

**BROWARD TEACHERS UNION  
LOCAL 1975 AFT/FEA/AFL-CIO  
AND  
BROWARD TEACHERS UNION LOCAL 1975  
REAL ESTATE TITLE HOLDING CORPORATION**

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2010**

**BROWARD TEACHERS UNION LOCAL 1975 AFT/FEA/AFL-CIO  
AND  
BROWARD TEACHERS UNION LOCAL 1975 REAL ESTATE TITLE HOLDING CORPORATION**

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2010**

**TABLE OF CONTENTS**

|   |      |
|---|------|
| INDEPENDENT AUDITORS' REPORT.....                     | 1    |
| CONSOLIDATED FINANCIAL STATEMENTS                     |      |
| Statement of Financial Position.....                  | 2    |
| Statement of Activities.....                          | 3    |
| Statement of Cash Flows.....                          | 4    |
| Notes to the Consolidated Financial Statements.....   | 5-11 |
| SUPPLEMENTARY INFORMATION                             |      |
| Consolidating Statement of Financial Position.....    | 12   |
| Consolidating Statement of Activities.....            | 13   |
| Consolidating Statement of Cash Flows.....            | 14   |
| Consolidating Statement of Changes in Net Assets..... | 15   |



## INDEPENDENT AUDITORS' REPORT

To the Executive Board of  
Broward Teachers Union Local 1975 AFT/FEA/AFL-CIO and  
Broward Teachers Union Local 1975 Real Estate Title Holding Corporation  
Tamarac, Florida

We have audited the accompanying consolidated statement of financial position of Broward Teachers Union Local 1975 AFT/FEA/AFL-CIO (a nonprofit organization) and Broward Teachers Union Local 1975 Real Estate Title Holding Corporation as of June 30, 2010, and the related consolidated statement of activities and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Broward Teachers Union Local 1975 AFT/FEA/AFL-CIO and Broward Teachers Union Local 1975 Real Estate Title Holding Corporation as of June 30, 2010, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplementary information included in the report, is presented for the purpose of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

*Bellows Associate PA*

Bellows Associates, P.A.

June 3, 2011

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**BROWARD TEACHERS UNION LOCAL 1975 AFT/FEA/AFL-CIO AND  
BROWARD TEACHERS UNION LOCAL 1975 REAL ESTATE TITLE HOLDING CORPORATION**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2010**

**ASSETS**

|  | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total</u>        |
|--|---------------------|-----------------------------------|-----------------------------------|---------------------|
| <b>Current Assets:</b>   |                     |                                   |                                   |                     |
| Cash and cash equivalents                                      | \$ 3,555,064        | \$ -                              | \$ -                              | \$ 3,555,064        |
| Restricted cash  | -                   | 87,073                            | -                                 | 87,073              |
| Accounts receivable  | 183,416             | -                                 | -                                 | 183,416             |
| <b>Total Current Assets</b>                                    | <b>3,738,480</b>    | <b>87,073</b>                     | <b>-</b>                          | <b>3,825,553</b>    |
| <b>Noncurrent Assets:</b>                                      |                     |                                   |                                   |                     |
| Fixed assets (net of accumulated depreciation<br>of \$379,276) | 1,590,495           | -                                 | -                                 | 1,590,495           |
| Investments  | 60,055              | -                                 | -                                 | 60,055              |
| <b>Total Noncurrent Assets</b>                                 | <b>1,650,550</b>    | <b>-</b>                          | <b>-</b>                          | <b>1,650,550</b>    |
| <b>Total Assets</b>  | <b>\$ 5,389,030</b> | <b>\$ 87,073</b>                  | <b>\$ -</b>                       | <b>\$ 5,476,103</b> |

**LIABILITIES AND NET ASSETS**

|   |                     |                  |             |                     |
|---|---------------------|------------------|-------------|---------------------|
| <b>Current Liabilities:</b>             |                     |                  |             |                     |
| Accounts payable                        | \$ 18,641           | \$ 103           | \$ -        | \$ 18,744           |
| Accrued expenses                        | 909,062             | -                | -           | 909,062             |
| Per capita payable                      | 813,984             | -                | -           | 813,984             |
| <b>Total Current Liabilities</b>        | <b>1,741,687</b>    | <b>103</b>       | <b>-</b>    | <b>1,741,790</b>    |
| <b>Total Liabilities</b>                | <b>1,741,687</b>    | <b>103</b>       | <b>-</b>    | <b>1,741,790</b>    |
| <b>Net Assets</b>                       | <b>3,647,343</b>    | <b>86,970</b>    | <b>-</b>    | <b>3,734,313</b>    |
| <b>Total Net Assets</b>                 | <b>3,647,343</b>    | <b>86,970</b>    | <b>-</b>    | <b>3,734,313</b>    |
| <b>Total Liabilities and Net Assets</b> | <b>\$ 5,389,030</b> | <b>\$ 87,073</b> | <b>\$ -</b> | <b>\$ 5,476,103</b> |

See accompanying notes to the financial statements

**BROWARD TEACHERS UNION LOCAL 1975 AFT/FEA/AFL-CIO AND  
BROWARD TEACHERS UNION LOCAL 1975 REAL ESTATE TITLE HOLDING CORPORATION**

**CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010**

|                                | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total</u>        |
|--------------------------------|---------------------|-----------------------------------|-----------------------------------|---------------------|
| <b>SUPPORT AND REVENUE</b>     |                     |                                   |                                   |                     |
| Membership dues                | \$ 7,899,351        | \$ 77,520                         | \$ -                              | \$ 7,976,871        |
| Contributions and assistance   | 570,701             | -                                 | -                                 | 570,701             |
| Financial revenue              | 87,872              | -                                 | -                                 | 87,872              |
| Other revenue                  | 99,435              | -                                 | -                                 | 99,435              |
|                                | <u>8,657,359</u>    | <u>77,520</u>                     | <u>-</u>                          | <u>8,734,879</u>    |
| <b>EXPENSES</b>                |                     |                                   |                                   |                     |
| Program Services               |                     |                                   |                                   |                     |
| Salaries and employee benefits | 2,435,350           | -                                 | -                                 | 2,435,350           |
| Program expenses               | 1,064,996           | 82,865                            | -                                 | 1,147,861           |
| Per capita expense             | 4,848,690           | -                                 | -                                 | 4,848,690           |
|                                | <u>8,349,036</u>    | <u>82,865</u>                     | <u>-</u>                          | <u>8,431,901</u>    |
| Support Services               |                     |                                   |                                   |                     |
| General and administrative     | 752,107             | -                                 | -                                 | 752,107             |
| Salaries and employee benefits | 778,528             | -                                 | -                                 | 778,528             |
| Depreciation                   | 55,527              | -                                 | -                                 | 55,527              |
|                                | <u>1,586,162</u>    | <u>-</u>                          | <u>-</u>                          | <u>1,586,162</u>    |
|                                | <u>9,935,198</u>    | <u>82,865</u>                     | <u>-</u>                          | <u>10,018,063</u>   |
| Changes in Net Assets          | (1,277,839)         | (5,345)                           | -                                 | (1,283,184)         |
| Net Assets, Beginning of Year  | <u>4,925,182</u>    | <u>92,315</u>                     | <u>-</u>                          | <u>5,017,497</u>    |
| Net Assets, End of Year        | <u>\$ 3,647,343</u> | <u>\$ 86,970</u>                  | <u>\$ -</u>                       | <u>\$ 3,734,313</u> |

See accompanying notes to the financial statements

**BROWARD TEACHERS UNION LOCAL 1975 AFT/FEA/AFL-CIO AND  
BROWARD TEACHERS UNION LOCAL 1975 REAL ESTATE TITLE HOLDING CORPORATION**

**COMBINED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2010**

|  |                |
|--|----------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>   |                |
| Change in net assets   | \$ (1,283,184) |
| Adjustment to reconcile change in net assets<br>due to change in temporarily restricted net assets | 5,345          |
| Adjustment to reconcile change in net assets to<br>net cash provided by operating activities:      |                |
| Depreciation   | 55,527         |
| (Increase) decrease in:  |                |
| Accounts receivable  | (541)          |
| Other current assets   | 29,110         |
| Increase (decrease) in:  |                |
| Accounts payable   | (21,371)       |
| Accrued expenses   | 205,579        |
| Per capita payable   | 20,246         |
|  | <hr/>          |
| Net cash (used in) operating activities  | (989,289)      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>   |                |
| Purchase of fixed assets   | (8,075)        |
|  | <hr/>          |
| Net cash (used in) investing activities  | (8,075)        |
|  | <hr/>          |
| Net (decrease) in cash   | (997,364)      |
| Cash and cash equivalents - beginning of year  | 4,552,428      |
|  | <hr/>          |
| Cash and cash equivalents - end of year  | \$ 3,555,064   |
|  | <hr/> <hr/>    |

See accompanying notes to the financial statements

**BROWARD TEACHERS UNION LOCAL 1975 AFT/FEA/AFL-CIO AND  
BROWARD TEACHERS UNION LOCAL 1975 REAL ESTATE TITLE HOLDING CORPORATION**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010**

**NOTE 1 – Organization and Summary of Significant Accounting Policies**

Nature of Activities

***Broward Teachers Union Local 1975 AFT/FEA/AFL-CIO*** (BTU) is a professional not-for-profit organization affiliated with the American Federation of Teachers (AFT), the Florida Education Association (FEA), the National Education Association (NEA), and the American Federation of Labor-Congress of Industrial Organizations (AFL-CIO) and governed by the Constitution and Bylaws of BTU. The primary purpose of the organization is negotiate and administer a contract for its members through the collective bargaining process and legislative action to advocate for and promote fair and equitable compensation and a safe, healthy and respectful working environment.

BTU represents education, technical support, and charter school and education support professionals working as School Board of Broward County instructional staff, technical managers and supervisors for Broward schools, instructional staff for the City of Pembroke Pines Charter School System, and those providing support in a variety of ways throughout Broward schools. Retirees are eligible to belong to the BTU Retiree Chapter and have a representative on BTU's Executive Board. BTU currently represents approximately fourteen thousand employed or retired members.

***Broward Teachers Union Local 1975 Real Estate Holding Corporation*** (Real Estate Holding Corporation) was organized as a nonstock/nonmembership corporation to hold title to certain real and personal property for BTU. The Corporation was organized not for profit and no part of its income shall ever be distributed to any member, member of the Board of Directors, officer or any private individual. In addition, the Corporation shall not participate in, or intervene in any political campaign on behalf of any candidate for public office.

All affairs of the Corporation are managed by the Board of Directors designated and appointed by BTU and consists of the President, First Vice President and Secretary-Treasurer of BTU.

Consolidated Financial Statements

The accompanying consolidated financial statements reflect the financial position and results of operations of BTU and the Corporation. All material inter-entity transactions have been eliminated in consolidation. Following the recommendation of the Financial Accounting Standards Board (FASB) in its ASB 958-205 the organizations report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. BTU and the Corporation have no permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**BROWARD TEACHERS UNION LOCAL 1975 AFT/FEA/AFL-CIO AND  
BROWARD TEACHERS UNION LOCAL 1975 REAL ESTATE TITLE HOLDING CORPORATION**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010**

**NOTE 1 – Organization and Summary of Significant Accounting Policies (continued)**

Investments

Investments consist of a privately held stock distributed to BTU without cost by its state affiliate. BTU's investment in common stock does not have a readily determinable fair value. The investment income is reported in the statement of activities as an increase in unrestricted net assets.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Income Taxes

BTU and the Corporation, nonprofit organizations, exempt from federal, state, and local income taxes under Internal Revenue Code Section 501(c)(5) and Section 501(c)(2), respectively, except as to the unrelated business income.

Fixed Assets

Fixed assets are recorded at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the assets as follows:

|                                     | <u>Years</u> |
|-------------------------------------|--------------|
| Buildings and building improvements | 19 - 40      |
| Furniture, fixture and equipment    | 3 - 10       |
| Computer equipment                  | 5            |

Repairs and maintenance costs are expensed as incurred and significant renewals and betterments are capitalized. 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 recognized as income or expense for the period.

Concentration of Revenue Source

BTU's principal source of revenue is from dues assessed to the members in the Broward County area and authorized deductions or voluntarily contributions from their earnings in addition to their membership dues. Annual dues are determined at the fixed rate of \$600 per year per member for full-time teachers and school related personnel. Members working less than 7.5 hours per day and paraprofessionals pay 50% of the dues amount paid by full-time teachers.

**BROWARD TEACHERS UNION LOCAL 1975 AFT/FEA/AFL-CIO AND  
BROWARD TEACHERS UNION LOCAL 1975 REAL ESTATE TITLE HOLDING CORPORATION**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010**

**NOTE 1 – Organization and Summary of Significant Accounting Policies (continued)**

Concentration of Revenue Source (continued)

The Corporation's principal source of revenue is rental payments for the building occupied by BTU.

Revenue Recognition

BTU collects annual membership dues over a ten month period and recorded as revenue ratably over the fiscal year. This revenue recognition is consistent with the time frame covered by the membership period. The monthly collections of authorized deductions and voluntarily contributions are recognized consistent with their purpose.

Rental income of the Corporation is recognized on a monthly basis.

Concentration of credit risk

Financial instruments that potentially subject BTU to concentrations of credit risk consist primarily of demand deposits. BTU limits its exposure by placing its deposits with high quality financial institutions. The maximum loss that would have resulted from that risk totaled \$2,870,925 as of June 30, 2010 for the excess of the deposit liabilities reported by the banks over the amounts that would have been covered by federal insurance. BTU has not experienced any losses in such accounts, and management believes it is not subject to a risk of loss because the deposits are placed with quality institutions.

Subsequent events

Issued by the FASB, ASC 855, *Subsequent Events*, provides guidance to establish general standards of accounting for and disclosures of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. ASC 855 also requires entities to disclose the date through which subsequent events were evaluated, as well as whether that date is the date the financial statements were issued or the date the financial statements were available to be issued. Management has evaluated subsequent events through the time of issuance of these financial statements on June 3, 2011.

**NOTE 2 – Cash and Cash Equivalents**

Cash and cash equivalents consist of the following:

|                                    |                     |
|------------------------------------|---------------------|
| Demand deposits                    | \$ 3,037,396        |
| Short term certificates of deposit | <u>517,668</u>      |
| Total cash and cash equivalents    | <u>\$ 3,555,064</u> |

**BROWARD TEACHERS UNION LOCAL 1975 AFT/FEA/AFL-CIO AND  
BROWARD TEACHERS UNION LOCAL 1975 REAL ESTATE TITLE HOLDING CORPORATION**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010**

**NOTE 3 – Related Party Transactions**

As an affiliate, BTU remits per capita dues to the FEA at the established rate. For the year ended June 30, 2010, the per capita expense was \$4,848,690. As of June 30, 2010, per capita payable was \$813,984. BTU also receives advances and subsidies from the FEA for various administrative reimbursements and other operational purposes. For the year ended June 30, 2010, advances and subsidies from the FEA totaled \$386,421. As of June 30, 2010, the advances and subsidies receivable from the FEA were \$163,210.

BTU also receives advances and subsidies from the AFT to cover certain program expenses. The total amount received from the AFT during the year ended June 30, 2010 was \$104,280.

**NOTE 4 – Accounts Receivable**

Accounts receivable consist of dues receivable from members of \$20,206 and subsidies receivable from the FEA of \$163,210.

**NOTE 5 – Investments**

BTU owns shares of common stock of Creative Benefits for Educators (CBE), formerly known as Public Employees Services Company (PESCO). The stock was distributed to BTU, without cost, by the FEA in 2001. BTU has received dividends each year since the date of the distribution. BTU's value in stock is stated at \$60,055 as of June 30, 2010.

**NOTE 6 – Fair Value Measurements**

FASB ASC 820 (formerly SFAS No. 157, Fair Value Measurements) defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts.

The guidance requires that fair value be based on the assumptions market participants would use when pricing the asset or liability, and it establishes a fair value hierarchy of information used to develop those assumptions. Under the hierarchy, quoted prices in active markets have the highest priority and unobservable data has the lowest priority. The guidance requires fair value measurements to be separately disclosed by level within the fair value hierarchy. FASB ASC 820-10-35 prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The three levels are:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

**BROWARD TEACHERS UNION LOCAL 1975 AFT/FEA/AFL-CIO AND  
BROWARD TEACHERS UNION LOCAL 1975 REAL ESTATE TITLE HOLDING CORPORATION**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010**

**NOTE 6 – Fair Value Measurements (continued)**

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

The following are assets measured at fair value at June 30, 2010:

|              | Level 1 | Level 2 | Level 3   | Total     |
|--------------|---------|---------|-----------|-----------|
| Assets:      |         |         |           |           |
| Common stock | \$ -    | \$ -    | \$ 60,055 | \$ 60,055 |
| Total Assets | \$ -    | \$ -    | \$ 60,055 | \$ 60,055 |

**NOTE 7 – Fixed Assets**

Fixed Assets consist of the following:

|                             |                  |
|-----------------------------|------------------|
| Land                        | \$ 707,470       |
| Building                    | 986,301          |
| Furniture and equipment     | 265,500          |
| Computer equipment          | <u>10,500</u>    |
| Total Fixed Assets, at cost | 1,969,771        |
| Accumulated depreciation    | <u>(379,276)</u> |

Fixed Assets, net \$ 1,590,495

Total depreciation expense for the year ended June 30, 2010 was \$55,527.

**NOTE 8 – Temporarily Restricted Cash**

BTU Total Involvement in Government Education Reform Committee on Political Education (TIGER COPE) funds consist of member authorized deductions from their earnings in addition to the regular union dues and are held in separate accounts of Political Action Committees (PAC) registered as Committees of Continuous Existence (CCE) and operating in accordance with by-laws containing procedures for the election of officers and defining membership in the organization. TIGER COPE funds are restricted for political purpose contributions to groups and organizations that can support political issues and expenditures to participate in political action activities in connection with federal, state, and local elections. The total balance in TIGER COPE accounts at June 30, 2010 was \$87,073.

**NOTE 9 – Pension**

BTU has a Simplified Employee Pension (SEP) plan under section 408 (k) of the IRC; substantially all of the employees are covered by this plan.

**BROWARD TEACHERS UNION LOCAL 1975 AFT/FEA/AFL-CIO AND  
BROWARD TEACHERS UNION LOCAL 1975 REAL ESTATE TITLE HOLDING CORPORATION**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010**

**NOTE 9 – Pension (continued)**

Under the plan, BTU contributes 24% of each bargaining unit employee's annual base salary to an employee's traditional individual retirement account or annuity. The contributions are made directly to an IRA set up by or for each employee with a qualified financial institution. Individual self directed accounts are activated after the bargaining unit employee becomes vested with the completion of three years of continuous service with BTU. For the year ended June 30, 2010, BTU contributed to the pension fund \$461,326.

**NOTE 10 – Commitments and Contingencies**

**Operating Lease Obligations**

BTU leases equipment under operating leases expiring in various years. Minimum future payments under non-cancelable operating leases are as follows:

| <u>Year Ended</u>                   | <u>Amount</u>     |
|-------------------------------------|-------------------|
| 2011                                | \$ 68,116         |
| 2012                                | 59,654            |
| 2013                                | 18,324            |
| 2014                                | 18,324            |
| 2015                                | <u>12,216</u>     |
| Total minimum future lease payments | \$ <u>176,634</u> |

For the year ended June 30, 2010, the equipment lease expense was \$96,838.

The Corporation holds title to the real property to be used exclusively by BTU as its offices and union hall. The source of funds for continued operation and maintenance of the real property is BTU. For the year ended June 30, 2010, the total expense for continued operation and maintenance of the property was \$262,919.

**Litigations**

BTU filed two lawsuits against the School Board of Broward County on February 17, 2010 and July 29, 2009, the first is contesting the School Board's blocking of e-mails to board members from teachers and the second is claiming the School Board's failure to allow BTU to inspect, examine or copy certain requested public records. In both cases, BTU intends to vigorously pursue the matter. As of the date of the issuance of the financial statements, the outcome of either lawsuit is uncertain.

**BROWARD TEACHERS UNION LOCAL 1975 AFT/FEA/AFL-CIO AND  
BROWARD TEACHERS UNION LOCAL 1975 REAL ESTATE TITLE HOLDING CORPORATION**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010**

**NOTE 10 – Commitments and Contingencies (continued)**

Litigations (continued)

BTU is also a defendant in an Equal Employment Opportunity Commission charge filed by an employee who does not appear to be seeking any financial compensation. While the final outcome cannot be determined at this time, management believes the discrimination charge is utterly without merit and is of the opinion that the ultimate liability, if any, from the final resolution of this matter will not have a material effect on the Organization's financial statements. As of the date of the issuance of the financial statements, the outcome of the lawsuits is uncertain.

**NOTE 11 – Prior Period Adjustments**

BTU has restated its unrestricted net assets and temporarily restricted net assets at the beginning of the year ended June 30, 2010. This action was taken as a result of the following:

|                                       |            |
|---------------------------------------|------------|
| Understatement of accrued expenses    | \$ 703,483 |
| Understatement of accounts receivable | 182,875    |
| Understatement of other assets        | 60,055     |
| Understatement of restricted cash     | \$ 92,315  |

In the opinion of management, all material prior period adjustments necessary to restate the financial statements have been recorded. The impact of these adjustments on BTU's financial results as originally reported is summarized below:

|  |            |
|--|------------|
| Unrestricted net assets as of June 30, 2010 as previously reported was decreased by            | \$ 460,553 |
| Temporarily restricted net assets as of June 30, 2010, as previously reported was increased by | \$ 92,315  |

**SUPPLEMENTARY INFORMATION**

**BROWARD TEACHERS UNION LOCAL 1975 AFT/FEA/AFL-CIO AND  
BROWARD TEACHERS UNION LOCAL 1975 REAL ESTATE TITLE HOLDING CORPORATION**

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2010**

| <u>ASSETS</u>                                | <u>BTU</u>          | <u>Real Estate<br/>Title Holding<br/>Corporation</u> | <u>Eliminations</u> | <u>Total<br/>Consolidated</u> |
|--|---------------------|--|---------------------|-------------------------------|
| <b>CURRENT ASSETS</b>                        |                     |  |                     |                               |
| Cash and cash equivalents                    | \$ 2,728,614        | \$ 826,450   | \$ -                | \$ 3,555,064                  |
| Restricted cash                              | 87,073              | -  | -                   | 87,073                        |
| Accounts receivable                          | 183,416             | -  | -                   | 183,416                       |
| <b>TOTAL CURRENT ASSETS</b>                  | <u>2,999,103</u>    | <u>826,450</u>                                       | <u>-</u>            | <u>3,825,553</u>              |
| <b>FIXED ASSETS</b>                          |                     |  |                     |                               |
| Land   | -                   | 707,470  | -                   | 707,470                       |
| Property and equipment                       | 276,000             | 986,301  | -                   | 1,262,301                     |
| Accumulated depreciation                     | (83,386)            | (295,890)  | -                   | (379,276)                     |
| <b>TOTAL FIXED ASSETS, NET</b>               | <u>192,614</u>      | <u>1,397,881</u>                                     | <u>-</u>            | <u>1,590,495</u>              |
| <b>OTHER ASSETS</b>                          |                     |  |                     |                               |
| Investments                                  | 60,055              | -  | -                   | 60,055                        |
| <b>TOTAL OTHER ASSETS</b>                    | <u>60,055</u>       | <u>-</u>   | <u>-</u>            | <u>60,055</u>                 |
| <b>TOTAL ASSETS</b>                          | <u>\$ 3,251,772</u> | <u>\$ 2,224,331</u>                                  | <u>\$ -</u>         | <u>\$ 5,476,103</u>           |
| <br><b><u>LIABILITIES AND NET ASSETS</u></b> |                     |  |                     |                               |
| <b>CURRENT LIABILITIES</b>                   |                     |  |                     |                               |
| Accounts payable                             | \$ 18,641           | \$ -   | \$ -                | \$ 18,641                     |
| Accounts payable - temporarily restricted    | 103                 | -  | -                   | 103                           |
| Accrued expenses                             | 909,062             | -  | -                   | 909,062                       |
| Per capita payable                           | 813,984             | -  | -                   | 813,984                       |
| <b>TOTAL CURRENT LIABILITIES</b>             | <u>1,741,790</u>    | <u>-</u>   | <u>-</u>            | <u>1,741,790</u>              |
| <b>TOTAL LIABILITIES</b>                     | <u>1,741,790</u>    | <u>-</u>   | <u>-</u>            | <u>1,741,790</u>              |
| <b>NET ASSETS</b>                            |                     |  |                     |                               |
| Unrestricted                                 | 1,423,012           | 2,224,331  | -                   | 3,647,343                     |
| Temporarily restricted                       | 86,970              | -  | -                   | 86,970                        |
| Permanently restricted                       | -                   | -  | -                   | -                             |
| <b>TOTAL NET ASSETS</b>                      | <u>1,509,982</u>    | <u>2,224,331</u>                                     | <u>-</u>            | <u>3,734,313</u>              |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>      | <u>\$ 3,251,772</u> | <u>\$ 2,224,331</u>                                  | <u>\$ -</u>         | <u>\$ 5,476,103</u>           |

See auditors' report

**BROWARD TEACHERS UNION LOCAL 1975 AFT/FEA/AFL-CIO AND  
BROWARD TEACHERS UNION LOCAL 1975 REAL ESTATE TITLE HOLDING CORPORATION**

**CONSOLIDATING STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2010**

|                                   | <u>BTU</u>            | <u>Real Estate<br/>Title Holding<br/>Corporation</u> | <u>Eliminations</u> | <u>Total<br/>Consolidated</u> |
|-----------------------------------|-----------------------|--|---------------------|-------------------------------|
| <b><u>SUPPORT AND REVENUE</u></b> |                       |  |                     |                               |
| Membership dues                   | \$ 7,976,871          | \$ -   | \$ -                | \$ 7,976,871                  |
| Contributions and assistance      | 570,701               | -  | -                   | 570,701                       |
| Rent revenue                      | -                     | 262,919  | (262,919)           | -                             |
| Financial revenue                 | 78,325                | 9,547  | -                   | 87,872                        |
| Other revenue                     | 99,435                | -  | -                   | 99,435                        |
| <b>Total Support and Revenue</b>  | <u>8,725,332</u>      | <u>272,466</u>                                       | <u>(262,919)</u>    | <u>8,734,879</u>              |
| <b><u>EXPENSES</u></b>            |                       |  |                     |                               |
| <b>Program Services</b>           |                       |  |                     |                               |
| Salaries and employee benefits    | 2,435,350             | -  | -                   | 2,435,350                     |
| Program expenses                  | 1,147,861             | -  | -                   | 1,147,861                     |
| Per capita expense                | 4,848,690             | -  | -                   | 4,848,690                     |
| <b>Total Program Services</b>     | <u>8,431,901</u>      | <u>-</u>   | <u>-</u>            | <u>8,431,901</u>              |
| <b>Support Services</b>           |                       |  |                     |                               |
| General and administrative        | 872,107               | 142,919  | (262,919)           | 752,107                       |
| Salaries and employee benefits    | 778,528               | -  | -                   | 778,528                       |
| Depreciation                      | 30,870                | 24,657   | -                   | 55,527                        |
| <b>Total Support Services</b>     | <u>1,681,505</u>      | <u>167,576</u>                                       | <u>(262,919)</u>    | <u>1,586,162</u>              |
| <b>Total Expenses</b>             | <u>10,113,406</u>     | <u>167,576</u>                                       | <u>(262,919)</u>    | <u>10,018,063</u>             |
| <b>Change in total net assets</b> | <u>\$ (1,388,074)</u> | <u>\$ 104,890</u>                                    | <u>\$ -</u>         | <u>\$ (1,283,184)</u>         |

See auditors' report

**BROWARD TEACHERS UNION**

**CONSOLIDATING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2010**

|  | <u>BTU</u>          | <u>Real Estate<br/>Title Holding<br/>Corporation</u> | <u>Total<br/>Consolidated</u> |
|--|---------------------|--|-------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>   |                     |  |                               |
| Change in net assets   | \$ (1,388,074)      | \$ 104,890   | \$ (1,283,184)                |
| Adjustment to reconcile change in net assets<br>due to change in temporarily restricted net assets | 5,345               | -  | 5,345                         |
| Adjustment to reconcile change in net assets to<br>net cash provided by operating activities:      |                     |  |                               |
| Depreciation   | 30,870              | 24,657   | 55,527                        |
| (Increase) decrease in:  |                     |  |                               |
| Accounts receivable  | (541)               | -  | (541)                         |
| Other current assets   | 29,110              | -  | 29,110                        |
| Increase (decrease) in:  |                     |  |                               |
| Accounts payable   | (21,371)            | -  | (21,371)                      |
| Accrued expenses   | 205,579             | -  | 205,579                       |
| Per capita payable   | 20,246              | -  | 20,246                        |
|  | <u>(1,118,836)</u>  | <u>129,547</u>                                       | <u>(989,289)</u>              |
| Net cash (used in) provided by operating activities  |                     |  |                               |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>   |                     |  |                               |
| Purchase of fixed assets   | <u>(8,075)</u>      | <u>-</u>   | <u>(8,075)</u>                |
|  |                     |  |                               |
| Net cash (used in) investing activities  | <u>(8,075)</u>      | <u>-</u>   | <u>(8,075)</u>                |
| Net (decrease) increase in cash  | (1,126,911)         | 129,547  | (997,364)                     |
| Cash and cash equivalents - beginning of year  | <u>3,855,525</u>    | <u>696,903</u>                                       | <u>4,552,428</u>              |
| Cash and cash equivalents - end of year  | <u>\$ 2,728,614</u> | <u>\$ 826,450</u>                                    | <u>\$ 3,555,064</u>           |

See accompanying notes to the financial statements

**BROWARD TEACHERS UNION LOCAL 1975 AFT/FEA/AFL-CIO AND  
BROWARD TEACHERS UNION LOCAL 1975 REAL ESTATE TITLE HOLDING CORPORATION**

**CONSOLIDATING STATEMENT OF CHANGE IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2010**

|   | <b>BTU</b>          | <b>Real Estate<br/>Title Holding<br/>Corporation</b> | <b>Total<br/>Consolidated</b> |
|---|---------------------|--|-------------------------------|
| Previous Year Unrestricted Net Assets                       | \$ 2,805,741        | \$ 2,119,441   | \$ 4,925,182                  |
| Change in Unrestricted Net Assets from Operations           | (1,382,729)         | 104,890  | (1,277,839)                   |
| Other Changes in Unrestricted Net Assets                    | -                   | -  | -                             |
| <b>Unrestricted Net Assets</b>                              | <b>1,423,012</b>    | <b>2,224,331</b>                                     | <b>\$ 3,647,343</b>           |
| Previous Year Temporarily Restricted Net Assets             | 92,315              | -  | 92,315                        |
| Change in Temporarily Restricted Net Assets from Operations | (5,345)             | -  | (5,345)                       |
| Other Changes in Temporarily Restricted Net Assets          | -                   | -  | -                             |
| <b>Temporarily Restricted Net Assets</b>                    | <b>86,970</b>       | <b>-</b>   | <b>86,970</b>                 |
| Previous Year Permanently Restricted Net Assets             | -                   | -  | -                             |
| Change in Permanently Restricted Net Assets from Operations | -                   | -  | -                             |
| Other Changes in Permanently Restricted Net Assets          | -                   | -  | -                             |
| <b>Permanently Restricted Net Assets</b>                    | <b>-</b>            | <b>-</b>   | <b>-</b>                      |
| Previous Year Total Net Assets                              | 2,898,056           | 2,119,441  | 5,017,497                     |
| Change in Total Net Assets from Operations                  | (1,388,074)         | 104,890  | (1,283,184)                   |
| Other Changes in Total Net Assets                           | -                   | -  | -                             |
| <b>Total Net Assets</b>                                     | <b>\$ 1,509,982</b> | <b>\$ 2,224,331</b>                                  | <b>\$ 3,734,313</b>           |

See auditors' report