

*Financial Statements*

**VOLUSIA UNITED EDUCATORS, INC.**

**June 30, 2023**

**VOLUSIA UNITED EDUCATORS, INC.**

**Financial Statements**

**June 30, 2023**

**(With Independent Auditor's Report Thereon)**

VOLUSIA UNITED EDUCATORS, INC.

Financial Statements

June 30, 2023

**Table of Contents**

Independent Auditor's Report.....	1
Financial Statements:	
Statement of Financial Position.....	3
Statement of Activities.....	4
Statement of Cash Flows.....	5
Notes to Financial Statements.....	6

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## **Independent Auditor's Report**

The Board of Trustees  
Volusia United Educators, Inc.

### **Opinion**

We have audited the accompanying financial statements of Volusia United Educators, Inc. which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Volusia United Educators, Inc. as of June 30, 2023, and the results of its operations 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. 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 Volusia United Educators, Inc. 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 Volusia United Educators, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Volusia United Educators Inc.'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 Volusia United Educators Inc.'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.

*Schaefer, Tschagg, Whitcomb, Mitchell & Shuiken, LLP*

Maitland, Florida  
December 8, 2023

VOLUSIA UNITED EDUCATORS, INC.

**Statement of Financial Position**

June 30, 2023

**Assets**

Current assets:

Cash and cash equivalents	\$ 704,624
Accounts receivable (note 3)	74,074
Investments (note 4)	239,889
Total current assets	<u>1,018,587</u>

Property and equipment (note 5):

Land	272,430
Building	2,545,516
Furniture and fixtures	51,945
Machinery and equipment	31,990
	<u>2,901,881</u>
Less accumulated depreciation	<u>(928,427)</u>

Total property and equipment	<u>1,973,454</u>
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Total assets	<u><u>\$ 2,992,041</u></u>
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**Liabilities and Net Assets**

Current liabilities:

Accounts payable and accrued expenses	\$ 12,646
Accrued vacation payable	37,679
Deferred revenue (note 3)	16,675
Mortgage note payable, current portion (note 5)	67,648
Total current liabilities	<u>134,648</u>

Non-current liabilities:

Mortgage note payable, less current portion (note 5)	<u>832,988</u>
Total non-current liabilities	<u>832,988</u>

Total liabilities	967,636
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Commitments and contingencies (note 7)

Net assets without donor restrictions	<u>2,024,405</u>
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Total liabilities and net assets	<u><u>\$ 2,992,041</u></u>
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See accompanying notes to financial statements

VOLUSIA UNITED EDUCATORS, INC.

**Statement of Activities**

Year ended June 30, 2023

Net assets without donor restrictions:

Revenues and other support:

Membership dues and fees	\$ 2,209,101
State, local and national assistance	225,112
Rental income	34,520
Investment income (note 4)	17,416
Contributions and other	4,285
Total revenue and other support	<u>2,490,434</u>

Expenses:

Salaries and wages	398,095
Employee benefits	130,334
Payroll taxes	30,075
Per capita dues	1,304,290
Membership benefits	32,695
Professional development	12,510
Telephone/communication	8,490
Contributions	750
Occupancy costs	62,203
Travel	11,247
Conference, conventions and meetings	14,120
Office and other	17,730
Depreciation	64,199
Interest	45,274
Professional fees	11,500
Total expenses	<u>2,143,512</u>

Change in net assets 346,922

Net assets - at June 30, 2022 1,677,483

Net assets - at June 30, 2023 \$ 2,024,405

See accompanying notes to financial statements

VOLUSIA UNITED EDUCATORS, INC.

**Statement of Cash Flows**

Year ended June 30, 2023

Cash flows from operating activities:	
Change in net assets	\$ 346,922
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	64,199
Unrealized gains on investments	(5,058)
Change in operating assets and liabilities:	
Accounts receivable	(72,509)
Accounts payable and accrued expenses	(111,190)
Accrued vacation	10,335
Deferred membership dues	(275,484)
Net cash provided by operating activities	<u>(42,785)</u>
Cash flows from investing activities:	
Purchase of investments, net	<u>(31,675)</u>
Net cash used in investing activities	<u>(31,675)</u>
Cash flows from financing activities:	
Payment of principal on mortgage payable	<u>(87,635)</u>
Net cash used in financing activities	<u>(87,635)</u>
Change in cash and cash equivalents	(162,095)
Cash and cash equivalents at beginning of year	<u>866,719</u>
Cash and cash equivalents at end of year	<u>\$ 704,624</u>
Supplemental disclosure of cash flow information:	
Cash paid for interest	<u>\$ 45,274</u>

See accompanying notes to financial statements

VOLUSIA UNITED EDUCATORS, INC.

**Notes to Financial Statements**

June 30, 2023

**(1) Nature of Organization and Summary of Significant Accounting Policies**

**(a) General**

The Volusia United Educators, Inc. (“VUE” or “Organization”) is a non-profit corporation organized for the purpose of joining together Volusia County public school teachers for the mutual enhancement of their professional and educational needs. The Organization was formerly known as Volusia Teachers Organization until April 2018 when the Articles of Incorporation were amended to change the name to Volusia United Educators, Inc. The Organization acts as a bargaining unit to protect and promote the rights, working conditions and compensation of teachers, and the welfare of children by providing an equal educational opportunity for all students. Its mission includes any related benevolent, educational, political and social matters. Membership in the Organization consists primarily of employees of the Volusia County school system. The primary source of funding for VUE is from dues withheld by the Volusia County School Board and remitted to the Organization.

**(b) Basis of Presentation**

The accompanying financial statements are presented on the accrual basis and represent the financial position and results of operations of the Organization.

The Organization prepares its financial statements on an entity wide basis, focusing on the organization as a whole. Net assets and revenue, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- Net assets without donor restrictions---Net assets that are not subject to donor-imposed stipulations and, therefore, available for use in general operations.
- Net assets with donor restrictions---Some donors impose restrictions that are temporary in nature, for example, stipulating that resources be used after a specified date, for particular programs or services, or to acquire buildings or equipment. Other donor-imposed restrictions that are perpetual in nature, for example, stipulating that resources be maintained in perpetuity. Laws may extend those limits to investment returns from those resources and to other enhancements (diminishments) of those resources. Thus, those laws extend donor-imposed restrictions.

**(c) Property and Equipment**

Property and equipment are valued at cost at acquisition date and fair value at the date of donation. Assets are capitalized when the purchase price exceeds \$500 and the estimated useful life is more than one year. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets. Expenditures for repairs, which do not materially prolong the useful lives

VOLUSIA UNITED EDUCATORS, INC.

**Notes to Financial Statements**

June 30, 2023

**(1) Nature of Organization and Summary of Significant Accounting Policies - Continued**

**(c) Property and Equipment - Continued**

of the related assets, are charged to operating expenses as incurred. Building improvements, landscaping, furniture and fixtures and machinery and equipment are depreciated over a five-year life. Depreciation expense for the year ended June 30, 2023 was \$64,199.

**(d) Income Taxes**

The Organization received their notice of qualifications from the Internal Revenue Service as an organization exempt from income taxes under Internal Revenue Code Section 501(c)(5), and is not considered a private foundation and was organized under Florida State non-profit corporation laws. Accordingly, no provision or benefit for income taxes has been reflected in the accompanying financial statements.

In accordance with “Income Taxes” FASB Accounting Standards Codification Topic 740 (Topic 740), all entities are required to evaluate and disclose income tax risks. Topic 740 clarifies the accounting for uncertainty in tax positions and prescribes guidance related to the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The tax benefit from an uncertain tax position is only recognized in the statement of financial position if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. Interest and penalties, if any, are included in expenses in the statement of activities. As of June 30, 2023, the Organization had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

The Organization’s income tax returns are subject to review and examination by federal authorities. The Organization is not aware of any activities that would jeopardize its tax-exempt status. The Organization is not aware of any activities that are subject to tax on unrelated business income, excise or other taxes. The tax returns for the fiscal years ended from 2020 to 2022 are open to examination by federal authorities.

**(e) Contributions**

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary 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.

VOLUSIA UNITED EDUCATORS, INC.

**Notes to Financial Statements**

June 30, 2023

**(1) Nature of Organization and Summary of Significant Accounting Policies - Continued**

**(f) 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.

**(g) Cash and Cash Equivalents**

For the purposes of the statement of financial position, the Organization considers highly liquid investments, including those purchased with a maturity of three months or less, to be cash equivalents.

**(h) Long-Lived Assets**

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the asset's carrying amount and fair value of the asset and long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell.

**(i) Functional Allocation of Expenses**

The costs of providing programs and administration of the Organization have been summarized on a functional basis as indicated in note 8. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The allocation of expenses according to function, including payroll and occupancy costs which cannot be directly attributed to specific functions, is based on estimates by the Organization's management, of the time of employees involved and of percentages of assets utilized.

**(j) Subsequent Events**

The Organization has evaluated subsequent events through December 8, 2023. All subsequent events requiring recognition, if any, as of December 8, 2023, have been incorporated into the accompanying financial statements.

**(2) Liquidity and Availability**

As of June 30, 2023, the Organization has approximately \$1,020,000 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

VOLUSIA UNITED EDUCATORS, INC.

**Notes to Financial Statements**

June 30, 2023

**(2) Liquidity and Availability - Continued**

The following table reflects the Organization’s financial assets as of June 30, 2023 reduced by amounts that are not available to meet general expenditures, as applicable, within one year of the statement of financial position date.

Cash and cash equivalents	\$ 704,624
Accounts receivable	74,074
Investments	<u>239,889</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,018,587</u>

**(3) Deferred Membership Dues and Other Revenue**

Deferred membership dues and other revenue, as applicable, represents revenue and other support received primarily from the Volusia County School Board and/or the Florida Education Association which will benefit future periods. Accounts and dues receivable, as applicable, are stated at the amounts management expects to collect from outstanding balances. Management provides for probable uncollectible amounts using the reserve method based on its assessment of the current status of individual receivables and after using reasonable collection efforts. As of June 30, 2023, no reserve for uncollectible accounts has been recorded.

**(4) Investments**

Investments consist of mutual funds and Creative Benefits for Educators (CBFE) stock, which are carried at their estimated fair market values. CBFE is a privately held stock, which is held by approximately 100 different Florida Education Association local affiliates and fewer than 10 individuals. There are no restrictions regarding the sale of this stock, however, there is currently no active market for the CBFE shares. Accordingly, its book value is considered to be the market value. The cost and estimated market value of investment securities held at June 30, 2023 are as follows:

<u>Investment Security</u>	<u>Cost</u>	<u>Market Value</u>
Mutual funds	\$ 206,074	199,275
CBFE Stock	<u>27,423</u>	<u>40,614</u>
Total	<u>\$ 233,497</u>	<u>239,889</u>

Generally accepted accounting principles defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements which currently applies to all financial assets and liabilities, as well as for any other assets and liabilities that are carried at fair value on a recurring basis.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an

VOLUSIA UNITED EDUCATORS, INC.

**Notes to Financial Statements**

June 30, 2023

**(4) Investments - Continued**

orderly transaction between market participants on the measurement date. These principles also establish a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value using three levels of inputs as follows:

Level 1: quoted prices in active markets for identical assets or liabilities

Level 2: quoted prices for similar assets and liabilities in active markets or inputs that are observable

Level 3: inputs that are unobservable (for example, cash flow modeling based on assumptions)

The Organization did not change its valuation techniques during the year. The fair value of mutual funds is based on quoted net asset values of the shares (Level 1 Input) held by the Organization at year-end. The CBFEE stock is not actively traded and significant other observable inputs are not available (Level 3 Input). Thus, the fair value of CBFEE stock is based on valuation provided by CBFEE.

During the year ended June 30, 2023, the Organization received dividends amounting to \$12,358 in connection with its investment in the mutual funds and CBFEE stock described herein. In addition, the Organization has net unrealized gains on its investments amounting to \$5,058. The dividends and unrealized gains have been included in investment income in the accompanying statement of activities.

**(5) Mortgage Note Payable**

The mortgage note payable commenced on April 25, 2023. The note is payable in equal monthly installments of \$10,919 including interest at 7.19% through May 25, 2026, at which time all unpaid principal, accrued interest and any other unpaid amounts will be due. The mortgage note is secured by the Organization's real property.

At June 30, 2023, the outstanding balance of the mortgage note amounted to \$900,636. Aggregate maturities of the mortgage note for years subsequent to June 30, 2023 are as follows:

<u>Year ending June 30,</u>	
2024	\$ 67,648
2025	72,675
2026	<u>760,313</u>
Total	<u>\$ 900,636</u>

**(6) Concentrations of Credit Risk**

VUE places their cash and cash equivalents with high quality financial institutions. The balance, at times, may exceed federally insured limits. At June 30, 2023, the Organization did not exceed the federally insured limit. VUE regularly monitors the financial conditions of the institution in which it

VOLUSIA UNITED EDUCATORS, INC.

**Notes to Financial Statements**

June 30, 2023

**(6) Concentrations of Credit Risk - Continued**

has depository accounts and believes the risk of loss is minimal. Concentrations of credit risk with respect to unsecured receivables are limited as the receivables are primarily union dues receivable from members and have been collected in full in the past.

**(7) Commitments and Contingencies**

VUE participates in a defined contribution, multi-employer pension plan, sponsored by Florida Education Association, Inc., which covers all of the Organization’s employees. Employees become eligible to join upon employment and are fully vested after 30 months of service. Employer contributions, which are based on 20% of each covered employee’s gross pay, approximately \$70,000 for the year ended June 30, 2023.

The President of VUE is classified as a teacher by the Volusia County School Board and is paid by the school board as an employee. VUE reimburses the school board for the president’s compensation, taxes and benefits and the reimbursed amounts are included under the corresponding expense category. Florida Education Association, Inc. (“FEA”) acts as a payroll agent for the Organization. FEA outsources this duty to ADP (a payroll processing company) for payroll processing.

**(8) Functional Expenses**

The costs of programs and supporting activities for the year ended June 30, 2023 have been summarized on a functional basis as follows:

	<b>Program Services</b>	<b>Management and General</b>	<b>Total Expenses</b>
Expenses:			
Salaries and wages	\$ 291,007	97,002	388,009
Employee expenses	12,243	4,081	16,324
Employee benefits	93,072	31,024	124,096
Payroll taxes	22,556	7,519	30,075
Per capita dues	1,304,290	-	1,304,290
Membership benefits	32,695	-	32,695
Professional development	2,502	10,008	12,510
Telephone/communication	4,245	4,245	8,490
Contributions	675	75	750
Occupancy costs	46,652	15,551	62,203
Travel	8,435	2,812	11,247
Conference, conventions and meetings	10,590	3,530	14,120
Office and other	13,297	4,433	17,730
Depreciation	48,149	16,050	64,199
Interest	33,955	11,319	45,274
Professional fees	2,300	9,200	11,500
Total operating expenses	<u>\$ 1,926,662</u>	<u>216,850</u>	<u>2,143,512</u>

VOLUSIA UNITED EDUCATORS, INC.

**Notes to Financial Statements**

June 30, 2023

**(9) Related Party Transactions**

Several officers or employees were paid salaries and reimbursed expenses, but no allowances were paid to any officer or employee during the fiscal year. During the year ended June 30, 2023, the Organization did not make any direct/indirect loans to any officer, employee, or member, which aggregated more than \$250 during the fiscal year. The Organization has not made any direct/indirect loans to any business enterprise.