

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

**JUNE 30, 2015 AND 2014**

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

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## INDEPENDENT AUDITOR'S 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, 2015 and 2014, 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 accounting principles generally accepted in the United States of America; 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.

### Auditor's 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. These 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.

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, 2015 and 2014, and the revenues and expenses, for the years then ended, on the basis of accounting described in Note 1.

## Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of expenses and allocation between chargeable and non-chargeable expenses-modified cash basis for the years then ended, and the related notes to the statement on page 7 is presented for purposes of additional analysis and is 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.

*Erzelak, Erzelak, & Associates, P.C.*

Chicopee, Massachusetts  
November 4, 2015

**SPRINGFIELD FEDERATION OF PARAPROFESSIONALS  
 LOCAL 4098 AMERICAN FEDERATION OF TEACHERS, AFL-CIO  
 STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS  
 MODIFIED CASH BASIS  
 JUNE 30, 2015 AND 2014**

	2015	2014
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash - Checking	\$ 126,725	\$ 122,536
Cash - Savings	28	28
Total Current Assets	126,753	122,564
<b>PROPERTY AND EQUIPMENT</b>		
Office Equipment	4,667	4,667
Accumulated Depreciation	(4,130)	(3,932)
Net Property and Equipment	537	735
Total Assets	\$ 127,290	\$ 123,299
<b>NET ASSETS</b>		
<b>NET ASSETS</b>	\$ 127,290	\$ 123,299

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, 2015 AND 2014**

	2015	2014
<b>REVENUES</b>		
Dues Income	\$ 291,527	\$ 289,384
Other Income	1,257	4,724
<b>Total Revenues</b>	<b>292,784</b>	<b>294,108</b>
<b>PROGRAM AND SUPPORTING SERVICES</b>		
Program Services		
Per Capita	217,909	199,933
Stipends for Union Activity	21,942	20,704
Arbitration Expense	10,254	14,204
Conventions & Conferences	2,606	-
<b>Total Program Services</b>	<b>252,711</b>	<b>234,841</b>
Supporting Services		
Payroll	23,096	23,096
Payroll Service Fee	1,525	1,450
Professional Fees	3,500	3,400
Telephone	1,760	6,236
Office Supplies	1,864	2,762
Payroll Taxes	2,190	2,317
Operating Expense	434	1,582
Miscellaneous	926	458
Donations	325	385
Workers' Compensation Insurance	205	208
Postage	59	196
Depreciation Expense	198	91
<b>Total Supporting Services</b>	<b>36,082</b>	<b>42,181</b>
<b>Total Program and Supporting Services</b>	<b>288,793</b>	<b>277,022</b>
<b>CHANGE IN NET ASSETS</b>	<b>3,991</b>	<b>17,086</b>
Net Assets - Beginning of the year	123,299	106,213
<b>Net Assets - End of the Year</b>	<b>\$ 127,290</b>	<b>\$ 123,299</b>

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, 2015 AND 2014**

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.

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 \$198 and \$91 for June 30, 2015 and 2014, respectively.

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.

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.

**SPRINGFIELD FEDERATION OF PARAPROFESSIONALS  
LOCAL 4098 AMERICAN FEDERATION OF TEACHERS, AFL-CIO  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 AND 2014**

2. 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.

3. 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, 2015 and 2014, respectively. At June 30, 2015 and 2014, the organization cash balances were fully insured.

4. NET ASSETS

All net assets are considered unrestricted.

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, 2015 revealed no uncertain tax positions that would have a material impact on the financial statements. The 2013 through 2015 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. SUBSEQUENT EVENTS

The Organization has performed an evaluation of subsequent events through November 4, 2015, which is the date the Organization's financial statements were issued. No material subsequent events occurred since June 30, 2015 that required recognition or disclosure in these financial statements.



**Supplementary Information**

**SPRINGFIELD FEDERATION OF PARAPROFESSIONALS**  
**LOCAL 4098 AMERICAN FEDERATION OF TEACHERS, AFL-CIO**  
**STATEMENTS OF EXPENSES AND ALLOCATION BETWEEN**  
**CHARGEABLE AND NON-CHARGEABLE EXPENSES-MODIFIED CASH BASIS**  
**YEAR ENDED JUNE 30, 2015**

(With Comparative Totals for the Year Ended June 30, 2014)

2015

	Chargeable	Non- Chargeable	Total	Notes	Total 2014
Arbitration Expense	\$ 10,254	-	\$ 10,254	3(a)	\$ 14,204
Conventions and Conferences	2,606	-	2,606	3(b)	-
Donations	-	325	325	3(c)	385
Payroll Taxes	2,190	-	2,190	3(e)	2,317
Workers' Compensation	205	-	205	3(e)	208
Per Capita	165,197	52,712	217,909	3(h)	199,933
Payroll	23,096	-	23,096	3(i)	23,096
Stipends for Union Activity	21,942	-	21,942	3(j)	20,704
Professional Fees	3,500	-	3,500	3(j)	3,400
Office Supplies	1,864	-	1,864	3(j)	2,762
Telephone	1,760	-	1,760	3(j)	6,236
Payroll Service Fees	1,525	-	1,525	3(j)	1,450
Miscellaneous	926	-	926	3(j)	458
Operating Expenses	434	-	434	3(j)	1,582
Depreciation Expense	198	-	198	3(j)	91
Postage	59	-	59	3(j)	196
<b>Totals</b>	<b>\$ 235,756</b>	<b>\$ 53,037</b>	<b>\$ 288,793</b>		<b>\$ 277,022</b>

See independent auditor's report and notes to the statement.

**SPRINGFIELD FEDERATION OF PARAPROFESSIONALS  
LOCAL 4098 AMERICAN FEDERATION OF TEACHERS, AFL-CIO  
NOTES TO STATEMENT OF EXPENSES AND ALLOCATION BETWEEN  
CHARGEABLE AND NON-CHARGEABLE EXPENSES  
JUNE 30, 2015**

**Note 1 Basis of Presentation**

The accompanying statement was prepared for the purpose of determining the fair share cost of services rendered by the Union for members of the Springfield Federation of Paraprofessionals. The accompanying statement is not intended to be a complete presentation of the Springfield federation of Paraprofessional's financial position, results of operations, or changes in financial position in accordance with the modified cash basis of accounting.

**Note 2 Definitions**

The following definitions of chargeable and non-chargeable expenses are based on existing law and the Federation's interpretation of court cases.

**Chargeable Expenses** - Chargeable expenses are those incurred by the Federation that reflect the share of the costs of operations of the Federation which are considered necessarily and reasonably incurred for the purpose of assisting state federations and local unions and councils in the performance of their duties as a representative of the employees in dealing with the employer on labor management issues, including the costs of: negotiating and administering the collective bargaining contract; settling grievances and disputes by mutual agreement, or in arbitration, court or otherwise; activities and undertakings normally and reasonably employed to implement the duties of the local union or council as representative of the employees in the bargaining unit; and the maintenance of the Federation's, state federations', local unions' and councils' associational existence.

The following are examples of expenditures classified as chargeable; preparation for and negotiations of collective bargaining agreements; contract administration including investigating and processing grievances; meetings, conferences, administrative, arbitral and court proceedings, and pertinent investigation and research in connection with work-related subjects and issues; handling work-related problems of employees; communications with community organizations, civic groups, government agencies, and the media regarding the Federation's position on work-related matters; maintaining membership; employee group programs; and providing legal, economic, and technical expertise on behalf of employees in all work-related matters.

**Non-Chargeable Expenses** - Non-chargeable expenses are those of an ideological or political nature and those that are not germane to work-related interests of employees.

The term "political" is defined as support for or against candidates for political office of any level of government and any office in the union structure. The term "ideological" is defined as support for or against certain positions that the union may take which are not work-related.

The following expenses are classified as non-chargeable; lobbying, electoral or political activities outside the limited context of contract ratification or implementation; litigation expenses that do not concern the objecting employees' bargaining unit; and public relations efforts designed to enhance the reputation of the teaching profession.

**SPRINGFIELD FEDERATION OF PARAPROFESSIONALS  
LOCAL 4098 AMERICAN FEDERATION OF TEACHERS, AFL-CIO  
NOTES TO STATEMENT OF EXPENSES AND ALLOCATION BETWEEN  
CHARGEABLE AND NON-CHARGEABLE EXPENSES  
JUNE 30, 2015**

**Note 3 Significant Factors and Assumptions Used in the Allocation of Expenses Between Chargeable and Non-Chargeable**

**Chargeable**

- (a) **Arbitration Fees** – Expenses of grievances and contract administration are 100% chargeable.
- (b) **Conferences, Conventions and Meetings** - That support the governance of the Union and are necessary to maintain the Union's associational existence are considered to be 100% chargeable. Conferences, conventions and meetings which do not directly support the governance of the Union and are not necessary to maintain the associational existence are 100% non-chargeable.
- (c) **Donations** – Have considered to be 100% non-chargeable.
- (d) **Election** – Expenses relating to the biannual election of officials are 100% chargeable.
- (e) **Payroll Taxes and Workers' Compensation** – These expenses are allocated on the basis of salary expense as described in Note 3(i) below.
- (f) **Legal** – As these expenses relate to teacher assault cases and worker related issues, they are considered to be 100% chargeable.
- (g) **Negotiations** – These costs are 100% chargeable as they are directly related to the negotiation of the collective bargaining agreement.
- (h) **Per Capita** – Is a weighted average of the following:
  - Per Capita-American Federation of Teachers** – Based on A.F.T.'s own published report of non-chargeable which is 17.58%.
  - Per Capita-AFT Massachusetts** – Based on AFT Massachusetts' own published report of non-chargeable which is 25.53%.
  - Per Capita-Massachusetts AFL-CIO** – Estimate based on the Mass. AFL-CIO's historical own published report of non-chargeable which is 96%.
  - Per Capita-Pioneer Valley Labor Council** – 100% chargeable. The Pioneer Valley Labor Council does not allocate any costs as non-chargeable.
- (i) **Salaries** - Salary expenses of officers, field representatives and other administrative staff have been allocated to non-chargeable expenses based on time spent by personnel on non-chargeable activities. Because of the size of the local union, all business conducted is 100% chargeable. The local union depends on the state and national associations to conduct politically related activities for the good of its union members.
- (j) **Other Operating Expenses** – These operating expenses have been allocated to chargeable, because of the size of the local union, all business conducted is 100% chargeable. The local union depends on the state and national associations to conduct politically related activities for the good of its union members.