

**LOCAL 154 OF THE
AMERICAN FEDERATION OF STATE, COUNTY AND
MUNICIPAL EMPLOYEES, AFL-CIO
AND SUBSIDIARY**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

**LOCAL 154 OF THE
AMERICAN FEDERATION OF STATE, COUNTY AND
MUNICIPAL EMPLOYEES, AFL-CIO
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CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

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INDEPENDENT AUDITOR'S REPORT

To the Executive Board of
Local 154 of the American Federation of State, County and Municipal Employees, AFL-CIO
New York, New York

Report on the Financial Statements

I have audited the accompanying consolidated financial statements of Local 154 of the American Federation of State, County and Municipal Employees, AFL-CIO (the Local), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

The Local's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Local as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

De Carlo

March 30, 2020
Brooklyn, New York

**LOCAL 154 OF THE
AMERICAN FEDERATION OF STATE, COUNTY AND
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AND SUBSIDIARY**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash - non-interest bearing	\$ 135,972	\$ 94,684
Dues receivable	25,692	27,700
Property assets - net	<u>645</u>	<u>-</u>
Total assets	<u>\$ 162,309</u>	<u>\$ 122,384</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 7,495	\$ 8,675
Payroll taxes payable	<u>1,154</u>	<u>1,174</u>
Total liabilities	<u>8,649</u>	<u>9,849</u>
NET ASSETS		
Without restrictions	<u>153,660</u>	<u>112,535</u>
Total net assets	<u>153,660</u>	<u>112,535</u>
Total liabilities and net assets	<u>\$ 162,309</u>	<u>\$ 122,384</u>

See accompanying notes to consolidated financial statements.

**LOCAL 154 OF THE
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CONSOLIDATED STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CHANGE IN NET ASSETS WITHOUT RESTRICTIONS		
REVENUE AND GAINS		
Dues	\$ 483,647	\$ 489,646
Total revenue and gains	<u>483,647</u>	<u>489,646</u>
EXPENSES AND LOSSES		
Per capita		
District Council 37 - net of subsidy	270,035	271,822
AFSCME International	105,675	106,107
Help Our Own Fund	1,988	2,036
Municipal Labor Committee	1,540	1,158
Payroll	24,643	25,209
Meetings	7,279	9,001
Conferences and conventions	6,706	15,471
Holiday expenses	4,182	1,799
Accounting fees	4,000	4,000
Payroll taxes	2,180	2,274
Participations	2,147	5,255
Scholarships	1,500	1,500
Web site and internet	1,499	1,841
Office supplies and expenses	1,317	1,279
New York City Central Labor Council	1,098	945
Donations	975	950
Check-off charges	914	530
Gifts and condolences	902	1,418
Postage	766	816
Travel	670	109
Arbitration fees	650	1,500
Bookkeeping	600	600
Employee recognition	533	392
Surety bond	194	-
Printing	185	113
Retiree dues	180	504

See accompanying notes to consolidated financial statements.

	<u>2019</u>	<u>2018</u>
EXPENSES AND LOSSES (CONTINUED)		
Depreciation	\$ 129	\$ -
Dues and subscriptions	<u>35</u>	<u>35</u>
Total expenses and losses	<u>442,522</u>	<u>456,664</u>
CHANGE IN NET ASSETS WITHOUT RESTRICTIONS	41,125	32,982
NET ASSETS WITHOUT RESTRICTIONS		
Beginning of year	<u>112,535</u>	<u>79,553</u>
End of year	<u>\$ 153,660</u>	<u>\$ 112,535</u>

See accompanying notes to consolidated financial statements.

**LOCAL 154 OF THE
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CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 41,125	\$ 32,982
Adjustments to reconcile change in net assets to net cash provided by (used by) operating activities		
Depreciation	129	-
Changes in assets and liabilities		
Dues receivable	2,008	1,064
Accounts payable	(1,180)	3,209
Payroll taxes payable	(20)	(31)
Net cash provided by (used by) operating activities	<u>42,062</u>	<u>37,224</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property assets	<u>(774)</u>	<u>-</u>
Net cash provided by (used by) investing activities	<u>(774)</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	41,288	37,224
CASH		
Beginning of year	<u>94,684</u>	<u>57,460</u>
End of year	<u>\$ 135,972</u>	<u>\$ 94,684</u>

See accompanying notes to consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

NOTE 1. NATURE OF OPERATIONS AND TAX STATUS

Local 154 of the American Federation of State, County and Municipal Employees, AFL-CIO (the Local) is a labor union that represented approximately 655 amalgamated professional employees of New York City in 2019, and 670 in 2018. The Local's primary exempt purpose is to provide member services, which include negotiating and administering collective bargaining agreements, and representing members with grievances and in arbitrations. Revenue is received in the form of check-off dues from members and agency fee payers, by way of District Council 37, the Local's regional parent organization.

The Local is exempt from federal income taxes in accordance with Section 501(c)(5) of the Internal Revenue Code under a group exemption granted to the American Federation of State, County and Municipal Employees, AFL-CIO and its subordinate bodies.

The Local 154, AFSCME Political Action Account (the Account) is a political organization as defined in Section 527 of the Internal Revenue Code. It is exempt from federal income taxes on its contributions, which are defined as exempt function income, provided they are disbursed for an exempt function, as defined in the Code, or for the Committee's supporting activities.

NOTE 2. SUMMARY OF ACCOUNTING POLICIES

Consolidated financial statements – The accounts and activity of the Account are included in the accompanying consolidated financial statements.

Method of accounting – The accompanying consolidated financial statements are prepared using the accrual basis of accounting.

Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Cash – For purposes of the consolidated statements of cash flows, cash consists of checking accounts.

NOTE 2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Property assets – Property assets are stated at cost, net of accumulated depreciation. Such assets are capitalized based upon consideration of the asset’s acquisition cost and nature. Depreciation is computed to amortize the cost of the assets over their estimated useful life, which ranges from 3 to 5 years, on a straight-line basis.

Subsequent events – The Local has evaluated subsequent events through March 30, 2020, the date the financial statements were available to be issued.

NOTE 3. CONCENTRATION OF CASH

The Local maintains its cash at one financial institution. Balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of December 31, 2019, there was no cash in excess of FDIC insurance coverage.

NOTE 4. AVAILABILITY OF FINANCIAL ASSETS

The Local’s financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure total approximately \$162,000. Such financial assets consist of cash and dues receivable. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. The Local maintains its cash on hand to meet normal operating expenses. Other financial assets are structured to be available as general expenditures, liabilities, and other obligations come due.

NOTE 5. NET ASSETS

The Local’s net assets are classified as “without donor restrictions” and are available for any purpose or obligation of the Local.

NOTE 6. PROPERTY ASSETS

Property assets, at cost, consist of the following:

	<u>2019</u>	<u>2018</u>
Computer equipment	\$ 5,806	\$ 5,032
Office furniture	<u>1,410</u>	<u>1,410</u>
	7,216	6,442
Less accumulated depreciation	<u>(6,571)</u>	<u>(6,442)</u>
Property assets – net	<u>\$ 645</u>	<u>\$ -</u>

NOTE 7. FUNCTIONAL CLASSIFICATION OF EXPENSES

In the accompanying consolidated statements of activities, expenses have been reported by their natural classification. Set forth below is information about expenses reported by their functional classification, a method of grouping expenses according to the purpose for which they were incurred. The primary functional classifications are program services and supporting activities. Program services are the activities that result in services being provided to members that fulfill the purposes or mission for which the organization exists. Supporting activities are all activities of an organization other than program services.

	<u>2019</u>	<u>2018</u>
Per capita to affiliates	\$ 377,698	\$ 379,965
Program services		
Member services	59,116	71,569
Supporting activities		
Management and general	<u>5,708</u>	<u>5,130</u>
 Total	 <u>\$ 442,522</u>	 <u>\$ 456,664</u>

NOTE 8. EQUITY INTEREST IN LOCAL 154, AFSCME POLITICAL ACTION ACCOUNT

The Local accounts for its interest in the Account under the equity method. Summary financial information for the Account is as follows:

	<u>December 31,</u>	
	<u>2019</u>	<u>2018</u>
Total assets	\$ 1,412	\$ 1,412
Total liabilities	<u>-</u>	<u>-</u>
 Net assets	 <u>\$ 1,412</u>	 <u>\$ 1,412</u>

	<u>Years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Revenue	\$ -	\$ -
Expenses	<u>-</u>	<u>-</u>
 Change in net assets	 <u>\$ -</u>	 <u>\$ -</u>