

WASHINGTON CONSTRUCTION INDUSTRY
SUBSTANCE ABUSE PROGRAM

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December 21, 2009

Independent Auditor's Report

The Board of Trustees
Washington Construction Industry
Substance Abuse Program

We have audited the statements of assets and net assets - modified cash basis of the Washington Construction Industry Substance Abuse Program as of December 31, 2008 and 2007, and the related statements of revenues, expenses and changes in net assets - modified cash basis and changes in cash balances for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Organization's management. 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 2 to the financial statements, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and net assets - modified cash basis of the Washington Construction Industry Substance Abuse Program as of December 31, 2008 and 2007, and the revenues, expenses and changes in net assets - modified cash basis and changes in cash balances for the years ended December 31, 2008 and 2007, on the basis of accounting described in Note 2 to the financial statements.

Lockitch, Clements & Rice, P.S.



WASHINGTON CONSTRUCTION INDUSTRY
SUBSTANCE ABUSE PROGRAM
Statements of Assets and Net Assets -
Modified Cash Basis
December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Assets:		
Cash	\$ 193,191	77,516
Prepaid expenses	<u>350</u>	<u>351</u>
Total assets	<u>193,541</u>	<u>77,867</u>
Net assets - unrestricted	<u>\$ 193,541</u>	<u>77,867</u>

The accompanying notes are an integral part of the financial statements

WASHINGTON CONSTRUCTION INDUSTRY
SUBSTANCE ABUSE PROGRAM
Statements of Changes in Cash Balances
Years ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash provided by operating activities:		
Change in net assets	\$ 115,674	(34,897)
Change in prepaid expenses	<u>1</u>	<u>-</u>
Net increase (decrease) in cash	115,675	(34,897)
Cash:		
Beginning of year	<u>77,516</u>	<u>112,413</u>
End of year	<u>\$ 193,191</u>	<u>77,516</u>

The accompanying notes are an integral part of the financial statements

WASHINGTON CONSTRUCTION INDUSTRY
SUBSTANCE ABUSE PROGRAM

Notes to Financial Statements
December 31, 2008 and 2007

1. Description of the Organization - Effective June 1, 2004 an agreement and declaration of trust was created to administer the Washington Construction Industry Substance Abuse Program. It is subject to the provisions of Section 302(c)(9) of the Labor-Management Relations Act of 1947. The following description of the Organization provides only general information. Participants should refer to the Trust Agreement for a more complete description of the Organization's provisions.
 - a. Nature of Organization - The Washington Construction Industry Substance Abuse Program (WCISPAP) provides alcohol, drug and other substance testing, and confidential referral for treatment or rehabilitation when test results show unacceptable levels of any substance that can impair an employee's ability to work safely and efficiently.
 - b. The WCISAP is sponsored and maintained by agreements between Pacific Northwest Regional Council of Carpenters, Cement Masons Local No. 528, Washington and Northern Idaho District Council of Laborers and UA Local 32 of the United Association of Journeymen and Apprentices of the Plumbing and Pipefitting Industry of the United States and Canada and employers involved in the construction industry in the State of Washington. Funding for bargaining unit employees began with covered hours worked on and after June 1, 2004.
 - c. Contributions - The Trust Agreement provides that signatory employers make monthly contributions to the Organization of a specified amount for each hour worked by covered employees to provide drug testing services.
 - d. Commencement of testing - Drug testing operations commenced on January 1, 2005.
2. Summary of accounting policies - A summary of the plan's significant accounting policies follows:
 - a. Accounting method - The financial statements of the Organization have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Modifications to the cash basis of accounting include recognizing reimbursable advances and deposits as assets.
 - b. Program and supporting services - The Organization does not allocate expenses between member services and management and general.
3. Organization termination - The Trust Agreement may be terminated at any time, by action of the Trustees.

In any event the Trust Agreement shall be automatically terminated upon the expiration of all collective bargaining agreements and special agreements requiring the payment of contributions to the Trust Fund, provided that for purposes of this provision a collective bargaining agreement or special agreement shall not be deemed to have expired in a strike or lockout situation, unless said strike or lockout continues for more than six (6) months.

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SUBSTANCE ABUSE PROGRAM
Notes to Financial Statements
December 31, 2008 and 2007

3. (Continued)

Upon the termination of the Trust Agreement, the Trustees shall wind up the affairs of the Trust Fund. In no event shall any of the remaining monies or assets be paid to or be recoverable by any participating employer, employer association, or labor organization.

4. Tax status - The Trust established under the Organization to hold the Organization's assets is qualified pursuant to Section 501(c)(5) of the Internal Revenue Code. The Internal Revenue has determined and informed the Plan by a letter dated August 14, 2006, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). Therefore, no provision for income taxes has been included in the plan's financial statements.
5. Concentration of risk - The Organization's assets consist primarily of cash. The financial instruments may subject the Organization to concentrations of risk as, from time to time, cash balances exceed amounts insured by the Federal Deposit Insurance Corporation.