

COMMUNICATION WORKERS OF AMERICA  
LOCAL 1183

FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2016 AND 2015

COMMUNICATION WORKERS OF AMERICA  
LOCAL 1183

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INDEPENDENT AUDITORS' REPORT

To The Executive Board  
Communication Workers of America  
Local 1183  
New York, New York

**Report on the Financial Statements**

We have audited the accompanying financial statements of Communication Workers of America Local 1183, a nonprofit organization, which comprise the statements of assets, liabilities and net assets - modified cash basis as of September 30, 2016 and 2015, and the related statements of revenues, expenses and other changes in net assets - modified cash basis and cash flows - modified cash basis for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statement**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes 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 controls relevant to the preparation and fair presentation of the financial statements that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the 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 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, 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.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Communication Workers of America Local 1183 as of September 30, 2016 and 2015, and its revenues, expenses and other changes in net assets and cash flows for the years then ended, in accordance with the modified cash basis of accounting described in Note 1.

**Basis of Accounting**

We draw attention to Note 1 to the financial statements, which describe 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 this matter.

*Armao LLP*

ARMAO LLP

Garden City, New York  
July 31, 2017

FINANCIAL STATEMENTS

COMMUNICATION WORKERS OF AMERICA  
 LOCAL 1183  
 STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS  
 MODIFIED CASH BASIS  
 SEPTEMBER 30, 2016 AND 2015

ASSETS

	2016	2015
Cash	\$ 286,673	\$ 231,279
Investments, at fair market value	235,900	227,295
Total Assets	\$ 522,573	\$ 458,574

LIABILITIES AND NET ASSETS

<b>LIABILITIES:</b>		
Accrued expenses	\$ 9,000	\$ 12,967
Total Liabilities	9,000	12,967
<b>NET ASSETS:</b>		
Unrestricted	513,573	445,607
Total Net Assets	513,573	445,607
Total Liabilities and Net Assets	\$ 522,573	\$ 458,574

See accompanying notes to financial statements.

COMMUNICATION WORKERS OF AMERICA  
 LOCAL 1183  
 STATEMENTS OF REVENUES, EXPENSES AND OTHER CHANGES IN NET ASSETS  
 MODIFIED CASH BASIS  
 FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016	2015
<b>UNRESTRICTED NET ASSETS:</b>		
<b>REVENUES, GAINS AND LOSSES:</b>		
Membership dues	\$ 255,663	\$ 227,418
Net appreciation (depreciation) in fair value of investments	7,577	(11,494)
Interest and dividends	1,637	1,820
Total Revenues, Gains and Losses	264,877	217,744
<b>EXPENSES:</b>		
Member Services and Benefits:		
Member services	65,823	30,773
Per capita	97,348	91,829
	163,171	122,602
Support Services:		
General and administrative	33,740	17,641
Total Expenses	196,911	140,243
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	<b>67,966</b>	<b>77,501</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>445,607</b>	<b>368,106</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 513,573</b>	<b>\$ 445,607</b>

See accompanying notes to financial statements.

COMMUNICATION WORKERS OF AMERICA  
 LOCAL 1183  
 STATEMENTS OF CASH FLOWS  
 MODIFIED CASH BASIS  
 FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from membership dues	\$ 255,665	\$ 227,418
Interest and dividends received	4,659	1,820
Cash Provided By Operating Activities	260,324	229,238
Cash paid for member services and benefits	(163,171)	(122,602)
Cash paid for support services	(37,707)	(13,474)
Cash Disbursed For Operating Activities	(200,878)	(136,076)
NET CASH PROVIDED BY OPERATING ACTIVITIES	59,446	93,162
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	0	2,249
Purchase of investments	(4,052)	(203,290)
NET CASH USED IN INVESTING ACTIVITIES	(4,052)	(201,041)
NET INCREASE (DECREASE) IN CASH	55,394	(107,879)
CASH, BEGINNING OF YEAR	231,279	339,158
CASH, END OF YEAR	\$ 286,673	\$ 231,279

See accompanying notes to financial statements.



COMMUNICATION WORKERS OF AMERICA  
 LOCAL 1183  
 STATEMENTS OF CASH FLOWS  
 MODIFIED CASH BASIS  
 FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016	2015
<u>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Change In Net Assets	\$ 67,966	\$ 77,501
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net realized and unrealized (appreciation) depreciation in investments	(7,577)	11,494
Change in operating liabilities (decrease) increase:		
Accrued expenses	(943)	4,167
Total Adjustments	(8,520)	15,661
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 59,446	\$ 93,162

See accompanying notes to financial statements.

COMMUNICATION WORKERS OF AMERICA  
LOCAL 1183  
NOTES TO FINANCIAL STATEMENTS

Note 1 - Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

The Communication Workers of America Local 1183 ("Local 1183") is a labor organization that was established to represent employees covered by a collective bargaining agreement between Local 1183 and the Board of Elections of the City of New York.

Local 1183 acts as the representative of its members to provide for continuous employment, to foster stable working conditions in the industry, and to facilitate the amicable resolution of disputes that may arise between the employer and employees.

Significant Accounting Policies

Financial Statement Presentation

Local 1183 reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. There were no temporarily restricted and permanently restricted net assets during the reporting period. In addition, Local 1183 is required to present a statement of cash flows. As permitted by financial accounting standards, Local 1183 does not use fund accounting.

Basis of Accounting

The financial statements of Local 1183 have been 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. Accordingly, revenue is recorded when received rather than when earned. Modifications to the cash basis of accounting include recording unrealized gains and losses on investments, recording depreciation on property and equipment and recording accrued and prepaid expenses.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Investments

Local 1183 invests in marketable securities with readily determinable fair values and all investments in mutual funds are valued at their fair values in the statements of assets, liabilities and net assets - modified cash basis. Unrealized gains and losses are included in the statements of revenues, expenses and other changes in net assets - modified cash basis.

COMMUNICATION WORKERS OF AMERICA  
LOCAL 1183  
NOTES TO FINANCIAL STATEMENTS

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (cont'd.)

Income Taxes

Local 1183 is a not-for-profit organization exempt from income taxes under Section 501(c)(5) of the Internal Revenue Code. However, income from certain activities not directly related to the organization's tax-exempt purpose is subject to taxation as unrelated business income.

In accordance with accounting standards, Local 1183 management is required to evaluate tax positions taken and recognize a tax liability (or asset) if the organization has taken an uncertain tax position that more likely than not would not be sustained upon examination. Local 1183 is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subjected to income tax examinations for years prior to 2013.

Concentrations of Credit Risk

Local 1183's cash is deposited with one financial institution. Cash accounts at banks are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. As of September 30, 2016, the organization had approximately \$27,000 in excess of federally insured limits.

All of Local 1183's dues received are from members that are employed by the Board of Elections of the City of New York.

Subsequent Events

Local 1183 has evaluated events and transactions occurring after September 30, 2016 through July 31, 2017, the date the financial statements were available to be issued.

Note 2 - Fair Value Measurements

Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the entity has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

COMMUNICATION WORKERS OF AMERICA  
 LOCAL 1183  
 NOTES TO FINANCIAL STATEMENTS

Note 2 - Fair Value Measurements (cont'd)

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

*Certificate of deposit:* Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the creditworthiness of the issuer.

*Mutual funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by the entity are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The mutual funds held by the entity are deemed to be actively traded.

The following tables set forth by level, within the fair value hierarchy, Local 1183's assets at fair value as of September 30, 2016 and 2015:

	Assets at Fair Value as of September 30, 2016			
	Level 1	Level 2	Level 3	Total
Certificate of deposit	\$ 196,140	\$ 0	\$ 0	\$ 196,140
Mutual funds	39,760	0	0	39,760
	<u>\$ 235,900</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 235,900</u>

  

	Assets at Fair Value as of September 30, 2015			
	Level 1	Level 2	Level 3	Total
Certificate of deposit	\$ 190,901	\$ 0	\$ 0	\$ 190,901
Mutual funds	36,394	0	0	36,394
	<u>\$ 227,295</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 227,295</u>

COMMUNICATION WORKERS OF AMERICA  
LOCAL 1183  
NOTES TO FINANCIAL STATEMENTS

Note 3- Related Party Transactions

Dues income is collected by the affiliated Communications Workers of America Union (the "CWA"), and forwarded to Local 1183. During the years ended September 30, 2016 and 2015, dues collected by the CWA for Local 1183 amounted to \$255,665 and \$227,418, respectively. Membership fees are withheld by the CWA at a rate of 2% of applicable member wages before transmitting to Local 1183. During the years ended September 30, 2016 and 2015, membership fees, referred to as per capita expense on the statements of revenues, expenses and other changes in net assets, amounted to \$97,348 and \$91,829, respectively. In addition, the CWA withholds contributions for the Defense Fund at a rate of \$.50 per member. For the years ended September 30, 2016 and 2015, Defense Fund contributions included as member services on the statements of revenues, expenses and other changes in net assets amounted to \$3,977 and \$3,993, respectively.

Note 4 - Risks and Uncertainties

Local 1183 invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the financial statements.

SUPPLEMENTARY INFORMATION

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INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTARY INFORMATION

To The Executive Board  
Communication Workers of America  
Local 1183  
New York, New York

Our report on our audits of the financial statements of Communication Workers of America Local 1183 for the years ended September 30, 2016 and 2015 appears on pages one and two. The audits were made for the purpose of forming an opinion on the financial statements taken as a whole.

The supplementary information on pages 12 and 13 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 audits 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 taken as a whole.

*Armao LLP*

ARMAO LLP

Garden City, New York  
July 31, 2017

COMMUNICATION WORKERS OF AMERICA  
 LOCAL 1183  
 SUPPLEMENTARY INFORMATION  
 SCHEDULES OF MEMBER SERVICES  
 MODIFIED CASH BASIS  
 FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016	2015
DEFENSE FUND CONTRIBUTIONS	\$ 3,977	\$ 3,993
ELECTION EXPENSE	0	3,713
MEETINGS AND CONFERENCES	6,950	12,931
MEMBER GIFTS	52,465	3,396
TRAVEL EXPENSE	2,431	6,740
	\$ 65,823	\$ 30,773



COMMUNICATION WORKERS OF AMERICA  
 LOCAL 1183  
 SUPPLEMENTARY INFORMATION  
 SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES  
 MODIFIED CASH BASIS  
 FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016	2015
ADVERTISING	\$ 325	\$ 184
AUDIT FEES	2,111	9,000
BANK CHARGES	152	253
COMPUTER EXPENSE	1,255	45
CONTRIBUTIONS	1,000	1,000
HOLIDAY EXPENSE	5,672	1,300
INVESTMENT FEES	0	150
LEGAL FEES	19,997	3,500
OFFICE EXPENSE	3,228	1,135
PROFESSIONAL FEES	0	255
STORAGE	0	75
TELEPHONE	0	744
	\$ 33,740	\$ 17,641