

September 10, 2021

To the Board of Directors
AFT-Wisconsin
Highland, Wisconsin

We have audited the financial statements of AFT-Wisconsin for the year ended June 30, 2021, and we will issue our report thereon dated September 10, 2021. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 4, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by AFT-Wisconsin are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the allocation of salaries and wages, employee benefits and payroll, taxes, employee expenses, equipment rental and repairs, office supplies, rent, depreciation, website and internet, printing, postage and freight, telephone, and insurance is based on estimates of time and effort. Management's estimate of the collectability of accounts receivable is based on the amount management expects to be collected from outstanding balances based on past experience. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 10, 2021. Attached is a copy of management's written representations.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

New Lease Accounting Standard

On November 15, 2019, the Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) that delays the effective date of several major accounting standards, including the new lease accounting standard, for nonpublic business entities, which includes private companies and not-for-profit organizations. Among the reasons cited by the FASB for delaying the effective date of the new lease accounting standard were challenges encountered by public business entities in implementing the standard, an overload of many new standards taking effect around the same time, and entities both public and private generally underestimating the effort needed to transition to the new standard.

On June 3, 2020, the FASB issued an ASU that further delays the effective date of the new standard. The FASB issued this ASU to provide certain entities, including nonpublic business entities, a measure of relief during the COVID-19 pandemic. For nonpublic business entities, the new lease accounting standard was originally effective for fiscal years beginning after December 15, 2019. The latest ASU delays the effective date of this standard to fiscal years beginning after December 15, 2021.

While the delayed effective date does not lessen the work required to implement the standard, it does provide more time for nonpublic business entities to consider the lessons learned from public business entities. The accompanying appendix provides a brief overview of the new lease accounting standard and discusses certain matters that you should consider in order to transition to the new standard.

This information is intended solely for the use of the board of directors and management of AFT-Wisconsin and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Wegner CPAs, LLP

A handwritten signature in black ink, appearing to read "Mike Hablewitz". The signature is written in a cursive, flowing style.

Mike Hablewitz, CPA
Partner



AFT-Wisconsin

AFT • AFL-CIO

A Union of Professionals

AFT-WISCONSIN

To Wegner CPAs, LLP

This representation letter is provided in connection with your audit of the financial statements of AFT-Wisconsin (the Federation), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of September 10, 2021, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 7, 2021, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
3. We acknowledge our responsibility 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
8. We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the Federation's accounts.

AFT-WISCONSIN

To Wegner CPAs, LLP

This representation letter is provided in connection with your audit of the financial statements of AFT-Wisconsin (the Federation), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of September 10, 2021, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 7, 2021, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
3. We acknowledge our responsibility 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
8. We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the Federation's accounts.
9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
10. Significant estimates and material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
11. Guarantees, whether written or oral, under which the Federation is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

Information Provided

12. We have provided you with:

- a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters.
- b. Additional information that you have requested from us for the purpose of the audit.
- c. Unrestricted access to persons within the Federation from whom you determined it necessary to obtain audit evidence.
- d. Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.

13. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

14. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

15. We have no knowledge of any fraud or suspected fraud that affects the Federation and involves:

- a. Management,
- b. Employees who have significant roles in internal control, or
- c. Others where the fraud could have a material effect on the financial statements.

16. We have no knowledge of any allegations of fraud or suspected fraud affecting the Federation's financial statements communicated by employees, former employees, grantors, regulators, or others.

17. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.

18. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

19. We have disclosed to you the names of all of the Federation's related parties and all the related-party relationships and transactions, including any side agreements.

20. The Federation has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

21. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.

22. AFT-Wisconsin is an exempt organization under Section 501(c)(5) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Federation's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.

23. We acknowledge our responsibility for presenting the schedules of financial position by fund and activities by fund in accordance with U.S. GAAP, and we believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of

22. AFT-Wisconsin is an exempt organization under Section 501(c)(5) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Federation's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.
23. We acknowledge our responsibility for presenting the schedules of financial position by fund and activities by fund in accordance with U.S. GAAP, and we believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
24. In regard to the tax services, preparation of the financial statements and supplementary information, and bookkeeping services performed by you, we have—
- Assumed all management responsibilities.
 - Overseen the services by designating an individual who possesses suitable skill, knowledge, and/or experience.
 - Evaluated the adequacy and results of the services performed.
 - Accepted responsibility for the results of the services.

We have carefully read this letter before signing it and understand, while you have provided the language of this letter to us, we are making these representations to you. We understand our obligation to carefully consider the possibility that any of the representations are not accurate. We have inquired of other members of management or employees of AFT-Wisconsin to the extent necessary to obtain a high degree of assurance that these representations are true. We know that you will be relying on them in the issuance of your report.

Michael J. Lussenden

Mike Lussenden
Treasurer

Kathy Kreul

Kathy Kreul
Executive Assistant

AFT-WISCONSIN

**FINANCIAL STATEMENTS WITH
SUPPLEMENTARY INFORMATION**

June 30, 2021 and 2020

CONTENTS

Independent Auditor's Report	1
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8
Schedules of Financial Position by Fund	13
Schedules of Activities by Fund	15

INDEPENDENT AUDITOR'S REPORT

To the Executive Board
AFT-Wisconsin
Madison, Wisconsin

We have audited the accompanying financial statements of AFT-Wisconsin, which comprise the statements of financial position as of June 30, 2021 and 2020, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AFT-Wisconsin as of June 30, 2021 and 2020, 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of financial position by fund and activities by fund are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Wegner CPAs LLP

Wegner CPAs, LLP
Madison, Wisconsin
September 10, 2021

AFT-WISCONSIN
STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,562,925	\$ 1,588,162
Accounts receivable	92,036	117,748
Unconditional promises to give	65,000	-
Prepaid expenses	3,867	10,549
Total current assets	1,723,828	1,716,459
EQUIPMENT		
Office equipment	-	5,079
Equipment under capital lease	29,016	29,016
Equipment	29,016	34,095
Less accumulated depreciation	18,807	18,983
Equipment, net	10,209	15,112
Total assets	\$ 1,734,037	\$ 1,731,571
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of capital lease obligation	\$ 6,876	\$ 7,583
Accounts payable	2,839	1,650
Accrued vacation	18,388	15,590
HRA liability	288,142	314,474
Other accrued liabilities	1,589	2,271
Due to other organizations	110	21,511
Total current liabilities	317,944	363,079
LONG-TERM LIABILITIES		
Capital lease obligation less current portion	5,513	10,637
Total liabilities	323,457	373,716
NET ASSETS		
Without donor restrictions	1,345,580	1,357,855
With donor restrictions	65,000	-
Total net assets	1,410,580	1,357,855
Total liabilities and net assets	\$ 1,734,037	\$ 1,731,571

See accompanying notes.

AFT-WISCONSIN
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2021 and 2020

	2021	2020
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUE		
Per capita taxes	\$ 645,104	\$ 614,167
Assistance from AFT - National	56,469	65,645
Rebates from AFT - National	5,739	5,823
Legal revenue from members	5,802	3,141
PAC contributions	18,061	15,259
Convention	-	1,477
Interest	1,161	5,378
Miscellaneous	19,090	1,680
Total revenue	751,426	712,570
EXPENSES		
Program services		
Field representation	365,188	379,479
State solidarity, National solidarity, and PAC	105,637	57,878
Contract negotiation and legal services	36,268	29,873
Total program services	507,093	467,230
Supporting activities		
Management and general	256,608	256,665
Total expenses	763,701	723,895
Change in net assets without donor restrictions	(12,275)	(11,325)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Assistance from AFT - National	65,000	-
Change in net assets	52,725	(11,325)
Net assets at beginning of year	1,357,855	1,369,180
Net assets at end of year	\$ 1,410,580	\$ 1,357,855

See accompanying notes.

AFT-WISCONSIN
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2021

	Program Services				
	Field Representation	State Solidarity, National Solidarity, and PAC	Contract Negotiation and Legal Services	Management and General	Total Expenses
Salaries and wages	\$ 228,503	\$ 17,362	\$ -	\$ 147,029	\$ 392,894
Employee benefits and payroll taxes	109,793	8,343	-	70,646	188,782
Employee expenses	1,030	78	-	662	1,770
Professional fees	-	-	36,268	3,589	39,857
Audit and other accounting fees	-	-	-	15,645	15,645
Equipment rental and repairs	1,065	81	-	685	1,831
Office supplies	357	27	-	229	613
Rent	4,730	359	-	3,043	8,132
Depreciation	2,851	217	-	1,835	4,903
Website and internet	789	60	-	508	1,357
Printing	64	5	-	41	110
Postage and freight	153	12	-	99	264
Public relations	-	78,803	-	-	78,803
Scholarship	1,500	-	-	-	1,500
Telephone	2,863	218	-	1,842	4,923
Insurance	950	72	-	612	1,634
Bank service charges	-	-	-	977	977
Board meetings	-	-	-	139	139
Convention	9,340	-	-	-	9,340
Interest	-	-	-	3,034	3,034
Miscellaneous	1,200	-	-	5,993	7,193
Total expenses	\$ 365,188	\$ 105,637	\$ 36,268	\$ 256,608	\$ 763,701

See accompanying notes.

AFT-WISCONSIN
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2020

	Program Services				
	Field Representation	State Solidarity, National Solidarity, and PAC	Contract Negotiation and Legal Services	Management and General	Total Expenses
Salaries and wages	\$ 226,436	\$ 16,556	\$ -	\$ 140,478	\$ 383,470
Employee benefits and payroll taxes	96,518	7,057	-	59,879	163,454
Employee expenses	14,968	1,094	-	9,287	25,349
Professional fees	-	-	29,873	3,906	33,779
Audit and other accounting fees	-	-	-	15,380	15,380
Equipment rental and repairs	367	27	-	228	622
Office supplies	795	58	-	493	1,346
Rent	13,688	1,001	-	8,491	23,180
Depreciation	4,283	313	-	2,658	7,254
Website and internet	1,847	135	-	1,146	3,128
Printing	321	23	-	200	544
Postage and freight	192	14	-	119	325
Public relations	-	31,332	-	-	31,332
Scholarship	2,500	-	-	-	2,500
Telephone	2,473	181	-	1,534	4,188
Insurance	1,184	87	-	732	2,003
Bank service charges	-	-	-	964	964
Board meetings	-	-	-	1,020	1,020
Committee meetings	-	-	-	14	14
Convention	13,907	-	-	-	13,907
Interest	-	-	-	6,743	6,743
Miscellaneous	-	-	-	3,393	3,393
Total expenses	\$ 379,479	\$ 57,878	\$ 29,873	\$ 256,665	\$ 723,895

See accompanying notes.

AFT-WISCONSIN
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 52,725	\$ (11,325)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	4,903	7,254
(Increase) decrease in assets		
Accounts receivable	25,712	(51,899)
Unconditional promises to give	(65,000)	-
Prepaid expenses	6,682	(7,109)
Increase (decrease) in liabilities		
Accounts payable	1,189	(2,368)
Accrued vacation	2,798	1,675
HRA liability	(26,332)	(28,142)
Other accrued liabilities	(682)	857
Due to other organizations	(21,401)	7,786
Net cash flows from operating activities	(19,406)	(83,271)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on capital lease obligation	(5,831)	(5,923)
Change in cash	(25,237)	(89,194)
Cash at beginning of year	1,588,162	1,677,356
Cash at end of year	<u>\$ 1,562,925</u>	<u>\$ 1,588,162</u>
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	\$ 3,034	\$ 6,743

See accompanying notes.

AFT-WISCONSIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

AFT-Wisconsin (the Federation) promotes and assists affiliated local unions and their members in the State of Wisconsin. Programs funded by the Federation include, but are not limited to, central administration services, field representation, State and National solidarity, contract negotiation, legal services, and membership education.

Accounts Receivable

Accounts receivable primarily represent amounts due from members for per capita taxes. Accounts receivable are stated at the amount management expects to be collected from outstanding balances. As of June 30, 2021 and 2020, management has determined that, based on historical experience, all amounts are fully collectible and no allowance for doubtful accounts is necessary.

Equipment

Purchases of equipment are recorded at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Leased equipment is amortized over the lesser of the useful life of the asset or the lease term using the straight-line method.

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, employee benefits and payroll taxes, employee expenses, equipment rental and repairs, office supplies, rent, depreciation, website and internet, printing, postage and freight, telephone, and insurance, which are allocated on the basis of estimates of time and effort.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Income Tax Status

The Federation is exempt from federal income tax under Section 501(c)(5) of the Internal Revenue Code.

Date of Management's Review

Management has evaluated subsequent events through September 10, 2021, the date which the financial statements were available to be issued.

AFT-WISCONSIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Per Capita Taxes

The Federation recognizes revenue from per capita taxes on a monthly basis. The Federation bills members at the end of the membership period, generally one month. Per capita taxes received in advance of the applicable membership period are deferred and recognized as revenue in that future period. Members billed but not received are considered accounts receivable. Per capita taxes are nonrefundable.

Assistance from AFT - National

The Federation receives assistance from AFT-National in the form of grants which is conditioned upon the Federation incurring qualifying expenses under the agreement. Revenue is generally recognized on a reimbursement basis, that is, when qualifying expenses are incurred by the Federation, both a receivable from the grantor agency and revenue are recorded. Grants are also generally restricted by AFT-National for a specified purpose. Grants whose conditions and restrictions are met in the same reporting period that the revenue is recognized are reported as increases in net assets without donor restrictions.

Unconditional Promises to Give

Unconditional promises to give are recognized as revenue or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. All promises to give as of June 30, 2021 are expected to be received within one year. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

NOTE 2 – RETIREMENT PLAN

The Federation sponsors a 401k pension plan covering all eligible employees. The plan allows contributions equal to 12.5% of eligible employees' compensation. Pension expense under this plan for the years ended June 30, 2021 and 2020 totaled \$46,478 and \$42,578, respectively.

NOTE 3 – CAPITAL LEASE OBLIGATION

The Federation has a capital lease for equipment with a cost of \$29,016. Accumulated amortization for the years ended June 30, 2021 and 2020 was \$18,807 and \$13,904. The capital lease required monthly payments of \$942 until September 2020. In September 2020, terms of the lease agreement were updated to reflect a required monthly payment \$748 until February 2023. Amortization of equipment under the capital lease is included with depreciation expense. Interest expense for the years ended June 30, 2021 and 2020 was \$3,034 and \$5,341, respectively.

AFT-WISCONSIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 3 – CAPITAL LEASE OBLIGATION (continued)

Future minimum lease payments under the capital lease obligation for the years ending June 30 are as follows:

2022	\$ 8,981
2023	<u>5,987</u>
Total minimum lease payments	14,968
Less amount representing interest	<u>2,579</u>
Present value of minimum lease payments	12,389
Less current portion of capital lease obligation	<u>6,876</u>
Capital lease obligation - long-term portion	<u><u>\$ 5,513</u></u>

NOTE 4 – OPERATING LEASES

The Federation leased office space under an operating lease that required monthly payments of \$1,856 through October 31, 2020. The lease was not renewed upon expiration.

Lease expense for the years ending June 30, 2021 and 2020 was \$8,132 and \$23,180, respectively.

NOTE 5 – CASH

Cash at June 30, 2021 and 2020 includes \$21,348 and \$38,787, respectively, that is required by Section 527 of the Internal Revenue Code to be maintained in a separate bank account.

NOTE 6 – DUE TO OTHER ORGANIZATIONS

Due to other organizations consist primarily of member dues for local unions or the national affiliate. Members remit per capita tax payments to the Federation which include portions of local, state, and national dues. These payments are held in a separate bank account and recorded as due to other organizations until they are remitted to the appropriate organizations.

NOTE 7 – CONCENTRATIONS OF RISK

The Federation maintains cash balances at one financial institution located in Madison, Wisconsin. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2021 and 2020, the Federation's uninsured cash balances total approximately \$1,313,000 and \$1,337,000.

The Federation receives approximately 80% of its revenue through per capita taxes.

AFT-WISCONSIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 8 – NET ASSETS

At June 30, 2021, the Federation had promises to give of \$65,000 that were donor restricted for future periods.

The Federation has the following net assets without donor restrictions that are designated for specific purposes—Convention Discretionary Fund, Memorial Scholarship Fund, State Solidarity Fund, and Member Mobilization Fund. The Convention Discretionary Fund is in accordance with the provisions of the Federation's constitution, while the other funds are in accordance with the Federation's bylaws. Members are required to pay a per capita assessment of \$0.03, \$0.02, \$0.60, and \$0.60, respectively, per month for these funds. These funds may be appropriated for furthering the purposes of the Federation at the discretion of the delegates at the annual convention.

Net assets without donor restrictions at June 30, 2021 and 2020 consisted of the following:

	2021	2020
Designated for Convention Discretionary Fund	\$ 6,205	\$ 5,028
Designated for Memorial Scholarship Fund	3,617	4,132
Designated for State Solidarity Fund	195,821	207,373
Designated for Member Mobilization Fund	87,799	68,659
Undesignated	<u>1,052,138</u>	<u>1,072,663</u>
Net assets without donor restrictions	<u>\$ 1,345,580</u>	<u>\$ 1,357,855</u>

NOTE 9 – EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENT

The Federation's professional employees are covered under a union collective bargaining agreement which expired on June 30, 2021. No new agreements have been signed as of September 10, 2021.

NOTE 10 – COVID CONSIDERATIONS

The COVID-19 pandemic has impacted and could further impact the Federation's operations, customers, suppliers, and employees as a result of quarantines, facility closures, and travel and logistics restrictions. The extent to which the COVID-19 pandemic impacts the Federation's business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to, the duration, spread, severity, and impact of the COVID-19 pandemic, the effects of the COVID-19 pandemic on the Federation's customers, suppliers, employees, and vendors and the remedial actions and stimulus measures adopted by local and federal governments, and to what extent normal economic and operating conditions can resume. Even after the COVID-19 pandemic has subsided, the Federation may continue to experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future. Therefore, the Federation cannot reasonably estimate the impact at this time.

AFT-WISCONSIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 11 – TRANSACTIONS WITH AFFILIATES

The Federation receives subsidy payments and other assistance from the national organization, American Federation of Teachers (AFT-National). Total assistance from AFT-National for the years ended June 30, 2021 and 2020 totaled \$121,469 and \$65,645, respectively.

NOTE 12 – LIQUIDITY AND AVAILABILITY

The following reflects the Federation's financial assets as of the dates of the statements of financial position, reduced by amounts not available for general expenditures within one year of the dates of the statements of financial position because of donor-imposed restrictions or other designations.

	2021	2020
Financial assets at year-end:		
Cash	\$ 1,562,925	\$ 1,588,162
Accounts receivable	92,036	117,748
Unconditional promises to give	65,000	-
	<u>1,719,961</u>	<u>1,705,910</u>
Total financial assets	1,719,961	1,705,910
Less those unavailable for general expenditures within one year, due to:		
Amounts designated for Convention Discretionary Fund	(6,205)	(5,028)
Amounts designated for Memorial Scholarship Fund	(3,617)	(4,132)
Amounts designated for State Solidarity Fund	(195,821)	(207,373)
Amounts designated for Member Mobilization Fund	<u>(87,799)</u>	<u>(68,659)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,426,519</u>	<u>\$ 1,420,718</u>

The Federation strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in money market funds. The Federation manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that obligations will be discharged.

AFT-WISCONSIN
SCHEDULE OF FINANCIAL POSITION BY FUND
June 30, 2021

	General Fund	Political Funds*	Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash	\$ 1,140,900	\$ 422,025	\$ -	\$ 1,562,925
Accounts receivable	91,734	302	-	92,036
Unconditional promises to give	65,000	-	-	65,000
Prepaid expenses	3,867	-	-	3,867
Due from political fund	222,136	-	(222,136)	-
Total current assets	1,523,637	422,327	(222,136)	1,723,828
EQUIPMENT				
Equipment under capital lease	29,016	-	-	29,016
Less accumulated depreciation	18,807	-	-	18,807
Equipment, net	10,209	-	-	10,209
Total assets	\$ 1,533,846	\$ 422,327	\$ (222,136)	\$ 1,734,037
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Current portion of capital lease obligation	\$ 6,876	\$ -	\$ -	\$ 6,876
Accounts payable	2,839	-	-	2,839
Accrued vacation	18,388	-	-	18,388
HRA liability	288,142	-	-	288,142
Other accrued liabilities	1,589	-	-	1,589
Due to other organizations	110	-	-	110
Due to general fund	-	222,136	(222,136)	-
Total current liabilities	317,944	222,136	(222,136)	317,944
LONG-TERM LIABILITIES				
Capital lease obligation less current portion	5,513	-	-	5,513
Total liabilities	323,457	222,136	(222,136)	323,457
NET ASSETS				
Without donor restrictions	1,145,389	200,191	-	1,345,580
With donor restrictions	65,000	-	-	65,000
Total net assets	1,210,389	200,191	-	1,410,580
Total liabilities and net assets	\$ 1,533,846	\$ 422,327	\$ (222,136)	\$ 1,734,037

*Includes State Solidarity Fund, National Solidarity Fund, PAC, and COPE.

AFT-WISCONSIN
SCHEDULE OF FINANCIAL POSITION BY FUND
June 30, 2020

	General Fund	Political Funds*	Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash	\$ 1,153,814	\$ 434,348	\$ -	\$ 1,588,162
Accounts receivable	117,312	436	-	117,748
Prepaid expenses	10,549	-	-	10,549
Due from political fund	175,136	-	(175,136)	-
Total current assets	1,456,811	434,784	(175,136)	1,716,459
EQUIPMENT				
Office equipment	5,079	-	-	5,079
Equipment under capital lease	29,016	-	-	29,016
Equipment	34,095	-	-	34,095
Less accumulated depreciation	18,983	-	-	18,983
Equipment, net	15,112	-	-	15,112
Total assets	\$ 1,471,923	\$ 434,784	\$ (175,136)	\$ 1,731,571
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Current portion of capital lease obligation	\$ 7,583	\$ -	\$ -	\$ 7,583
Accounts payable	1,650	-	-	1,650
Accrued vacation	15,590	-	-	15,590
HRA liability	314,474	-	-	314,474
Other accrued liabilities	2,271	-	-	2,271
Due to other organizations	21,511	-	-	21,511
Due to general fund	-	175,136	(175,136)	-
Total liabilities	363,079	175,136	(175,136)	363,079
LONG-TERM LIABILITIES				
Capital lease obligation less current portion	10,637	-	-	10,637
Total liabilities	373,716	175,136	(175,136)	373,716
NET ASSETS				
Without donor restrictions	1,098,207	259,648	-	1,357,855
Total liabilities and net assets	\$ 1,471,923	\$ 434,784	\$ (175,136)	\$ 1,731,571

*Includes State Solidarity Fund, National Solidarity Fund, PAC, and COPE.

AFT-WISCONSIN
SCHEDULE OF ACTIVITIES BY FUND
Year Ended June 30, 2021

	General Fund	Political Funds*	Total
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS			
REVENUE			
Per capita taxes	\$ 627,432	\$ 17,672	\$ 645,104
Assistance from AFT - National	27,961	28,508	56,469
Rebates from AFT - National	5,739	-	5,739
Legal revenue from members	5,802	-	5,802
PAC contributions	18,061	-	18,061
Interest	1,161	-	1,161
Other	19,090	-	19,090
Total revenue	705,246	46,180	751,426
EXPENSES			
Program services			
Field representation	365,188	-	365,188
State solidarity, National solidarity, and PAC	-	105,637	105,637
Contract negotiation and legal services	36,268	-	36,268
Total program services	401,456	105,637	507,093
Supporting activities			
Management and general	256,608	-	256,608
Total expenses	658,064	105,637	763,701
Changes in net assets without donor restrictions	47,182	(59,457)	(12,275)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS			
Assistance from AFT - National	65,000	-	65,000
Change in net assets	112,182	(59,457)	52,725
Net assets at beginning of year	1,098,207	259,648	1,357,855
Net assets at end of year	<u>\$ 1,210,389</u>	<u>\$ 200,191</u>	<u>\$ 1,410,580</u>

*Includes State Solidarity Fund, National Solidarity Fund, PAC, and COPE.

AFT-WISCONSIN
SCHEDULE OF ACTIVITIES BY FUND
Year Ended June 30, 2020

	General Fund	Political Funds*	Total
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS			
REVENUE			
Per capita taxes	\$ 591,423	\$ 22,744	\$ 614,167
Assistance from AFT - National	37,316	28,329	65,645
Rebates from AFT - National	5,823	-	5,823
Legal revenue from members	3,141	-	3,141
PAC contributions	15,259	-	15,259
Convention	1,477	-	1,477
Interest	5,378	-	5,378
Other	1,680	-	1,680
Total revenue	661,497	51,073	712,570
EXPENSES			
Program services			
Field representation	379,479	-	379,479
State solidarity, National solidarity, and PAC	-	57,878	57,878
Contract negotiation and legal services	29,873	-	29,873
Total program services	409,352	57,878	467,230
Supporting activities			
Management and general	256,665	-	256,665
Total expenses	666,017	57,878	723,895
Change in net assets	(4,520)	(6,805)	(11,325)
Net assets at beginning of year	1,102,727	266,453	1,369,180
Net assets at end of year	\$ 1,098,207	\$ 259,648	\$ 1,357,855

*Includes State Solidarity Fund, National Solidarity Fund, PAC, and COPE.



AFT-Wisconsin

AFT • AFL-CIO

A Union of Professionals

AFT-WISCONSIN

To Wegner CPAs, LLP

This representation letter is provided in connection with your audit of the financial statements of AFT-Wisconsin (the Federation), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of September 10, 2021, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 7, 2021, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
3. We acknowledge our responsibility 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
8. We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the Federation's accounts.

9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
10. Significant estimates and material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
11. Guarantees, whether written or oral, under which the Federation is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

Information Provided

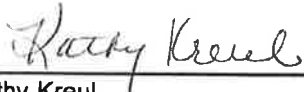
12. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the Federation from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.
13. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
14. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
15. We have no knowledge of any fraud or suspected fraud that affects the Federation and involves:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
16. We have no knowledge of any allegations of fraud or suspected fraud affecting the Federation's financial statements communicated by employees, former employees, grantors, regulators, or others.
17. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
18. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
19. We have disclosed to you the names of all of the Federation's related parties and all the related-party relationships and transactions, including any side agreements.
20. The Federation has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
21. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.

22. AFT-Wisconsin is an exempt organization under Section 501(c)(5) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Federation's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.
23. We acknowledge our responsibility for presenting the schedules of financial position by fund and activities by fund in accordance with U.S. GAAP, and we believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
24. In regard to the tax services, preparation of the financial statements and supplementary information, and bookkeeping services performed by you, we have—
- Assumed all management responsibilities.
 - Overseen the services by designating an individual who possesses suitable skill, knowledge, and/or experience.
 - Evaluated the adequacy and results of the services performed.
 - Accepted responsibility for the results of the services.

We have carefully read this letter before signing it and understand, while you have provided the language of this letter to us, we are making these representations to you. We understand our obligation to carefully consider the possibility that any of the representations are not accurate. We have inquired of other members of management or employees of AFT-Wisconsin to the extent necessary to obtain a high degree of assurance that these representations are true. We know that you will be relying on them in the issuance of your report.



Mike Lussenden
Treasurer



Kathy Kreul
Executive Assistant