



# Grzelak, Grzelak & Associates, P.C.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

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September 28, 2022

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

We have audited the financial statements of Springfield Federation of Paraprofessionals Local 4098 American Federation of Teachers; AFL-CIO for the year ended June 30, 2022, and have issued our report thereon dated September 28, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards 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 June 1, 2022. Professional standards also require that we communicate to you the following information related to our audit.

## Significant Audit Findings

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Springfield Federation of Paraprofessionals Local 4098 American Federation of Teachers; AFL-CIO 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 fiscal year ending June 30, 2022. 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 estimate(s) affecting the financial statements was:

Management's estimate of depreciation is based on useful life. We evaluated the key factors and assumptions used to develop the depreciation estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

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.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is 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 28, 2022.

*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.

Very truly yours,

*Grzelak, Grzelak, & Associates, P.C.*

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

**JUNE 30, 2022 AND 2021**

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

**TABLE OF CONTENTS**

	<b><u>PAGE</u></b>
INDEPENDENT AUDITORS' REPORT	1 - 2
BASIC FINANCIAL STATEMENTS	
STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS	3
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - MODIFIED CASH BASIS	4
NOTES TO FINANCIAL STATEMENTS	5 - 7



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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

### Opinion

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, 2022 and 2021, 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.

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, 2022 and 2021, and the revenues and expenses, for the years then ended, on the basis of accounting described in Note 1.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Springfield Federation of Paraprofessionals Local 4098 American Federation of Teachers, AFL-CIO and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting

from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Springfield Federation of Paraprofessionals Local 4098 American Federation of Teachers, AFL-CIO's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Springfield Federation of Paraprofessionals Local 4098 American Federation of Teachers, AFL-CIO's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Erzela, Erzela, & Associates, P.C.*

Holyoke, Massachusetts  
September 28, 2022

**SPRINGFIELD FEDERATION OF PARAPROFESSIONALS  
LOCAL 4098 AMERICAN FEDERATION OF TEACHERS, AFL-CIO  
STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS  
MODIFIED CASH BASIS  
JUNE 30, 2022 AND 2021**

	2022	2021
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash - Checking	\$ 165,930	\$ 143,824
Cash - Savings	28	28
Total Current Assets	165,958	143,852
<b>PROPERTY AND EQUIPMENT</b>		
Office Equipment	6,281	6,281
Accumulated Depreciation	(6,142)	(5,947)
Net Property and Equipment	139	334
Total Assets	\$ 166,097	\$ 144,186
<b>NET ASSETS</b>		
NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 166,097	\$ 144,186

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, 2022 AND 2021**

	2022	2021
<b>REVENUES</b>		
Dues Income	\$ 323,289	\$ 300,942
Other Income	-	1,000
Total Revenues	323,289	301,942
 <b>PROGRAM AND SUPPORTING SERVICES</b>		
Program Services		
Per Capita	238,576	255,137
Stipends for Union Activity	15,751	19,732
Conventions & Conferences	518	1,100
Total Program Services	254,845	275,969
Supporting Services		
Payroll	23,096	23,096
Payroll Service Fee	1,436	1,472
Professional Fees	5,725	5,400
Telephone	2,849	3,066
Office Supplies	147	521
Payroll Taxes	2,022	2,113
Operating Expense	8,298	3,100
PPE Expenses	-	2,403
Miscellaneous	756	2,085
Donations	1,022	2,497
Meals & Entertainment	711	-
Workers' Compensation Insurance	200	199
Postage	76	26
Depreciation Expense	195	323
Total Supporting Services	46,533	46,301
Total Program and Supporting Services	301,378	322,270
 <b>CHANGE IN NET ASSETS</b>	21,911	(20,328)
Net Assets - Beginning of the Year	144,186	164,514
Net Assets - End of the Year	\$ 166,097	\$ 144,186

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, 2022 AND 2021**

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 \$195 and \$323 for June 30, 2022 and 2021, 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, 2022 AND 2021**

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>165,958</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 Western Mass Area Labor Federation, 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, 2022 and 2021, respectively. At June 30, 2022 and 2021, the organization cash balances were fully insured.

**SPRINGFIELD FEDERATION OF PARAPROFESSIONALS  
LOCAL 4098 AMERICAN FEDERATION OF TEACHERS, AFL-CIO  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

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, 2022 revealed no uncertain tax positions that would have a material impact on the financial statements. The 2019 through 2021 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, 2022 are related to dues paid by members of the Springfield Federation of Paraprofessionals. Net assets without donor restrictions was \$166,097 for 2022 and \$144,186 for 2021.

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 September 28, 2022, which is the date the Organization's financial statements were issued. No material subsequent events occurred since June 30, 2022 that required recognition or disclosure in these financial statements.