATION OF SOCIAL WORKERS CALIFORNIA CHAPTER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Association is a nonprofit organization under the provisions of the Internal Revenue Code Section 501(c)(6) and is exempt from federal and state income taxes.

Deferred Revenue

The Association recognizes revenue in the accounting period in which it is earned. Revenue received in advance of earning is recorded as deferred revenue and shown as a liability on the balance sheet.

Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Association and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Association and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets– Net assets subject to donor-imposed stipulations are maintained permanently. Generally, the donors of these assets permit the Association to use all or part of the income earned on any related investments for general or specific purposes.

Designated Net Assets - The Association accounts for Board designated net assets available for councils, regions, and referral services by tracking the net assets available for use by the reporting units.

**NATIONAL ASSOCIATION OF SOCIAL WORKERS CALIFORNIA CHAPTER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recognition of Donor Restrictions

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Investments

Investments are composed of mutual funds investing in debt and equity securities and are carried at fair value.

NOTE 2 - INVESTMENTS

Investments as of June 30, 2009, are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value 2009</u>
Unrestricted:			
Ager Mid Cap Growth Fund	\$ 55,532	\$ 31,088	\$ 31,088
Allinate Dividend Value Fund	111,918	76,947	76,947
Pimco Real Return Fund	43,000	46,031	46,031
Vanguard Fixed Income St	66,908	65,316	65,316
Franklin Total Return A	0	0	0
Harbor Bond Fund	128,882	132,321	132,321
Artisian Mid Cap Value	37,748	29,677	29,677
Alliance Bernstein Value Fund	0	0	0
American High Income Fund	44,716	36,609	36,609
Growth Fund of America	107,773	87,625	87,625
Oppenheimner Int'l Bond Fund	73,646	72,666	72,666
Thornburg Invt Tr Int'l Value	<u>97,497</u>	<u>97,767</u>	<u>97,767</u>
	<u>\$ 767,620</u>	<u>\$ 676,047</u>	<u>\$ 676,047</u>

**NATIONAL ASSOCIATION OF SOCIAL WORKERS CALIFORNIA CHAPTER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

NOTE 2 – INVESTMENTS (Continued)

Investments as of June 30, 2008, are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value 2008</u>
Unrestricted:			
Ager Mid Cap Growth Fund	\$ 70,155	\$ 66,417	\$ 66,417
Vanguard Fixed Income St	65,000	65,065	65,065
Franklin Total Return A	126,600	124,121	124,121
Harbor Bond Fund	124,431	127,476	127,476
Artisian Mid Cap Value	80,200	78,203	78,203
Alliance Bernstein Value Fund	86,550	77,301	77,301
American High Income Fund	59,275	58,446	58,446
Growth Fund of America	87,038	88,157	88,157
Oppenheimner Int'l Bond Fund	40,070	39,763	39,763
Thornburg Invt Tr Int'l Value	<u>40,070</u>	<u>39,353</u>	<u>39,353</u>
	<u>\$ 779,389</u>	<u>\$ 764,302</u>	<u>\$ 764,302</u>

Investment return is summarized as follows:

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Dividend and capital gain distributions	\$ 38,347	\$ 41,965
Unrealized gain (loss)	(87,499)	(62,303)
Realized loss	<u>(42,148)</u>	<u>0</u>
Total investment return (loss)	<u>(\$ 91,300)</u>	<u>(\$ 20,338)</u>

**NATIONAL ASSOCIATION OF SOCIAL WORKERS CALIFORNIA CHAPTER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

NOTE 3 – LAND, BUILDINGS, AND EQUIPMENT

The following is a summary of land, buildings, and equipment – at cost, less accumulated depreciation at June 30:

	<u>2009</u>	<u>2008</u>
Land	\$ 73,617	\$ 73,617
Building	180,235	180,235
Improvements	37,300	37,300
Furniture	3,673	3,673
Equipment	<u>36,447</u>	<u>35,071</u>
	\$ 331,272	\$ 329,896
Accumulated depreciation	(<u>132,250</u>)	(<u>120,484</u>)
Total land, buildings, and equipment	<u>\$ 199,022</u>	<u>\$ 209,412</u>

NOTE 4 – DEFERRED REVENUE

The deferred revenue consisted of the following at June 30:

	<u>2009</u>	<u>2008</u>
Membership dues	\$ 439,626	\$ 434,362
Workshop fees	<u>6,929</u>	<u>15,217</u>
	<u>\$ 446,555</u>	<u>\$ 449,579</u>

The large deferred revenue amount for membership dues arises because the dues are collected at the beginning of the billing period. The members' annual dues are recognized as revenue on a pro-rata monthly basis.

**NATIONAL ASSOCIATION OF SOCIAL WORKERS CALIFORNIA CHAPTER
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FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

NOTE 5 – DESIGNATED NET ASSETS

Net assets are Board designated for the following purposes at June 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Region A	\$ 5,409	\$ 12,889
Region B	5,742	6,097
Region C	8,561	8,561
Region D	12,992	12,567
Region E	5,692	4,924
Region F	11,446	11,053
Region D - Northern Gateway	1,216	0
Region G	5,343	6,337
Region H	5,307	4,569
Region I	1,229	1,229
Region G – San Fernando Valley	6,011	5,202
Region I – Long Beach	636	636
Region G – Ventura	3,098	4,121
Region B – San Jose	1,727	1,892
Region B – San Luis Obispo	3,447	2,119
Region D – Foothills	1,612	111
Region G – Santa Barbara	3,655	3,748
Asian Pacific Islander Social Work Council North	3,403	2,965
Pilipino American Social Workers Association	3,112	3,158
Jane Addams Council	0	460
Social Work Image Council	757	757
Asian Pacific Islander Social Council South	767	383
Social Action/Social Justice Council	1,173	2,048
American Red Cross Council	79	57
Progressive Social Work		
Education and Practice Council	0	216
San Diego referral service	794	808
Orange County referral service	3,545	4,029
Deans and directors	16,501	13,882
California Social Work Education Center	9,739	10,379
School of Social Work	<u>1,234</u>	<u>116</u>
	<u>\$ 124,227</u>	<u>\$ 125,313</u>

**NATIONAL ASSOCIATION OF SOCIAL WORKERS CALIFORNIA CHAPTER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

NOTE 6 – INCOME TAX EXPENSE

Under the Internal Revenue Code and the California tax law, a tax-exempt organization is subject to income tax on unrelated business income. During the year ended June 30, 2009 and 2008, the Association has unrelated business income from publication advertising and debt financed rental income. The current income tax provision on unrelated business income for the year ended June 30, 2009 and 2008, is \$585 and \$2,823, respectively.

NOTE 7 – OPERATING LEASE COMMITMENTS

The Association is obligated under a long-term lease for equipment. The following is a schedule, by years, of future minimum lease payments under the lease:

	2009	2008
	0	12,155
	\$ 0	\$ 12,155

Rent expense paid at June 30, 2009 and 2008, is \$0 and \$0, respectively.

NOTE 8 – RELATED PARTIES

California Political Action for Candidate Election (CAL-PACE) – CAL-PACE is a separate corporate entity which has certain directors in common with the Association. CAL-PACE is a political action committee as described in Section 527 of the Internal Revenue Code. It is operated by the Association’s management. A substantial portion of CAL-PACE’s administrative and overhead costs is borne by the Association and included as Association expenses. The following transactions are included in the accompanying consolidated financial statements as of June 30, 2009 and 2008:

	2009	2008
Administrative and overhead costs incurred by the Association on behalf of CAL-PACE	\$ 11,005	\$ 11,005
Administrative overhead fees charged to CAL-PACE by the Association		\$ 0
\$ 0		
Administrative receivable from CAL-PACE for administrative overhead fees and expenses paid by the Association	0	0
Amounts payable to CAL-PACE for political contributions collected by the Association	0	0

All amounts due to or due from CAL-PACE are anticipated to be settled in fiscal year 2009.

**NATIONAL ASSOCIATION OF SOCIAL WORKERS CALIFORNIA CHAPTER
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 9 – RETIREMENT PLAN

Defined Contribution Plan – The Association has a simple IRA profit-sharing plan which qualifies under Section 401(k) of the Internal Revenue Code. The plan allows eligible employees to contribute up to 15 percent of their compensation. The Association elected to make a discretionary contribution of \$20,350 in 2009 and \$20,831 in 2008 to the plan based on 5% for all employees compensation with more than one year of service.

NOTE 10 – COMMITMENTS

The Association entered contracts with hotels for education and annual conferences. The commitments under these contracts at June 30, 2009 and 2008, is \$50,000 and \$46,000, respectively.

NOTE 11 – CONCENTRATION

The Association receives all its membership dues revenue from the National Association of Social Workers.

NOTE 12 – FUNCTIONAL EXPENSE

The Association uses functional expense classification on the Statement of Activities. The prior year expenses are presented based on function classifications for comparative purposes.