

**RETIREES ASSOCIATION OF DISTRICT COUNCIL 37
OF THE AMERICAN FEDERATION OF STATE,
COUNTY AND MUNICIPAL EMPLOYEES UNION, AFL-CIO**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018 THROUGH DECEMBER 31, 2023

**RETIREES ASSOCIATION OF DISTRICT COUNCIL 37
OF THE AMERICAN FEDERATION OF STATE,
COUNTY AND MUNICIPAL EMPLOYEES UNION, AFL-CIO**

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DECEMBER 31, 2018 THROUGH DECEMBER 31, 2023

CONTENTS

	PAGE
Independent Auditor's Report	1
Consolidated Statements of Assets, Liabilities and Net Assets - Modified Cash Basis	4
Consolidated Statements of Revenue, Expenses and Changes to Net Assets - Modified Cash Basis	5
Notes to Consolidated Financial Statements	6

INDEPENDENT AUDITOR'S REPORT

To the Administrator of the
Retirees Association of District Council 37
of the American Federation of State, County
and Municipal Employees Union, AFL-CIO
and Subsidiary

Opinion

We have audited the consolidated financial statements of the Retirees Association of District Council 37 of the American Federation of State, County and Municipal Employees Union, AFL-CIO and Subsidiary (the Association), which comprise the consolidated statements of assets, liabilities and net assets - modified cash basis as of December 31, 2018 through December 31, 2023, and the related consolidated statements of revenue, expenses and changes in net assets - modified cash basis for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the assets, liabilities and net assets of the Retirees Association of District Council 37 of the American Federation of State, County and Municipal Employees Union, AFL-CIO and Subsidiaries as of December 31, 2018 through December 31, 2023, and its revenue, expenses and changes in net assets for the years then ended in accordance with the modified cash basis of accounting described in Note 2.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

As described in Note 2, these consolidated financial statements were prepared using the modified cash basis of accounting, which is a comprehensive 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the modified cash basis of accounting as described in Note 2, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 the Association'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 consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association'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.

Novak Francella LLC

New York, New York
December 19, 2024

**RETIRES ASSOCIATION OF DISTRICT COUNCIL 37
OF THE AMERICAN FEDERATION OF STATE,
COUNTY AND MUNICIPAL EMPLOYEES, AFL-CIO**

CONSOLIDATED STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS

DECEMBER 31, 2018 THROUGH DECEMBER 31, 2023

	2023	2022	2021	2020	2019	2018
ASSETS						
CASH AND CASH EQUIVALENTS	\$ 1,678,673	\$ 1,348,804	\$ 1,072,599	\$ 1,424,674	\$ 970,760	\$ 998,564
INVESTMENTS - at cost						
Certificates of deposit	2,064,982	2,040,947	2,035,681	1,228,042	1,222,748	1,217,679
OTHER						
Prepaid insurance	7,562	2,634	11,429	17,931	19,147	20,515
Security deposit	15,921	15,921	15,921	15,921	15,921	-
Total other assets	23,483	18,555	27,350	33,852	35,068	20,515
Total assets	\$ 3,767,138	\$ 3,408,306	\$ 3,135,630	\$ 2,686,568	\$ 2,228,576	\$ 2,236,758
LIABILITIES AND NET ASSETS						
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,000
NET ASSETS WITHOUT DONOR RESTRICTIONS	3,767,138	3,408,306	3,135,630	2,686,568	2,228,576	2,219,758
Total liabilities and net assets	\$ 3,767,138	\$ 3,408,306	\$ 3,135,630	\$ 2,686,568	\$ 2,228,576	\$ 2,236,758

See accompanying notes to consolidated financial statements.

**RETIRES ASSOCIATION OF DISTRICT COUNCIL 37
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CONSOLIDATED STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS - MODIFIED CASH BASIS

YEARS ENDED DECEMBER 31, 2018 THROUGH DECEMBER 31, 2023

	2023	2022	2021	2020	2019	2018
CHANGE IN NET ASSETS						
REVENUE						
Dues	\$ 930,687	\$ 913,969	\$ 895,819	\$ 916,832	\$ 949,822	\$ 883,702
Interest income	36,849	1,618	7,735	5,932	7,227	6,495
Other income	1,187	6,449	6,063	2,349	4,428	6,690
Total revenue	968,723	922,036	909,617	925,113	961,477	896,887
EXPENSES						
Per capita	158,446	155,866	161,511	151,262	199,339	124,965
Conferences and conventions	83,088	47,354	427	15,454	69,350	110,702
Education program	-	3,000	15,000	12,000	33,000	36,000
Donations and gifts	17,443	39,798	15,336	4,234	12,519	8,785
Meetings	27,543	11,224	2,230	22,943	53,397	52,142
Insurance	2,886	12,488	10,753	4,790	6,072	7,026
Data processing	11,000	14,000	11,000	12,000	11,000	12,000
Participations	9,255	4,785	960	4,385	12,664	11,700
Holiday expenses	3,000	1,950	1,650	7,111	4,483	8,523
Office expenses	62,516	39,624	21,408	26,684	41,031	53,990
Rent	18,890	121,861	67,828	65,515	57,802	59,893
Postage and shipping	9,561	22,337	15,182	8,407	12,541	18,729
Lobbying expenses	15,600	15,600	15,600	10,400	15,600	15,600
Salaries and wages	122,355	115,525	78,529	89,431	263,572	266,529
Dues and subscriptions	615	275	935	33	437	151
Committee expenses	-	90	24	1,029	5,941	3,558
Payroll taxes	10,815	9,371	7,473	5,676	22,715	21,381
Telephone and internet	6,129	3,441	4,336	4,544	4,446	2,482
Travel expenses	5,279	2,557	1,084	2,318	8,561	6,527
Election expenses	-	-	-	-	104,734	-
Retiree death benefit	40,541	25,583	27,750	17,125	11,042	-
Miscellaneous expenses	4,929	2,631	1,539	1,780	2,413	29,056
Total expenses	609,891	649,360	460,555	467,121	952,659	849,739
CHANGE IN NET ASSETS	358,832	272,676	449,062	457,992	8,818	47,148
NET ASSETS WITHOUT DONOR RESTRICTIONS						
Beginning of year	3,408,306	3,135,630	2,686,568	2,228,576	2,219,758	2,172,610
End of year	<u>\$ 3,767,138</u>	<u>\$ 3,408,306</u>	<u>\$ 3,135,630</u>	<u>\$ 2,686,568</u>	<u>\$ 2,228,576</u>	<u>\$ 2,219,758</u>

See accompanying notes to consolidated financial statements.

**RETIREES ASSOCIATION OF DISTRICT COUNCIL 37
OF THE AMERICAN FEDERATION OF STATE,
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018 THROUGH DECEMBER 31, 2023

NOTE 1. ORGANIZATION

The Retirees Association of District Council 37 of the American Federation of State, County and Municipal Employees, AFL-CIO and Subsidiary (the Association), is a labor union whose approximately 27,000 members are retired persons who were employed in the jurisdiction of District Council 37. The Association's primary exempt purpose is to provide member services, which include safeguarding and improving the retirement compensation and health services of members, and supporting political, legislative, educational, cultural, and social programs for their benefit. Revenue is received in the form of dues from members, which are received directly and from affiliated local unions by way of District Council 37, the Association's regional parent organization.

The Association 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 Alma C. Osborne Labor Scholarship Award (the Fund) is exempt from federal income taxes in accordance with Section 501(c)(3) of the Code, pursuant to a determination letter from the Internal Revenue Service dated July 25, 2008.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation - The consolidated financial statements include the accounts and activities of the Association and the Fund. All inter-fund transactions and balances have been eliminated in consolidation.

Method of Accounting - The consolidated financial statements have been prepared using the modified cash basis of accounting. Except for assets and liabilities which arise from cash transactions and for the recognition of the fair value of investments and appreciation, revenue is recognized when received rather than when earned and expenses are recognized when paid rather than when the obligation is incurred. Net assets are classified as net assets without donor restrictions and with donor restrictions. Net assets are generally reported as net assets without donor restrictions. The Association does not have net assets with donor restrictions at December 31, 2018 through December 31, 2023.

Cash and Cash Equivalents - Cash consists of monies held in demand deposit checking accounts, money market accounts without withdrawal restrictions and highly liquid cash investments purchased with original maturities of three months or less.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments - Investments are carried at cost. Gains and losses are recognized only when investments are sold or upon maturity.

Property and Equipment - Property and equipment are recorded at cost. Major additions are capitalized while replacement, maintenance, and repairs which do not improve or extend the lives of the respective assets are expensed currently. Depreciation is computed over the assets estimated useful lives, by the straight line method. The estimated useful lives of leasehold improvements are 10 to 15 years, furniture and equipment is three to seven years.

Availability and Liquidity - The Association's goal is to maintain its financial assets to meet operating expenses of the Association. The Association's assets are available to be used within one year for general expenditures. The Association's financial assets consist primarily of cash, and receivables.

Functional Expenses - The cost of providing program and other activities have been summarized on a functional basis at Note 5. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Program services consist of expenses related to representational activities and union administration. Support services consist of expenses related to contributions and gifts, political activities and lobbying, and general and administrative.

Estimates - The preparation of financial statements 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.

NOTE 3. UNINSURED CASH BALANCES

The Association maintains its cash with financial institutions deemed to be creditworthy. Cash balances may at times exceed the Federal Deposit Insurance Corporation insured deposit limits of \$250,000.

NOTE 4. PROPERTY, EQUIPMENT, AND IMPROVEMENTS

The following is a summary of property and equipment as of December 31, 2018 through December 31, 2023:

Leasehold improvements	\$ 15,352
Office furniture and equipment	92,433
Computer system	81,909
	<hr/>
	189,694
Less: accumulated depreciation	<hr/>
	(189,694)
	<hr/>
Property, equipment, and improvements, net	\$ -
	<hr/>

NOTE 5. FUNCTIONAL CLASSIFICATION OF EXPENSES

The Association’s expenses relate to various programs and other activities. The following information presents expenses by functional and natural classification. Expenses directly attributable to a specific functional area of the Association are represented as expenses of those functional areas.

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Program Services	<u>77.64%</u>	<u>60.25%</u>	<u>67.64%</u>	<u>71.09%</u>	<u>73.02%</u>	<u>76.32%</u>
Support Services	<u>22.36%</u>	<u>39.75%</u>	<u>32.36%</u>	<u>28.91%</u>	<u>26.98%</u>	<u>23.68%</u>
Totals	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

NOTE 6. RELATED PARTY TRANSACTIONS

Identification of Related Organizations

The Association has the following related entities with which it has transactions:

- District Council 37

All of the above entities qualify as tax-exempt organizations. The entities listed above share common Trustees or officers with the Association.

NOTE 7. COMMITMENTS AND CONTINGENCIES

In the ordinary course of business, the Association may be involved in administrative and legal actions and could be subject to various claims arising from these actions.

NOTE 8. SUBSEQUENT EVENTS

The Association has evaluated subsequent events through December 19, 2024, the date the consolidated financial statements were available to be issued, and they have been evaluated in accordance with relevant accounting standards.