

**SPRINGFIELD FEDERATION OF PARAPROFESSIONALS
LOCAL 4098 AMERICAN FEDERATION
OF TEACHERS, AFL-CIO
FINANCIAL STATEMENTS**

JUNE 30, 2020 AND 2019

DRAFT

**SPRINGFIELD FEDERATION OF PARAPROFESSIONALS
LOCAL 4098 AMERICAN FEDERATION OF TEACHERS, AFL-CIO**

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INDEPENDENT AUDITORS' REPORT

To the Officers and Executive Board
Springfield Federation of Paraprofessionals Local 4098
American Federation of Teachers, AFL-CIO
Springfield, Massachusetts

We have audited the accompanying statements of assets, liabilities, and net assets - modified cash basis of Springfield Federation of Paraprofessionals Local 4098 American Federation of Teachers, AFL-CIO, a nonprofit organization, as of June 30, 2020 and 2019, and the related statements of revenue, expenses, and changes in net assets - modified cash basis 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 the modified cash basis of accounting; this includes the design, implementation, and maintenance of internal relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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.

As described in Note 1, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Opinion

In our opinion, the financial statements referred to above, present fairly, in all material respects, the assets, liabilities, and net assets of Springfield Federation of Paraprofessionals Local 4098 American Federation of Teachers, AFL-CIO as of June 30, 2020 and 2019, and the revenues and expenses, for the years then ended, on the basis of accounting described in Note 1.

Chicopee, Massachusetts
October 9, 2020

DRAFT

**SPRINGFIELD FEDERATION OF PARAPROFESSIONALS
 LOCAL 4098 AMERICAN FEDERATION OF TEACHERS, AFL-CIO
 STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS
 MODIFIED CASH BASIS
 JUNE 30, 2020 AND 2019**

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash - Checking	\$ 163,829	\$ 128,376
Cash - Savings	28	28
Total Current Assets	163,857	128,404
PROPERTY AND EQUIPMENT		
Office Equipment	6,281	6,281
Accumulated Depreciation	(5,624)	(5,302)
Net Property and Equipment	657	979
Total Assets	\$ 164,514	\$ 129,383
NET ASSETS		
NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 164,514	\$ 129,383

See independent auditor's report and notes to financial statements.

**SPRINGFIELD FEDERATION OF PARAPROFESSIONALS
LOCAL 4098 AMERICAN FEDERATION OF TEACHERS, AFL-CIO
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2020 AND 2019**

	2020	2019
REVENUES		
Dues Income	\$ 356,661	\$ 342,499
Other Income	1,000	1,401
Total Revenues	357,661	343,900
PROGRAM AND SUPPORTING SERVICES		
Program Services		
Per Capita	263,658	263,472
Stipends for Union Activity	14,295	18,000
Conventions & Conferences	1,470	5,421
Total Program Services	279,423	286,893
Supporting Services		
Payroll	23,096	23,096
Payroll Service Fee	1,308	1,557
Professional Fees	5,150	4,850
Telephone	2,821	2,924
Office Supplies	1,020	1,067
Payroll Taxes	2,113	2,112
Operating Expense	3,324	3,448
Miscellaneous	2,057	1,474
Donations	925	1,786
Meals & Entertainment	550	-
Workers' Compensation Insurance	310	204
Postage	111	94
Depreciation Expense	322	448
Total Supporting Services	43,107	43,060
Total Program and Supporting Services	322,530	329,953
CHANGE IN NET ASSETS	35,131	13,947
Net Assets - Beginning of the Year	129,383	115,436
Net Assets - End of the Year	\$ 164,514	\$ 129,383

See independent auditor's report and notes to financial statements.

**SPRINGFIELD FEDERATION OF PARAPROFESSIONALS
LOCAL 4098 AMERICAN FEDERATION OF TEACHERS, AFL-CIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities

The Springfield Federation of Paraprofessionals Local 4098 American Federation of Teachers, AFL-CIO was established to maintain and improve the conditions of the membership with respect to salaries, pensions, conditions of employment in general, and the right of freedom of expression in and out of the classroom.

Advance the economic and professional interest of the member Paraprofessionals.

To provide the best education for the children they serve.

Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting. Under that basis, all transactions, exclusive of debt, payroll withholding, and inter-fund transactions, are recognized as either cash receipts or disbursements, and noncash transactions are not recognized. The modified cash basis differs from generally accepted accounting principles primarily because the effects of outstanding employer contributions and obligations for unpaid expenses are not included in the financial statements.

Cash, Cash Equivalents, and Restricted Cash

We consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors, to be cash and cash equivalents. Cash and highly liquid financial instruments that are restricted are excluded from this definition.

Property and Equipment

The Organization capitalizes all expenditures for property and equipment in excess of \$100. Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Depreciation expense amounts to \$322 and \$448 for June 30, 2020 and 2019, respectively.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for the resource was restricted has been fulfilled, or both.

**SPRINGFIELD FEDERATION OF PARAPROFESSIONALS
LOCAL 4098 AMERICAN FEDERATION OF TEACHERS, AFL-CIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The organization is exempt from Federal and State taxes under Section 501(c)(5) of the Internal Revenue Code.

Revenues

Revenues consist of dues paid by members and agency fees paid by non-members.

Other Income

Other income consists of grants from the state or national affiliates.

Functional Allocation of Expenses

The costs of program and supporting services activities have been presented by the natural classification detail of expenses by function on the statements of revenues, expenses, and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reporting amounts and disclosures. Accordingly, actual results could differ from these estimates.

2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise of the following:

Cash and Cash Equivalents	\$ <u>163,857</u>
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3. PER CAPITA

Article XIII of the Federation's Constitution requires that the Federation maintain affiliation with the American Federation of Teachers, the Pioneer Valley Labor Council, and the Massachusetts AFL-CIO.

4. CONCENTRATION OF CREDIT RISK

The organization maintains its cash balances at one financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 for the years ended June 30, 2020 and 2019, respectively. At June 30, 2020 and 2019, the organization cash balances were fully insured.

**SPRINGFIELD FEDERATION OF PARAPROFESSIONALS
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

5. UNCERTAIN TAX POSITIONS

The Organization has adopted FASB ASC 740-10-25, Accounting for Uncertainty in Income Taxes. The Organization will record a liability for uncertain tax positions when it is more likely than not that a tax position would not be sustained if examined by the taxing authority. The Organization continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

The Organization's evaluation on June 30, 2020 revealed no uncertain tax positions that would have a material impact on the financial statements. The 2017 through 2019 tax years remain subject to examination by the IRS. The Organization does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

6. NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions at the year end June 30, 2020 are related to dues paid by members of the Springfield Federation of Paraprofessionals. Net assets without donor restrictions was \$164,514 for 2020 and \$129,383 for 2019.

7. 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.

8. SUBSEQUENT EVENTS

The Organization has performed an evaluation of subsequent events through October 9, 2020, which is the date the Organization's financial statements were issued. No material subsequent events occurred since June 30, 2020 that required recognition or disclosure in these financial statements.