

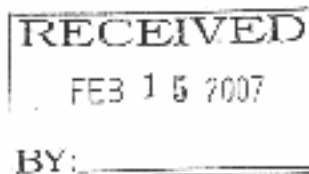


California Fish and Game Wardens' Association

The Thin Green Line

February 14, 2007

CAUSE
Mr. Alan Wayne Barcelona
2029 H Street
Sacramento, CA 95814



Dear Mr. Barcelona;

We request the following financial documents:

- A detailed copy of reimbursements and expenses, including the date, by Alan Barcelona, Ricardo Sanchez, and all CAUSE Board Members, including but not limited to meal, travel and lodging expenses for the last 5 years.
- A detailed copy of expenses related to:
 - CAUSE Public Works PAC
 - Teamsters attempted decertification of CAUSE
 - Any expenses relating to CAUSE's attempts to decertify Campbell's Soup employees from Teamsters Local 228.
- A current and detailed record of all PAC expenses from October 1, 2005 to December 31, 2006 and a record of the PAC Committee votes of approval for each expense associated with Mark Puthall and Art Cantu. A copy of any and all PAC reports distributed to the CAUSE PAC Board or general CAUSE Board, including but not limited to the report shown to the Board on either August 10 or 11th, 2006.
- Copy of Mark Puthall's PAC questionnaire.

We request a written response within 15 days to this request, and the copies of the documents within 30 days.

Sincerely,

Bob A. Orange

Bob Orange
President, CFWA

J.C. Bushey

Jake Bushey

Gerald Karnow

Gerald Karnow



February 23, 2007

CAUSE

Statewide Law
Enforcement Association

2029 H Street
Sacramento, CA 95814
1800-522-2873
916-447-5262
916-447-2530 fax

Bob Orange, President
CFGWA
P.O. Box 498
Chester, CA 96020

Re: Request for Financial Information

Dear Mr. Orange:

This is in response to the letter dated February 14, 2007, authored by Jake Bushey, Gerald Karnow and yourself seeking financial information relative to expenditures by the CAUSE Statewide Law Enforcement Association (CAUSE) Officers, Board of Directors and Political Action Committee.

CAUSE will not be providing a detailed copy of reimbursements and expenses of the CAUSE Board of Directors or its officers for the past five (5) years. Pursuant to the Dills Act, the Unit 7 Contract and the CAUSE Constitution and Standing Rules, members are entitled to receive a detailed written financial report in the form of a balance sheet and operating statement. CAUSE provides such information in the form of its audited financial statements. I have enclosed a copy of the most recent audited financial statement.

As for detailed documentation relative to the CAUSE Board of Directors reimbursements and expenses, such documents are reviewed periodically by the CAUSE Finance Committee and by certified public accountants at the time a reimbursement is approved as well as in the course of the annual audit.

In regards to the request for detailed copies of expenses related to the CAUSE Public Works PAC, the Teamsters attempted decertification of CAUSE, and expenses relating to CAUSE's attempts to decertify Campbell's Soup employees from [the now defunct] Teamsters Local 228, such documents will not be provided for the reasons stated above. The audited financial statement does include line items for expenditures of the CAUSE PACs and expenditures related to the foiled decertification attempt (which would include both expenditures opposing the direct attack as well as the campaign at Campbell's Soup which was part of the strategy opposing decertification).

Affiliates

Association of Conservation
Employees
Association of Criminalists-DOJ
Association of Deputy
Commissioners
Association of Motor Carrier
Operations Specialists
Association of Motor Vehicle
Investigators of California
Association of Special
Agents-DOJ
California Association of
Criminal Investigators
California Association of Food
& Drug Investigators
California Association of Fraud
Investigators
California Association of
Regulatory Investigators and
Inspectors
California Association of State
Investigators
California Organization of
Licensing Registration Examiners
CHP-Radio Dispatchers
Association
Fire Marshal's & Emergency
Services Association
California Fish & Game Wardens
Association
Hospital Police Association of
California
State Employed Fire Fighters
Association
State Park Peace Officers
Association of California

Mr. Orange
February 23, 2007
Page 2

CAUSE will similarly not be producing records of all expenses relative to PAC expenses from October 1, 2005 to December 31, 2006 or a record of PAC votes for expenses related to the Mark Puthuff and Art Cantu campaigns, reports distributed to the CAUSE PAC Committee or CAUSE Board of Directors, or Mark Puthuff's PAC questionnaire. CAUSE PAC records and expenses are made available to and approved by the PAC Committee and its consultants, and the CAUSE Board in limited circumstances.

PAC expenditures are reviewed and approved by a law firm specializing in political action reporting to ensure expenditures conform to the law both in terms of nature and amount. Further, during the period in which the expenditures in question were made, the former CFGWA President, Joe Mello, served on both the PAC Committee and Board of Directors and approved such expenditures. Finally, all of CAUSE's PAC contributions are viewable on the Secretary of State's web site.

In short, CAUSE will provide you what we are legally obligated to provide you as members.

Sincerely,

A handwritten signature in black ink, appearing to read "Alan W B", with a long horizontal line extending to the right.

Alan Wayne Barcelona
Special Agent, DOJ
CAUSE President

AWB/se
Enclosure

cc: CFGWA Trusteeship File
CAUSE Executive Committee



**CONSOLIDATED FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

**CAUSE - STATEWIDE LAW
ENFORCEMENT ASSOCIATION**

June 30, 2006

CAUSE - STATEWIDE LAW ENFORCEMENT ASSOCIATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2006 and 2005

| | <u>2006</u> | <u>2005</u> |
|---|----------------------------|----------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 578,642 | \$ 751,454 |
| Restricted cash and cash equivalents - Note C | 935,702 | 1,418,581 |
| Dues and other receivables | 411,289 | 407,104 |
| Prepaid expenses | 11,010 | 11,365 |
| Property and equipment, net - Note D | 684,073 | 709,928 |
| Other assets | <u>14,480</u> | <u>11,480</u> |
| TOTAL ASSETS | \$ <u>2,635,196</u> | \$ <u>3,309,912</u> |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Accounts payable | \$ 261,137 | \$ 338,345 |
| Employee leave liability | 50,173 | 48,709 |
| Due to affiliate associations | 38,100 | 40,147 |
| Due to Legal Defense Fund - Note H | 10,002 | 10,202 |
| Mortgage note payable - Note E | <u>363,185</u> | <u>388,807</u> |
| TOTAL LIABILITIES | 722,597 | 826,210 |
| COMMITMENTS - Note F | - | - |
| NET ASSETS | <u>1,912,599</u> | <u>2,483,702</u> |
| TOTAL LIABILITIES AND NET ASSETS | \$ <u>2,635,196</u> | \$ <u>3,309,912</u> |

See accompanying notes to the consolidated financial statements.

CAUSE - STATEWIDE LAW ENFORCEMENT ASSOCIATION

CONSOLIDATED STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2006 and 2005

| | 2006 | 2005 |
|---|---------------------|---------------------|
| REVENUE | | |
| Membership dues | \$ 2,094,189 | \$ 2,111,695 |
| PAC contributions | 1,250,782 | 1,377,406 |
| Fair share dues | 652,245 | 589,660 |
| Foundation contributions | - | 34,779 |
| Conferences | 16,220 | 16,382 |
| Interest income | 21,977 | 11,903 |
| Other income | 1,910 | 13,057 ✓ |
| | 4,037,323 | 4,154,882 |
| EXPENSES | | |
| Member services and programs: | | |
| PAC contributions | 1,127,751 | 964,483 |
| Arbitration | 441,749 | 488,949 |
| Punitive action | 440,627 | 388,018 |
| Legislative | 263,049 | 267,441 |
| Legal | 226,334 | 265,082 |
| Committees | 274,332 | 139,259 |
| Foundation activities | 11,809 | 43,783 |
| Other programs | 887,036 | 233,508 |
| Total member services and programs | 3,672,687 | 2,790,523 |
| General and administrative | 935,739 | 956,297 |
| | 4,608,426 | 3,746,820 |
| | 4,608,426 | 3,746,820 |
| CHANGE IN NET ASSETS | (571,103) | 408,062 |
| NET ASSETS, BEGINNING OF YEAR | 2,483,702 | 2,075,640 |
| NET ASSETS, END OF YEAR | \$ 1,912,599 | \$ 2,483,702 |

See accompanying notes to the consolidated financial statements.

CAUSE - STATEWIDE LAW ENFORCEMENT ASSOCIATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2006

Member Services and Programs

| | <u>PAC</u> | | <u>Punitive</u> | | <u>Foundation</u> | <u>Other</u> | <u>Total</u> | <u>General</u> | <u>Total</u> | |
|-----------------------------------|----------------------|--------------------|-------------------|--------------------|-------------------|-------------------|------------------|-----------------------|-----------------------|---------------------|
| | <u>Contributions</u> | <u>Arbitration</u> | <u>Action</u> | <u>Legislative</u> | <u>Legal</u> | <u>Activities</u> | <u>Programs</u> | <u>Services &</u> | <u>Administrative</u> | |
| | | | | | | | | <u>Programs</u> | | |
| Personnel - Note G | \$ - | \$ 386,080 | \$ 399,525 | \$ 173,188 | \$ 149,096 | \$ - | \$ - | \$ 1,107,889 | \$ 352,918 | \$ 1,460,807 |
| Political contributions | 465,320 | - | - | - | - | - | - | 465,320 | - | 465,320 |
| Professional services | 469,853 | 8,934 | 2,731 | 40,000 | 50,006 | 1,650 | 2,777 | 575,951 | 133,751 | 709,702 |
| Travel | - | 20,481 | 14,092 | 7,404 | 4,747 | - | - | 61,862 | 73,119 | 274,453 |
| Unionizing | 190,165 | - | - | - | - | - | 737,551 | 927,716 | - | 927,716 |
| Membership outreach | - | - | - | - | - | 124,202 | - | 124,202 | - | 124,202 |
| Members' life insurance | - | - | - | - | - | - | 72,102 | 72,102 | - | 72,102 |
| Telecommunications | - | - | - | - | - | - | - | - | 72,508 | 72,508 |
| Printing and photocopying | - | 114 | - | - | - | 4,711 | 967 | 5,792 | 20,366 | 26,158 |
| Promotion and awards | - | - | - | 23,060 | - | 5,925 | 3,104 | 32,089 | 61,998 | 94,087 |
| Depreciation and amortization | - | 18,102 | 18,733 | 8,120 | 6,991 | - | - | 51,946 | 16,547 | 68,493 |
| Equipment and supplies | - | - | - | - | 6,961 | 376 | - | 7,337 | 39,245 | 46,582 |
| Officer and board expenses | - | - | - | - | - | 46,370 | - | 46,370 | - | 46,370 |
| Space rental and utilities | - | - | - | - | - | - | - | - | 51,550 | 51,550 |
| Interest | - | - | - | - | - | - | - | - | 32,601 | 32,601 |
| Dues, subscriptions, and training | - | 7,831 | 5,028 | 5,909 | 8,498 | - | 75 | 27,341 | 13,016 | 40,357 |
| Scholarships | - | - | - | - | - | - | 10,000 | 10,000 | - | 10,000 |
| Repairs and maintenance | - | - | - | - | - | - | - | - | 22,704 | 22,704 |
| Postage and delivery | - | 207 | 440 | 5,161 | - | - | 2,948 | 8,756 | 12,634 | 21,390 |
| Business insurance and taxes | 1,809 | - | - | - | - | - | - | 1,809 | 23,110 | 24,919 |
| Miscellaneous | 604 | - | 78 | 207 | 35 | - | 84 | 6,733 | 9,672 | 16,405 |
| | <u>\$ 1,127,751</u> | <u>\$ 441,749</u> | <u>\$ 440,627</u> | <u>\$ 263,049</u> | <u>\$ 226,334</u> | <u>\$ 274,332</u> | <u>\$ 11,809</u> | <u>\$ 887,036</u> | <u>\$ 935,739</u> | <u>\$ 4,608,426</u> |

CAUSE - STATEWIDE LAW ENFORCEMENT ASSOCIATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2005

Member Services and Programs

| | <u>PAC</u> | | <u>Punitive</u> | | <u>Foundation</u> | | <u>Other</u> | <u>Total</u> | <u>General</u> | | |
|-----------------------------------|----------------------|--------------------|-------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-----------------------|-----------------------|---------------------|
| | <u>Contributions</u> | <u>Arbitration</u> | <u>Action</u> | <u>Legislative</u> | <u>Legal</u> | <u>Committees</u> | <u>Activities</u> | <u>Programs</u> | <u>Member</u> | <u>&</u> | <u>Total</u> |
| | | | | | | | | | <u>Services &</u> | <u>Administrative</u> | |
| | | | | | | | | | <u>Programs</u> | | |
| Personnel - Note G | \$ - | \$ 419,103 | \$ 321,018 | \$ 157,730 | \$ 143,155 | \$ - | \$ - | \$ - | \$ 1,041,006 | \$ 275,657 | \$ 1,316,663 |
| Political contributions | 849,799 | - | - | - | - | - | - | - | 849,799 | - | 849,799 |
| Professional services | 81,631 | 9,327 | 22,355 | 72,706 | 99,076 | - | - | 9,576 | 294,671 | 151,678 | 446,349 |
| Travel | - | 19,077 | 12,473 | 12,682 | 6,853 | 74,099 | - | 83,495 | 208,679 | 59,277 | 267,956 |
| Unionizing | - | - | - | - | - | - | - | - | - | 115,899 | 115,899 |
| Members' life insurance | - | - | - | - | - | - | - | 90,057 | 90,057 | - | 90,057 |
| Telecommunications | - | - | - | - | - | - | - | - | - | 73,159 | 73,159 |
| Printing and photocopying | - | 56 | - | 621 | - | 5,201 | - | 27,771 | 33,649 | 38,708 | 72,357 |
| Promotion and awards | - | - | - | - | - | 8,330 | 10,592 | 4,521 | 23,443 | 43,730 | 67,173 |
| Depreciation and amortization | - | 19,786 | 15,155 | 7,446 | 6,758 | - | - | - | 49,145 | 13,015 | 62,160 |
| Equipment and supplies | - | 17,492 | 13,398 | 6,583 | 5,975 | - | - | - | 43,448 | 11,504 | 54,952 |
| Officer and board expenses | - | - | - | - | - | 50,982 | - | - | 50,982 | - | 50,982 |
| Space rental and utilities | - | - | - | - | - | - | - | - | - | 48,277 | 48,277 |
| Interest | - | - | - | - | - | - | - | - | - | 34,648 | 34,648 |
| Dues, subscriptions, and training | - | 3,117 | 2,753 | 8,741 | 3,233 | 647 | - | - | 18,491 | 15,126 | 33,617 |
| Scholarships | - | - | - | - | - | - | 33,000 | - | 33,000 | - | 33,000 |
| Repairs and maintenance | - | - | - | - | - | - | - | - | - | 25,985 | 25,985 |
| Postage and delivery | - | 12 | 660 | 263 | 32 | - | - | 11,074 | 12,041 | 11,317 | 23,358 |
| Business insurance and taxes | 824 | - | - | - | - | - | - | - | 824 | 21,190 | 22,014 |
| Miscellaneous | 32,229 | 979 | 206 | 669 | - | - | 191 | 7,014 | 41,288 | 17,127 | 58,415 |
| | <u>\$ 964,483</u> | <u>\$ 488,949</u> | <u>\$ 388,018</u> | <u>\$ 267,441</u> | <u>\$ 265,082</u> | <u>\$ 139,259</u> | <u>\$ 43,783</u> | <u>\$ 233,508</u> | <u>\$ 2,790,523</u> | <u>\$ 956,297</u> | <u>\$ 3,746,820</u> |

CAUSE - STATEWIDE LAW ENFORCEMENT ASSOCIATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2006 and 2005

| | <u>2006</u> | <u>2005</u> |
|--|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ (571,103) | \$ 408,062 |
| <i>Adjustments to reconcile the change in net assets to net cash provided by (used in) operating activities:</i> | | |
| Depreciation and amortization | 68,493 | 62,160 |
| Loss (gain) on disposal of property and equipment | - | (10,500) |
| Changes in: | | |
| Restricted cash and cash equivalents | 482,879 | 120,313 |
| Dues and receivables | (4,185) | (28,370) |
| Prepaid expenses and other assets | (2,645) | 11,469 |
| Payables | (79,455) | 116,233 |
| Employee leave liability | 1,464 | (3,122) |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | <u>(104,552)</u> | <u>676,245</u> |
| CASH FLOWS FROM INVESTMENT ACTIVITIES | | |
| Purchases of property and equipment | (42,638) | (80,653) |
| Proceeds from sale of property and equipment | - | 10,500 |
| NET CASH USED IN INVESTMENT ACTIVITIES | <u>(42,638)</u> | <u>(70,153)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Principal payments on notes payable and long-term obligations | (25,622) | (23,513) |
| NET CASH USED IN FINANCING ACTIVITIES | <u>(25,622)</u> | <u>(23,513)</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (172,812) | 582,579 |
| CASH AND CASH EQUIVALENTS, BEGINNING | <u>751,454</u> | <u>168,875</u> |
| CASH AND CASH EQUIVALENTS, ENDING | <u>\$ 578,642</u> | <u>\$ 751,454</u> |

SUPPLEMENTAL INFORMATION:

Cash paid for interest was \$32,601 and \$34,468 during the years ended June 30, 2006 and 2005, respectively.

See accompanying notes to the consolidated financial statements.

CAUSE - STATEWIDE LAW ENFORCEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

NOTE A - ORGANIZATION

CAUSE - Statewide Law Enforcement Association (CAUSE), a nonprofit, mutual benefit corporation, is a collective agent for representative negotiations for a bargaining unit of uniformed and non-uniformed enforcement workers employed by the State of California. CAUSE is comprised of member affiliate association that have formed a coalition for bargaining strength.

Principles of consolidation: The accompanying financial statements reflect the consolidation of CAUSE and several related organizations (collectively, the Union). Material transactions among the organizations have been eliminated in consolidation. The related organizations are described below:

CAUSE Political Action Committee (PAC) is a nonprofit, unincorporated committee of CAUSE members. Its purpose is to maintain a political campaign fund to support candidates and legislation favorable to the interest of CAUSE members. CAUSE and the PAC share a common Board of Directors.

CAUSE Consumer Protection & Public Safety Foundation (Foundation) is a nonprofit, public benefit corporation organized to educate and assist the public in solving or mitigating consumer protection and public safety problems. The Directors of the Foundation are appointed by the President and Directors of CAUSE.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The financial statements of CAUSE have been prepared on the accrual basis.

Basis of Presentation: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, CAUSE is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At June 30, 2005, CAUSE's net assets consists only of temporarily restricted and unrestricted net assets.

Cash and Cash Equivalents: For financial statement purposes, the Union considers all investments with a maturity at purchase of three months or less to be cash equivalents.

Property and Equipment: Property and equipment are stated at cost and depreciated using the straight-line method over estimated useful lives of 3 to 40 years.

Revenue Recognition: Dues and PAC contributions from members are recognized in the period withheld from their wages. Dues revenue is recorded net of amounts collected on behalf of affiliates and the Legal Defense Fund.

CAUSE - STATEWIDE LAW ENFORCEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS - Continued

June 30, 2006

NOTE B - SIGNIFICANT ACCOUNTING POLICIES - Continued

Income Taxes: CAUSE, the PAC, and the Foundation are exempt from income taxes under Internal Revenue Code Sections 501(c)(5), 527 and 501(c)(3), respectively. The Foundation is considered a publicly supported entity by the Internal Revenue Service. The PAC is subject to income tax on interest income.

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

NOTE C - RESTRICTED CASH AND CASH EQUIVALENTS

The Union maintained cash and cash equivalent balances restricted for the following purposes:

| | <u>2006</u> | <u>2005</u> |
|-----------------------------------|------------------|--------------------|
| PAC activities | \$668,539 | \$1,155,281 |
| Affiliates and Legal Defense Fund | 234,521 | 219,491 |
| Foundation activities | <u>32,642</u> | <u>43,809</u> |
| Total | <u>\$935,702</u> | <u>\$1,418,581</u> |

The Union maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. The Union has not experienced any losses in such amounts. Management believes the Union is not exposed to any significant credit risk related to cash.

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2006 and 2005:

| | <u>2006</u> | <u>2005</u> |
|--|------------------|------------------|
| Land | \$ 183,688 | \$ 183,688 |
| Buildings and improvements | 656,146 | 656,146 |
| Computer equipment | 225,590 | 190,110 |
| Office furniture and fixtures | 100,738 | 93,580 |
| Automobile | <u>41,022</u> | <u>41,022</u> |
| | 1,207,184 | 1,164,546 |
| Less accumulated depreciation and amortization | <u>(523,111)</u> | <u>(454,618)</u> |
| | \$ 684,073 | \$ 709,928 |

CAUSE - STATEWIDE LAW ENFORCEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS - Continued

June 30, 2006

NOTE E - MORTGAGE NOTE PAYABLE

CAUSE is obligated under the terms of a mortgage note that matures on June 15, 2015. The note is secured by land and building and is payable in monthly installments of \$4,847, including interest at 8.62%. Future fiscal year principal payments on the note are as follows at June 30, 2006: 2007 - \$27,922; 2008 - \$30,428; 2009 - \$33,159; 2010 - \$36,136; 2011 - \$39,377; and, thereafter - \$196,164.

NOTE F - LEASE COMMITMENTS

CAUSE leases additional office space and certain office equipment under operating lease agreements expiring at various dates through December 2010. Rent expense for these leases amounted to \$47,841 and \$43,388 for the years ended June 30, 2006 and 2005, respectively. Future fiscal year lease payments are as follows at June 30, 2006: 2007 - \$47,852; 2008 - \$48,962; 2009 - \$46,580; 2010 - \$22,566; and, 2011 - \$1,345.

NOTE G - RETIREMENT PLAN

The Union sponsors a defined contribution retirement plan (the Plan) under Internal Revenue Code Section 401(k) for its eligible employees. Eligible participants may contribute to the Plan up to amounts prescribed by the Internal Revenue Code. The Union may, at its discretion, also contribute to the Plan. During the years ended June 30, 2006 and 2005, the Union's contributions to the Plan amounted to \$52,926 and \$42,619, respectively.

NOTE H - LEGAL DEFENSE FUND

The Legal Defense Fund (Fund) is an ERISA benefit plan organized to support members of the Union in defense of civil and criminal actions related to their employment and the assets of the Fund are not available to CAUSE. The President of CAUSE appoints the Board of Trustees of the Fund.

CAUSE contributes \$2 per month per member from members' dues to the Fund. During 2006 and 2005, the Union remitted \$120,660 and \$125,014, respectively, to the Fund. The Union provides administrative services and facilities to the Fund at no cost.

CAUSE - STATEWIDE LAW ENFORCEMENT ASSOCIATION
CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2006

| | <u>CAUSE</u> | <u>Political Action Committee</u> | <u>Foundation</u> | <u>Eliminations</u> | <u>Consolidated</u> |
|---|---------------------|---|-------------------|---------------------|---------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 109,696 | \$ 468,946 | \$ - | \$ - | \$ 578,642 |
| Restricted cash and cash equivalents | 234,521 | 668,539 | 32,642 | - | 935,702 |
| Dues and other receivables | 518,421 | 108,724 | - | (215,856) | 411,289 |
| Prepaid expenses | 11,010 | - | - | - | 11,010 |
| Property and equipment - net | 684,073 | - | - | - | 684,073 |
| Other assets | 14,480 | - | - | - | 14,480 |
| TOTAL ASSETS | \$ 1,572,201 | \$ 1,246,209 | \$ 32,642 | \$ (215,856) | \$ 2,635,196 |
| LIABILITIES AND NET ASSETS | | | | | |
| LIABILITIES | | | | | |
| Accounts payable | \$ 261,137 | \$ - | \$ - | \$ - | \$ 261,137 |
| Employee leave liability | 50,173 | - | - | - | 50,173 |
| Due to affiliate associations | 146,824 | - | - | (108,724) | 38,100 |
| Due to Legal Defense Fund | 10,002 | - | - | - | 10,002 |
| Mortgage note payable | 363,185 | - | - | - | 363,185 |
| TOTAL LIABILITIES | 831,321 | - | - | (108,724) | 722,597 |
| NET ASSETS | 740,880 | 1,246,209 | 32,642 | (107,132) | 1,912,599 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 1,572,201 | \$ 1,246,209 | \$ 32,642 | \$ (215,856) | \$ 2,635,196 |

See accompanying notes to the consolidated financial statements.

CAUSE - STATEWIDE LAW ENFORCEMENT ASSOCIATION

CONSOLIDATING STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2006

| | <u>CAUSE</u> | <u>Political Action Committee</u> | <u>Foundation</u> | <u>Eliminations</u> | <u>Consolidated</u> |
|---|-------------------|---|-------------------|---------------------|---------------------|
| REVENUE | | | | | |
| Membership dues | \$ 2,094,189 | \$ 25,000 | \$ - | \$ (25,000) | \$ 2,094,189 |
| PAC contributions | 807,132 | 1,360,782 | - | (917,132) | 1,250,782 |
| Fair share dues | 652,245 | - | - | - | 652,245 |
| Conferences | 16,220 | - | - | - | 16,220 |
| Interest income | 18,463 | 2,872 | 642 | - | 21,977 |
| Other income | 1,910 | - | - | - | 1,910 |
| | <u>3,590,159</u> | <u>1,388,654</u> | <u>642</u> | <u>(942,132)</u> | <u>4,037,323</u> |
| TOTAL REVENUE | | | | | |
| EXPENSES | | | | | |
| Member services and programs: | | | | | |
| PAC contributions | - | 1,962,751 | - | (835,000) | 1,127,751 |
| Arbitration | 441,749 | - | - | - | 441,749 |
| Punitive action | 440,627 | - | - | - | 440,627 |
| Legal | 226,334 | - | - | - | 226,334 |
| Committees | 274,332 | - | - | - | 274,332 |
| Legislative | 263,049 | - | - | - | 263,049 |
| Foundation activities | - | - | 11,809 | - | 11,809 |
| Other programs | 887,036 | - | - | - | 887,036 |
| | <u>2,533,127</u> | <u>1,962,751</u> | <u>11,809</u> | <u>(835,000)</u> | <u>3,672,687</u> |
| TOTAL MEMBER SERVICES AND PROGRAMS | | | | | |
| General and administrative | 935,739 | - | - | - | 935,739 |
| | <u>3,468,866</u> | <u>1,962,751</u> | <u>11,809</u> | <u>(835,000)</u> | <u>4,608,426</u> |
| TOTAL EXPENSES | | | | | |
| CHANGE IN NET ASSETS | 121,293 | (574,097) | (11,167) | (107,132) | (571,103) |
| NET ASSETS, BEGINNING OF YEAR | 619,587 | 1,820,306 | 43,809 | - | 2,483,702 |
| NET ASSETS, END OF YEAR | \$ <u>740,880</u> | \$ <u>1,246,209</u> | \$ <u>32,642</u> | \$ <u>(107,132)</u> | \$ <u>1,912,599</u> |

See accompanying notes to the consolidated financial statements.