

ORANGE COUNTY ATTORNEYS ASSOCIATION

FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

ORANGE COUNTY ATTORNEYS ASSOCIATION

C O N T E N T S

INDEPENDENT AUDITORS' REPORT

- EXHIBIT "A" - Statements of Financial Position - All Funds - as of December 31, 2016 and 2015
- EXHIBIT "B" - Statements of Activities - All Funds - January 1, 2016 to December 31, 2016
and January 1, 2015 to December 31, 2015
- EXHIBIT "C" - Statements of Activities - General Fund - January 1, 2016 to December 31, 2016
and January 1, 2015 to December 31, 2015

SCHEDULES IN SUPPORT OF STATEMENTS OF ACTIVITIES - GENERAL FUND - JANUARY 1, 2016
TO DECEMBER 31, 2016 AND JANUARY 1, 2015 TO DECEMBER 31, 2015:

- SCHEDULE C-1 - Professional Fees
- SCHEDULE C-2 - Office and Administrative Expenses
- EXHIBIT "D" - Statements of Activities - Political Action Fund - January 1, 2016 to December 31,
2016 and January 1, 2015 to December 31, 2015
- EXHIBIT "E" - Statements of Cash Flows - All Funds - January 1, 2016 to December 31, 2016 and
January 1, 2015 to December 31, 2015

NOTES TO FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

Executive Board
Orange County Attorneys Association
600 West Santa Ana Boulevard, Suite 114-F
Santa Ana, California 92701

Members of the Board:

Report on the Financial Statements

We have audited the accompanying financial statements of Orange County Attorneys Association (the "Association"), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Association management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Executive Board
Orange County Attorneys Association

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



MILLER KAPLAN ARASE LLP
North Hollywood, California
October 30, 2017

ORANGE COUNTY ATTORNEYS ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
ALL FUNDS
DECEMBER 31, 2016

<u>ASSETS</u>	<u>Total</u>	<u>General Fund</u>	<u>Political Fund</u>
<u>CASH AND CASH EQUIVALENTS</u>			
Interest Checking Accounts	\$ 865,455	\$ 666,105	\$ 199,350
Savings Accounts	82,404	10,276	72,128
Money Market Account	130,866	130,866	-
Certificates of Deposit	<u>706,839</u>	<u>706,839</u>	<u>-</u>
<u>TOTAL CASH AND CASH EQUIVALENTS</u>	<u>\$ 1,785,564</u>	<u>\$ 1,514,086</u>	<u>\$ 271,478</u>
<u>TOTAL ASSETS</u>	<u>\$ 1,785,564</u>	<u>\$ 1,514,086</u>	<u>\$ 271,478</u>
 <u>LIABILITIES AND NET ASSETS</u>			
<u>LIABILITIES</u>			
Expenses Payable	<u>\$ 19,670</u>	<u>\$ 19,670</u>	<u>\$ -</u>
<u>NET ASSETS - UNRESTRICTED</u>			
Balance, January 1	\$ 1,618,038	\$ 1,357,361	\$ 260,677
Net Increase for the Year	<u>147,856</u>	<u>137,055</u>	<u>10,801</u>
Balance, December 31	<u>\$ 1,765,894</u>	<u>\$ 1,494,416</u>	<u>\$ 271,478</u>
<u>TOTAL LIABILITIES AND NET ASSETS - UNRESTRICTED</u>	<u>\$ 1,785,564</u>	<u>\$ 1,514,086</u>	<u>\$ 271,478</u>

ORANGE COUNTY ATTORNEYS ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
ALL FUNDS
DECEMBER 31, 2015

<u>ASSETS</u>	<u>Total</u>	<u>General Fund</u>	<u>Political Fund</u>
<u>CASH AND CASH EQUIVALENTS</u>			
Interest Checking Accounts	\$ 717,814	\$ 529,229	\$ 188,585
Savings Accounts	82,363	10,271	72,092
Money Market Account	130,617	130,617	-
Certificates of Deposit	<u>705,027</u>	<u>705,027</u>	<u>-</u>
 <u>TOTAL CASH AND CASH EQUIVALENTS</u>	 <u>\$ 1,635,821</u>	 <u>\$ 1,375,144</u>	 <u>\$ 260,677</u>
 <u>TOTAL ASSETS</u>	 <u>\$ 1,635,821</u>	 <u>\$ 1,375,144</u>	 <u>\$ 260,677</u>
 <u>LIABILITIES AND NET ASSETS</u>			
<u>LIABILITIES</u>			
Expenses Payable	<u>\$ 17,783</u>	<u>\$ 17,783</u>	<u>\$ -</u>
 <u>NET ASSETS - UNRESTRICTED</u>			
Balance, January 1	\$ 1,550,312	\$ 1,273,655	\$ 276,657
Net Increase (Decrease) for the Year	<u>67,726</u>	<u>83,706</u>	<u>(15,980)</u>
Balance, December 31	<u>\$ 1,618,038</u>	<u>\$ 1,357,361</u>	<u>\$ 260,677</u>
 <u>TOTAL LIABILITIES AND NET ASSETS - UNRESTRICTED</u>	 <u>\$ 1,635,821</u>	 <u>\$ 1,375,144</u>	 <u>\$ 260,677</u>

ORANGE COUNTY ATTORNEYS ASSOCIATION
STATEMENTS OF ACTIVITIES
ALL FUNDS

	January 1, 2016 to December 31, 2016	January 1, 2015 to December 31, 2015
<u>REVENUES</u>		
Dues	\$ 328,705	\$ 320,193
Interest Income	<u>2,605</u>	<u>5,422</u>
<u>TOTAL REVENUES</u>	\$ 331,310	\$ 325,615
<u>EXPENSES</u>		
Professional Fees	\$ 111,521	\$ 162,910
Office and Administrative Expenses	12,308	9,208
Meetings	2,159	3,420
Member Insurance	4,955	3,523
Member Activities	11,420	6,422
Donations	11,000	6,000
Leave Hours	-	12,956
Political Action Fund Expenses	<u>30,091</u>	<u>53,450</u>
<u>TOTAL EXPENSES</u>	<u>183,454</u>	<u>257,889</u>
<u>NET INCREASE FOR THE YEAR</u>	<u>\$ 147,856</u>	<u>\$ 67,726</u>

ORANGE COUNTY ATTORNEYS ASSOCIATION
STATEMENTS OF ACTIVITIES
GENERAL FUND

	January 1, 2016 to December 31, 2016	January 1, 2015 to December 31, 2015
<u>REVENUES</u>		
Dues	\$ 288,040	\$ 282,926
Interest Income	<u>2,378</u>	<u>5,219</u>
<u>TOTAL REVENUES</u>	\$ 290,418	\$ 288,145
<u>EXPENSES</u>		
Professional Fees - Schedule C-1	\$ 111,521	\$ 162,910
Office and Administrative Expenses - Schedule C-2	12,308	9,208
Meetings	2,159	3,420
Member Insurance	4,955	3,523
Member Activities	11,420	6,422
Donations	11,000	6,000
Leave Hours	<u>-</u>	<u>12,956</u>
<u>TOTAL EXPENSES</u>	<u>153,363</u>	<u>204,439</u>
<u>NET INCREASE FOR THE YEAR</u>	<u>\$ 137,055</u>	<u>\$ 83,706</u>

ORANGE COUNTY ATTORNEYS ASSOCIATION
SCHEDULES IN SUPPORT OF STATEMENTS OF ACTIVITIES
GENERAL FUND

	January 1, 2016 to December 31, 2016	January 1, 2015 to December 31, 2015
<u>PROFESSIONAL FEES - SCHEDULE C-1</u>		
Legal Fees	\$ 46,235	\$ 111,439
Accounting and Audit Fees	10,475	9,665
Political Reporting Fees	5,456	4,346
Bookkeeping Services	7,075	7,365
Interpreter Services	-	188
Consulting Fees	<u>42,280</u>	<u>29,907</u>
<u>TOTALS</u>	<u>\$ 111,521</u>	<u>\$ 162,910</u>

OFFICE AND ADMINISTRATIVE EXPENSES - SCHEDULE C-2

Rent	\$ 6,929	\$ 5,155
Telephone	728	386
Postage	94	134
Office Supplies and Expenses	1,329	425
Fidelity Bond	478	478
Website	<u>2,750</u>	<u>2,630</u>
<u>TOTALS</u>	<u>\$ 12,308</u>	<u>\$ 9,208</u>

ORANGE COUNTY ATTORNEYS ASSOCIATION
STATEMENTS OF ACTIVITIES
POLITICAL ACTION FUND

	January 1, 2016 to December 31, 2016	January 1, 2015 to December 31, 2015
<u>REVENUES</u>		
Dues Allocation	\$ 40,665	\$ 37,267
Interest Income	227	203
	<u>40,892</u>	<u>37,470</u>
<u>TOTAL REVENUES</u>	\$ 40,892	\$ 37,470
<u>EXPENSES</u>		
Contributions	\$ 30,000	\$ 53,399
Filing Fees	50	-
Taxes	41	51
	<u>30,091</u>	<u>53,450</u>
<u>TOTAL EXPENSES</u>	30,091	53,450
<u>NET INCREASE (DECREASE) FOR THE YEAR</u>	<u>\$ 10,801</u>	<u>\$ (15,980)</u>

ORANGE COUNTY ATTORNEYS ASSOCIATION
STATEMENTS OF CASH FLOWS
ALL FUNDS

	January 1, 2016 to <u>December 31, 2016</u>	January 1, 2015 to <u>December 31, 2015</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in Net Assets	\$ 147,856	\$ 67,726
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Increase in Expenses Payable	<u>1,887</u>	<u>4,058</u>
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>\$ 149,743</u>	<u>\$ 71,784</u>
<u>NET INCREASE IN CASH AND CASH EQUIVALENTS</u>	\$ 149,743	\$ 71,784
<u>CASH AND CASH EQUIVALENTS - JANUARY 1</u>	<u>1,635,821</u>	<u>1,564,037</u>
<u>CASH AND CASH EQUIVALENTS - DECEMBER 31</u>	<u>\$ 1,785,564</u>	<u>\$ 1,635,821</u>

ORANGE COUNTY ATTORNEYS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 1 - DESCRIPTION OF ENTITY

Orange County Attorneys Association (the "Association") was created for the improvement of employee relations with the County of Orange, including negotiations on wages, hours and other terms and conditions of employment, grievances arising under the terms and conditions of employment, and matters arising under the Employee Relations Resolutions or Memorandum of Understanding and applicable state law. The Association represents attorneys licensed in the state of California and employed by the office of the District Attorney, County Counsel, Public Defender, Alternate Defender or Associate Defender and Child Support Services office of the County of Orange.

A. General Fund

General operations of the Association.

B. Political Fund

The Association has established a Political Fund for the purpose of supporting state and local candidates who further the goals of Association.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The Association's financial statements were prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned rather than when received and expenses are recognized when incurred rather than when paid.

B. Use of Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

C. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit with financial institutions in checking accounts, savings accounts, money market account and certificates of deposit.

D. Tax-Exempt Status

The Association has received tax-exempt status from the federal government under Internal Revenue Code Section 501(c)(5) and the state of California under Revenue and Taxation Code Section 23701a. Accordingly, no provision for federal or state income tax is made.

The Political Action Fund is subject to taxation under Internal Revenue Code Section 527 and the state of California under Revenue and Taxation Code Section 23701r on investment income in excess of \$100.

ORANGE COUNTY ATTORNEYS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Tax-Exempt Status (Continued)

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Association and recognize a tax liability if the Association has taken a tax position that more likely than not would not be sustained upon examination by a tax authority. The Association is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 3 - CONCENTRATION OF CREDIT RISK

During the year ended December 31, 2016, the Association maintained bank accounts with cash balances in excess of the federally insured limits of \$250,000 per financial institution. The amount in excess of the limits was subject to risk if the financial institutions did not perform. The Association has not incurred any losses on the uninsured balances.

NOTE 4 - SUMMARY OF EXPENSES BY FUNCTIONAL CLASSIFICATION

The following schedule provides a summary of the Association's total expenses by their functional classification, e.g. major class of program services and supporting activities, as required by accounting principles generally accepted in the United States of America:

<u>Class of Program Services and Supporting Activities</u>	<u>January 1, 2016 to December 31, 2016</u>	<u>January 1, 2015 to December 31, 2015</u>
Membership Representation	\$ 48,394	\$ 128,003
General and Administrative Expense	77,594	60,491
Political Fund Expenses	30,091	53,450
Donations and Gifts	11,000	6,000
Member Insurance	4,955	3,523
Member Activities	<u>11,420</u>	<u>6,422</u>
<u>TOTAL EXPENSES</u>	<u>\$ 183,454</u>	<u>\$ 257,889</u>

NOTE 5 - OFFICE LEASE

Effective February 1, 2008, the Association entered into a month to month agreement with Orange County Management Association to share office space. The Association's current share of monthly rent is \$704.

NOTE 6 - SUBSEQUENT EVENTS

Management of the Association has evaluated subsequent events through October 30, 2017, the date on which the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosures in these financial statements.