

ANNUAL REPORT 2023



BUILDING UNION POWER



LEADERSHIP REPORT

This has been another landmark year for building power in the labor movement. From writers' rooms to university campuses to the floors of car factories, workers across the country have been showing unprecedented solidarity by joining each other's picket lines and calling for accountability from bosses. We are thrilled to be part of a movement that is gaining momentum day by day!

Here in Massachusetts, Local 509 members have kept the fire burning with strong contract victories, strike votes, and pressure on decision makers across our four divisions. Our **Public Sector** division—over 8,300 members—introduced open bargaining, allowing hundreds of members to participate in negotiations, resulting in a strong agreement in May for a one-year contract extension with an 8% wage increase. They are already back at the table fighting for meaningful investments from the Commonwealth to address problems with recruitment and retention, caseload and workload issues, and concerns about safety on the job. In **Private Sector Human Services** and **Elder Services**, our members settled eight new contracts with improvements from huge pay raises to protected time off and training and longevity incentives. Our **Family Child Care providers** are currently negotiating their next contract, while they also advocate in the State House for better retirement benefits and policies to make our child care system more affordable and accessible. In **Higher Ed**, we welcomed over 3,000 new members at Boston University, where **graduate workers** and **Residence Life workers** are now negotiating their first contracts. Meanwhile, our new organizing campaigns continue to reach workers looking for a voice on the job and create a pathway for them to join Local 509!

This year, we also re-launched and expanded our Social Justice Committees. Our LGBTQIA+ committee was approved by the Joint Executive Board in May, with a vision to drive changes in our contracts that lift up LGBTQIA+ rights at work and position Local 509 as a leader in the community on LGBTQIA+ issues. We have also seen the work of our Disability Justice and Women's Committees complement the work of our existing Climate and Environmental Justice and Racial Justice Committees, as well as our Organizing Committee which connects members with union campaigns at the Local and in the community. We have been growing our presence in the AFRAM, API, and Latino spaces both at the international and local level. We are excited to grow our solidarity work through collaboration among all of our caucuses!

As we look toward 2024, we are continuing to build our union's power. We are coming together with our coworkers, putting our solidarity principles into action, and fighting to protect our victories—not just for ourselves and our families, but for everyone in the communities we serve.



Dave Foley
President

Israel Pierre
Treasurer

Kara Goodier
Recording Secretary

A MESSAGE FROM PRESIDENT DAVE FOLEY

From winning landslide elections to holding institutions accountable, our union is accomplishing extraordinary things.

As we reflect on this year's victories, I want to express my gratitude for all of the work that Local 509 members do. Our members play an invaluable role in shaping the future of communities across the Commonwealth. We help families access the essential social services they need and deserve. We work with people seeking direct care and support that meets their individual needs. We dedicate ourselves to ensuring children and students receive quality education and care.

We do this all while navigating under-resourced systems that are not set up for everyone in our communities to succeed. We know it should not be this way – and that is why we keep fighting back.

Whether at universities, at the State House, or in our cities, I have been deeply moved by all of the ways that our union has built power this year. What we have accomplished together has reaffirmed my commitment to the labor movement and my belief in the transformative power of organizing. Our victories are a testament to the power working people have when we come together, and I am looking forward to continuing the work of building a strong local with you.

In solidarity,





FAMILY CHILD CARE

Family child care providers kicked off their contract bargaining this year with over 100 educators attending their first session! As bargaining continues, we are empowering member leaders to take the lead on key issues that impact our communities.

Our member spotlights for this year:

Anne Osula spoke out at the **Common Start** rally this year, advocating for a more accessible and equitable child care system in Massachusetts. New member leader **Rita Beato** attended a rally and conference where she met with child care providers across the country. **Juana Peña** was the latest child care provider to join our network of **stewards** and became involved with our political work, and **Maria Mateus** joined the leadership team for **membership recruitment**.

Thank you to all of our child care providers who are providing care to families across the Commonwealth and investing in the leadership of our members.



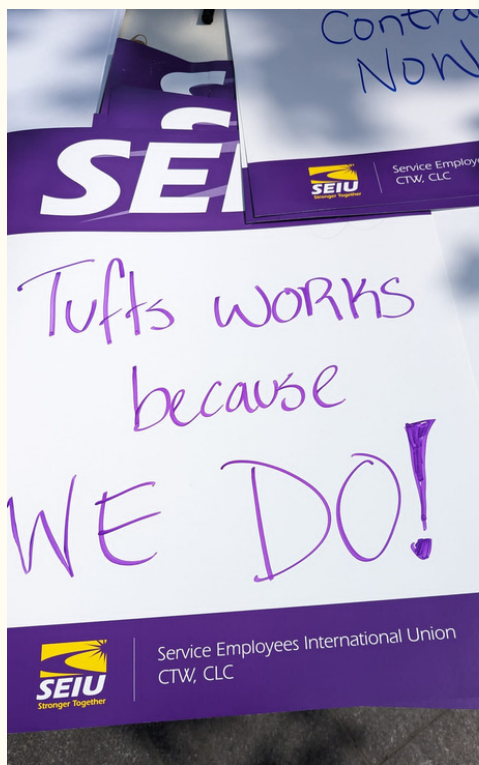
HIGHER EDUCATION



We are thrilled to welcome over 3,000 new members at Boston University!

Last December, more than **3,000 graduate workers (BUGWU)** voted to join our union. The campaign was a huge success, with a landslide **98%** vote in favor of unionizing. They kicked off their first bargaining session this year with over 300 members present. In March, nearly **300 BU Residence Life (ResLife) workers** followed with a **92%** vote in favor of unionizing. **BU adjunct faculty** are currently negotiating their third contract, and **BU post-doctorates** voted unanimously to join our full-time unit!



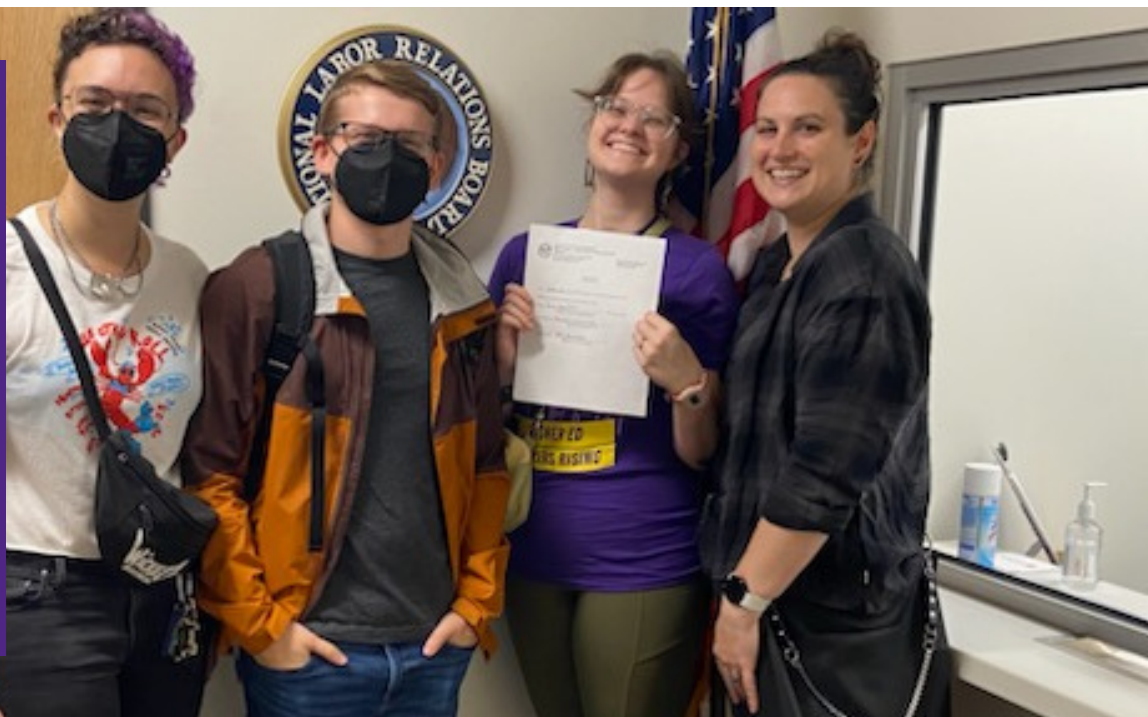


AT TUFTS,

more than 100 graduate workers have consistently turned out to each bargaining session this year, representing over 50% of the unit. They co-hosted a rally and barbecue at the end of June with our **SMFA part-time lecturers** who are currently fighting for fair wages. **Over 30 Tufts Professors of the Practice** won an election to form their own unit, and approximately **300 Tufts School of Engineering** graduate workers are also organizing to join our union. We look forward to welcoming them when they win their election!

BRANDEIS

researchers filed for an election to join the graduate workers unit, which would grow their unit by nearly 300 members.



PRIVATE SECTOR

Private Sector Human Services and Elder Services members won big in 2023! From huge pay raises to protected time off and training and longevity incentives, we took collective action at agencies this year to protect our wins and raise standards in direct care.

We are proud of what we won:

NELCWIT members secured a 45% pay increase, and Bridgewell members locked in a 25.6% increase in their latest contract. Workers at **ASI** came together with 80% of their colleagues to take a powerful strike vote with over 90% approval that helped them solidify a strong new two-year agreement with retro pay, wage increases for everyone, and a wage reopener next year.



Our Elder Services members at **HVES, ESCCI, and Coastline** won strong new agreements with significant raises, bonuses, and incentives—including a new longevity incentive at Coastline. **Eliot** members won time and a half for training new hires and members at **BCL** increased union protections for all staff including relief staff and established a \$19.16 start rate.

The bottom line is: when we organize, we win. We are looking toward 2024 and strategizing about what is next in the fight for higher wages and better benefits statewide. Next year is our year to mobilize as direct care workers and pressure the state into paying us what we're worth!

STATE WORKERS

Over 8,000 Public Sector members have already fought for and won a strong agreement in 2023. Now, we're back at the table fighting for more!

In May, after three months of negotiations, we ratified a tentative agreement with the Commonwealth for a one-year extension of our contract, which included:

- **Total 8% raises with retro pay**
- **13 position upgrades**
- **Increasing hotline standby pay for DCF workers from \$17.50 to \$25.00/shift**
- **An additional \$200,000 for the 509—Commonwealth Training Fund**
- **A \$100 increase toward the MAP License stipend for Residential Supervisors (to a total of \$300)**
- **Longevity differential (a long fight for our members that we can continue to build on!)**

When over 4,000 of our members showed our power and signed a petition demanding a fair wage proposal, we saw movement at the bargaining table. Still, we knew we would need to return to the bargaining table in September ready to fight.

Since then, we have been at the bargaining table pressuring the Commonwealth to make meaningful investments in our agencies and our workforce. The key proposals we are making revolve around recruitment and retention, caseload and workload issues, and concerns about safety on the job. These themes are the framework for every proposal we will bring across the table during this campaign. It is time for the State to make a meaningful investment in our agencies, our workforce, and our communities—and we won't stop fighting until we win the contract we deserve!



MCB MEMBERS

After years of bringing issues to management, Local 509 members were fed up with the deterioration of services and working conditions at the Massachusetts Commission for the Blind under Commissioner David D'Arcangelo's leadership. Throughout his time at the agency, two major offices were shut down during the height of COVID, funds were misused, and consumers were not receiving the quality services they deserved. After taking a vote of no confidence in the Commissioner that went unaddressed by the state, MCB workers and members of the blind community spoke out publicly, working closely with our political department to ensure the Commissioner was held accountable.



Ultimately, our members' tenacity resulted in the removal of a bad boss whose behavior had gone unaddressed for far too long. Following the removal of the commissioner, Local 509 members worked with community advocates to secure an additional \$250K earmarked for MCB in the state budget! This money will be used to hire new staff and rebuild the agency. We'll continue to advocate alongside leaders in the blind community for increased resources in future years.

CHL MEMBERS

In late April, Community HealthLink completely shut down their detox unit in Worcester, removing a crucial support service for community members struggling with substance use and resulting in staff layoffs.

Our members have voiced concerns over the state of the programs for years, advocating through their union for changes that would address working conditions, safety and adequate services for their clients. When these programs closed, CHL workers took action to protect their jobs and their clients. They organized a march on the boss and demanded a seat at the table and a reopening process shaped by worker voices. When the boss refused to meet with them, workers did not give up. They organized a rally and were joined by community organizations, former CHL clients, and elected officials, all of whom spoke to the impact of the closures on the community.



Today, CHL programs are on track for a reopening. While there is still much work to be done, this coordinated effort has been a powerful demonstration of the intersection between labor and community issues. We know what workers and clients need – and we refuse to give up fighting for what we know is right.

POLITICAL

We have celebrated some big political wins this year, and seen the fruits of our past labor pay off! Elected officials turned out to support members at their worksites, and we passed things to specifically benefit our members. We also advanced policies which benefit our whole communities and advance our union solidarity principles.

Last year, 509 members knocked on almost 20,000 doors and spoke with thousands of voters in support of two essential questions on the ballot. With the support of 509, voters decided YES on both ballot questions, and we're seeing the powerful impact of both those news laws take effect this year.

Fair Share Amendment (Question 1)



The Work and Family Mobility Act (Question 4), which allows all eligible drivers to obtain a Standard driver's license, regardless of immigration status, took effect July 1 of this year. Within three days of the law taking effect, over 40,000 individuals applied for their learner's permit!

Over the years, our union has played a key role in passing progressive policies like the 2018 Paid Family and Medical Leave Act. This past year alone, **160,366 workers** took paid family and medical leave. Collectively, that is **\$832.5 million dollars** in total benefits! To further strengthen PFML, Local 509 fought for an amendment, included in this year's state budget, which will address the greatest barrier to program utilization by allowing employees to "top off" and combine PFML and other paid time off.

Lastly, we're working to support **43 candidates** for local elected office, from Pittsfield to Taunton, including Local 509 member candidates for **Mayor, City Council, and School Committee** who will advance the interests of our union and our core values. These endorsements were made by the political committee (also known as COPE), which is open to all members who contribute to COPE and who are willing to attend regular meetings.



Agency fee letter and financials for the current year

**Submitted by:
Israel Pierre, Treasurer**



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Annual Notice to Private Sector Bargaining Unit Members Regarding Agency Fee Calculations and Procedures

Dear Local 509 Bargaining Unit Member:

Welcome to the Massachusetts Union for Human Service Workers & Educators, SEIU Local 509! Your work is represented by Local 509- and, if you have not done so already, we hope that you will choose to become a member.

Membership in Local 509 gives you a voice in decisions that affect your job. Membership rights include participating in meetings and decisions, electing stewards and officers, and even running for union office yourself. Private Sector employees who are not members are not permitted to participate in contract ratification votes.

Under the terms of the collective bargaining agreement in effect between your employer and the union, you are obligated as a condition of employment either to become a member of the union within 30 days of the effective date of the contract or your date of hire, whichever is later, and to remain a member, or to pay fees to the union equal to periodic dues. Some contracts also provide for charitable contributions in lieu of these fees. If you elect or have elected not to join the union, and thus have limited your obligation to the union to the payment of fees equal to periodic dues, you have the further right to object to providing financial support to union activities not germane to collective bargaining. If you choose not to become or to remain a member of the union and you object to supporting union activities not germane to collective bargaining, the union will reduce your fee to a "fair share" amount that corresponds to the percentage of the union's total expenditures that are germane to collective bargaining. In **Private Sector Human Services**, for the most recent period, the fair share fee amounted to **69.59%** of the periodic dues, which would set your fee at **1.04%** of your weekly earnings. In **Private Sector Higher Education**, for the most recent period, the fair share fee amounted to **71.07%** of the periodic dues, which set your fee at **1.07%** of the weekly earnings.

The fair share fee reflects your share of the Union's expenditures for collective bargaining, grievances and arbitrations, contract administration and representation, as well as other matters germane to collective bargaining and that may inure to the benefit of employees in your bargaining unit. Expenditures in the following categories of activity have been treated as chargeable in calculating the fair share fee:

1. Gathering information from employees concerning collective bargaining proposals.
2. Gathering information in preparation for the negotiation of collective bargaining agreements.
3. Negotiating collective bargaining agreements.
4. Adjusting grievances and conducting arbitrations pursuant to collective bargaining agreements.
5. Conducting ratification proceedings for negotiated agreements.

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6. Providing information on negotiations, or on provisions in collective bargaining agreements, as well as on matters relating to representation in the collective bargaining process and contract administration.
 7. Purchasing books, reports, and advance sheets used in matters relating to representation in the collective bargaining process and contract administration.
 8. Paying technicians and professionals in labor law, economics, and other subjects for services used in (a) negotiating and administering collective bargaining agreements, and (b) processing grievances and conducting arbitrations.
 9. Opposing efforts by other unions and organizing committees to gain representations rights in units represented by the union.
 10. Participating in proceedings regarding the jurisdiction of the union.
 11. Publishing those portions of newspapers and newsletters, which relate to bargaining and representation.
 12. Participating in lawful impasse procedures, and fact-finding, mediation, arbitration, and economic action intended to secure favorable collective bargaining agreement and favorable resolution of grievances.
 13. Prosecuting and defending litigation or charges before administrative agencies relating to ratification, interpretation, or enforcement of collective bargaining agreement.
 14. Supporting and paying affiliation fees to SEIU and subordinate bodies of the SEIU to extent that support and fees have been determined by SEIU to be germane to the union's representation activities.
 15. Prosecuting and defending litigating or charges relating to concerted activity, the duty of fair representation and collective bargaining, as well as collective bargaining agreements and any other chargeable activities.
 16. Providing social and recreational activities open to all represented employees.
 17. Organizing in support of collective bargaining in labor markets where SEIU already represents workers.
 18. Governing the union and conducting union elections.
 19. Conducting general membership meeting and conventions.

In calculating the fair share fee, the Union did not include any share of expenditures relating to a number of activities, including the following:

1. Training in or actual voter registration, get-out-the-vote, and political campaigns.
2. Supporting and contributing to charitable organizations
3. Supporting and contributing to political organizations and candidates for public office.
4. Supporting and contributing to ideological causes and committees.
5. Supporting and contributing to activities relating to foreign affairs.
6. Providing benefits available only to members.
7. Litigation not related to collective bargaining or to the union's functions as an exclusive representative.

Immediately following this notice are financial documents, and the report by an independent Certified Public Accountant verifying the auditing of the union's expenditures, setting forth the union's major categories of expenditures, the percentage of each category which is attributable to activities being charged as the fair share of the

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expenses, and the percentage of each category attributable to activities as to which fair share fee payers are not being charged any share of the expenses.

If you elect to limit your obligation to the union to the payment of fees or charitable contributions, you will lose all the rights of union membership, including the right attend union meetings, the right to vote for union officers, and the right to take advantage of other privileges of membership, include a low interest union credit card, legal services plan and travel and insurance benefits. The fair share fee reflects your share of the Union's expenditures for collective bargaining, grievances, and arbitrations, contract administration and representation, as well as other matters germane to collective bargaining that may inure to the benefit of employees in your bargaining unit.

Moreover, we believe that the more workers who elect full union membership the greater the strength to improve your wages, hours, and other working conditions through collective bargaining with your employers. However, if you elect to limit your obligation to the union to the payment of fees equal to periodic dues, or if you object to providing financial support to union activities not germane to collective bargaining, the union will nevertheless continue to fairly represent you.

Even if you choose to limit your obligation to the union to the payment of fees, we believe that all of the union's expenditures, both those germane and those not germane to collective bargaining, benefit you. For example, the union may support the extension of family and medical leave requirements through legislation rather than through collective bargaining. This would benefit all workers. We therefore believe that it is in your interest not to object to supporting financially all of the union's activities.

If you nevertheless wish to limit your obligations to the union to the payment of a fair share fee or charitable contribution, you must do so in writing by mailing notice of your objection to Treasurer, SEIU Local 509 at 293 Boston Post Road West, 4th Floor Marlborough MA 01742. You should include your name, address, social security number, employer, and work location. If you object to providing financial support to union activities not germane to collective bargaining and wish to pay only the fair share fee, you should include the word "objector" in your notice. Your objection must be postmarked no later than 30 days after the date that you receive this notice in order to be valid. You also have the right to challenge the amount of the fair share fee.

If you file a challenge, the union will place into an interest-bearing escrow account the portion of the fair share fees collected from you that is reasonable in dispute.

The Union participates in a procedure through the American Arbitration Association under which a reasonably prompt decision will be rendered by an independent decision-maker on all challenges to the amount of the fair share fee. The Arbitrator will be selected by the American Arbitration Association. All challenges will be consolidated

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for a single hearing. The Arbitrator will have authority to determine if the amount of the fair share fee is correct and to order any adjustments therein, if necessary, and to order that the funds being held in the interest-bearing escrow account be distributed in accordance with the Arbitrator's opinion. The arbitration will be scheduled and conducted in accordance with the American Arbitration Association Rules and Regulations. The Arbitrator's fees and expenses will be paid by the Union. If you file a challenge, you may be represented at the arbitration hearing, but will be responsible for your own expenses for representation at the hearing.

If you wish to challenge the calculation of your fair share fee as described above, you must do so in writing by mailing notice of your challenge to Treasurer, SEIU Local 509, 293 Boston Post Road West, 4th Floor, Marlborough, MA 01752. You should include your name, address, social security number, employer, and work location, as well as the word "challenge". Your challenge must be postmarked no later than 30 days after receiving this notice.

In Unity,

Israel Pierre
SEIU Local 509 Treasurer

LOCAL 509, SERVICE EMPLOYEES INTERNATIONAL UNION

FINANCIAL STATEMENTS AND

SUPPLEMENTARY INFORMATION

Years Ended December 31, 2022 and 2021

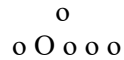
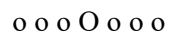


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INDEPENDENT AUDITORS' REPORT

To the Members of the Executive Board
Local 509, Service Employees International Union
293 Boston Post Road West, 4th Floor
Marlborough, Massachusetts 01752

Opinion

We have audited the accompanying financial statements of Local 509, Service Employees International Union (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year 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 financial position of Local 509, Service Employees International Union as of December 31, 2022, and changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Local 509, Service Employees International Union 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 opinion.

Responsibilities of Management 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 control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Local 509, Service Employees International Union's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 of the effectiveness of Local 509, Service Employees International Union'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Local 509, Service Employees International Union'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.

Report on Summarized Comparative Information

We have previously audited Local 509, Service Employees International Union's December 31, 2021 financial statements, and expressed an unmodified audit opinion on those audited financial statements in their report dated August 25, 2022. In our opinion, the summarized comparative information presented herein as of and for the year December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental statement of allocation between chargeable and non-chargeable expenses – private higher education, and statement of allocation between chargeable and non-chargeable expenses – private human services as of and for the year ended December 31, 2022, are presented for purposes of additional analysis and are 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.

Munzi & Associates L.L.C.

North Andover, Massachusetts
August 23, 2023

LOCAL 509, SERVICE EMPLOYEES INTERNATIONAL UNION
STATEMENTS OF FINANCIAL POSITION
December 31, 2022 and 2021

ASSETS

	Without Donor Restriction	With Donor Restriction	Total 2022	2021
CURRENT ASSETS				
Cash and cash equivalents	\$ 10,114	\$ -	\$ 10,114	\$ 10,114
Prepaid expenses	261,200	-	261,200	286,953
Dues receivable	815,755	-	815,755	307,536
Other receivable	137,634	17,931	155,565	110,677
	<u>1,224,703</u>	<u>17,931</u>	<u>1,242,634</u>	<u>715,280</u>
INVESTMENTS - FAIR VALUE				
Institutional cash	9,303,185	4,368,387	13,671,572	12,654,029
U.S. Treasury securities	390,211	-	390,211	-
	<u>9,693,396</u>	<u>4,368,387</u>	<u>14,061,783</u>	<u>12,654,029</u>
PROPERTY AND EQUIPMENT				
Equipment	94,209	-	94,209	91,767
Furniture and fixtures	315,590	-	315,590	312,200
Leasehold improvements	759,028	-	759,028	759,028
Software	247,298	-	247,298	239,397
	<u>1,416,125</u>	<u>-</u>	<u>1,416,125</u>	<u>1,402,392</u>
Less: Accumulated depreciation	<u>(1,045,134)</u>	<u>-</u>	<u>(1,045,134)</u>	<u>(908,797)</u>
	<u>370,991</u>	<u>-</u>	<u>370,991</u>	<u>493,595</u>
OTHER ASSETS				
Employee health reimbursement funding	288,684	-	288,684	167,611
Operating lease right-of-use asset	1,622,570	-	1,622,570	-
Deposits	2,235	-	2,235	2,235
	<u>1,913,489</u>	<u>-</u>	<u>1,913,489</u>	<u>169,846</u>
TOTAL ASSETS	<u>13,202,579</u>	<u>4,386,318</u>	<u>17,588,897</u>	<u>14,032,750</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES				
Accounts payable and accrued expenses	848,899	7,252	856,151	539,430
Accrued payroll and benefits	949,703	-	949,703	886,211
Deferred rent	210,572	-	210,572	229,081
Current portion of right-of-use operating lease liability	409,582	-	409,582	-
	<u>2,418,756</u>	<u>7,252</u>	<u>2,426,008</u>	<u>1,654,722</u>
LONG-TERM DEBT				
Right-of-use operating lease liability, net of current portion	<u>1,209,934</u>	<u>-</u>	<u>1,209,934</u>	<u>-</u>
TOTAL LIABILITIES	<u>3,628,690</u>	<u>7,252</u>	<u>3,635,942</u>	<u>1,654,722</u>
NET ASSETS	<u>9,573,889</u>	<u>4,379,066</u>	<u>13,952,955</u>	<u>12,378,028</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 13,202,579</u>	<u>\$ 4,386,318</u>	<u>\$ 17,588,897</u>	<u>\$ 14,032,750</u>

The accompanying notes are an integral part
of these financial statements.

LOCAL 509, SERVICE EMPLOYEES INTERNATIONAL UNION
STATEMENTS OF ACTIVITIES
Year Ended December 31, 2022
(with Summarized Financial Information for the year ended December 31, 2021)

	Without Donor Restrictions	With Donor Restrictions	<u>2022</u>	<u>2021</u>
REVENUE				
Dues	\$ 14,063,840	\$ -	\$ 14,063,840	\$ 13,743,098
COPE contributions	-	275,534	275,534	294,950
Agency fees	276,823	-	276,823	131,167
Grant income	-	167,901	167,901	25,000
Other income	101,524	1,000,000	1,101,524	1,012,964
Rental income	9,000	-	9,000	-
Interest income	44,056	-	44,056	25,341
Total revenues	<u>14,495,243</u>	<u>1,443,435</u>	<u>15,938,678</u>	<u>15,232,520</u>
INVESTMENT INCOME				
Unrealized loss on investments	(3,124)	-	(3,124)	(4,159)
Realized gain on investments	855	-	855	-
Total investment income	<u>(2,269)</u>	<u>-</u>	<u>(2,269)</u>	<u>(4,159)</u>
Total revenues	<u>14,492,974</u>	<u>1,443,435</u>	<u>15,936,409</u>	<u>15,228,361</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>693,921</u>	<u>(693,921)</u>	<u>-</u>	<u>-</u>
EXPENSES				
Program services				
Field services	5,230,943	-	5,230,943	4,067,257
Organizing	4,403,718	-	4,403,718	3,990,243
Political	1,030,416	-	1,030,416	701,109
Union administration	683,308	-	683,308	2,426,396
Contributions	1,763	-	1,763	166,146
Total program services	<u>11,350,148</u>	<u>-</u>	<u>11,350,148</u>	<u>11,351,151</u>
Management and general	<u>3,011,334</u>	<u>-</u>	<u>3,011,334</u>	<u>1,991,369</u>
Total expenses	<u>14,361,482</u>	<u>-</u>	<u>14,361,482</u>	<u>13,342,520</u>
INCREASE IN NET ASSETS	825,413	749,514	1,574,927	1,885,841
NET ASSETS, BEGINNING OF YEAR	<u>8,748,476</u>	<u>3,629,552</u>	<u>12,378,028</u>	<u>10,492,187</u>
NET ASSETS, END OF YEAR	<u>\$ 9,573,889</u>	<u>\$ 4,379,066</u>	<u>\$ 13,952,955</u>	<u>\$ 12,378,028</u>

The accompanying notes are an integral part
of these financial statements.

LOCAL 509, SERVICE EMPLOYEES INTERNATIONAL UNION
STATEMENTS OF FUNCTIONAL EXPENSES
Year Ended December 31, 2022
(with Summarized Financial Information for the year ended December 31, 2021)

	2022							2021
	Field Services	Organizing	Political	Union Administration	Contributions	Management and General	Total	Total (for comparative purposes only)
Personnel								
Salaries and wages	\$ 2,830,383	\$ 1,184,345	\$ 360,693	\$ 328,499	\$ 1,192	\$ 1,256,763	\$ 5,961,875	\$ 5,428,675
Payroll taxes and benefits	1,437,969	486,647	172,913	157,478	571	602,478	2,858,056	3,175,864
Total personnel	4,268,352	1,670,992	533,606	485,977	1,763	1,859,241	8,819,931	8,604,539
Arbitrations	52,190	-	-	-	-	-	52,190	59,760
Chapter expenses	-	-	-	-	-	25,071	25,071	26,158
Conferences	18,776	5,620	650	-	-	3,025	28,071	3,399
Consultants	50,320	4,375	53,768	13,836	-	109,515	231,814	115,457
COPE	-	-	54,750	-	-	-	54,750	101,529
Depreciation	-	-	-	-	-	136,337	136,337	140,673
Donations	13,722	-	278,566	-	-	112,939	405,227	69,776
Elections	-	1,781	9,399	-	-	77,580	88,760	4,550
Insurance	35,854	17,284	2,345	12,228	-	7,823	75,534	66,441
Legal	68,758	15,910	863	7,955	-	422,200	515,686	513,675
Meetings	5,039	8,614	-	-	-	49,202	62,855	30,119
Member benefits	296,991	881	726	-	-	19,425	318,023	23,628
Negotiations	8,277	11	-	-	-	-	8,288	6,423
Occupancy	212,862	125,127	11,789	58,149	-	18,795	426,722	491,744
Office supplies	67,380	23,146	13,412	60,895	-	49,650	214,483	186,193
Officers' and stewards' expense	12,424	122	2,386	-	-	29,926	44,858	2,350
Per capita	-	2,482,927	-	-	-	-	2,482,927	2,525,933
Political contributions	-	-	45,850	-	-	-	45,850	46,000
Postage and printing	24,665	6,845	807	3,671	-	10,076	46,064	38,165
Professional fees	8,228	3,922	543	16,010	-	41,907	70,610	118,531
Staff expenses	12,906	5,589	-	-	-	1,085	19,580	24,684
Telephone	50,231	19,995	3,396	23,209	-	23,727	120,558	117,563
Travel and automobile	23,968	10,577	17,560	1,378	-	13,810	67,293	25,230
Total program expenses	\$ 5,230,943	\$ 4,403,718	\$ 1,030,416	\$ 683,308	\$ 1,763	\$ 3,011,334	\$ 14,361,482	\$ 13,342,520

The accompanying notes are an integral part of the financial statements.

LOCAL 509, SERVICE EMPLOYEES INTERNATIONAL UNION
STATEMENTS OF CASH FLOWS
Year Ended December 31, 2022
(with Summarized Financial Information for the year ended December 31, 2021)

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 1,574,927	\$ 1,885,841
Adjustments to reconcile increase in net assets provided (used) by operating activities:		
Depreciation	136,337	140,673
Operating lease right-of-use asset	(1,622,570)	-
(Increase) decrease in operating assets:		
Unrealized loss on investments	3,124	-
Realized gain on sale of investments	(855)	-
Right-of-use operating lease liability	1,619,516	-
Prepaid expense	25,753	(15,967)
Dues receivable	(508,219)	210,460
Other receivable	(44,888)	89,661
Employee health reimbursement funding	(121,073)	(58,539)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	316,721	128,961
Accrued payroll and benefits	63,492	8,340
Deferred rent	(18,509)	61,357
Total adjustments	<u>(151,171)</u>	<u>564,946</u>
Net cash provided by operating activities	<u>1,423,756</u>	<u>2,450,787</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	200,000	469,829
Purchase of investments	(592,480)	-
Purchase of fixed assets	<u>(13,733)</u>	<u>(8,620)</u>
Net cash provided (used) by investing activities	<u>(406,213)</u>	<u>461,209</u>
NET INCREASE IN CASH AND EQUIVALENTS	1,017,543	2,911,996
CASH AND EQUIVALENTS, BEGINNING OF YEAR	<u>12,664,143</u>	<u>9,752,147</u>
CASH AND EQUIVALENTS, END OF YEAR	<u>\$ 13,681,686</u>	<u>\$ 12,664,143</u>
SCHEDULE OF NONCASH TRANSACTIONS:		
Operating lease right-of-use asset	<u>\$ 1,622,570</u>	<u>\$ -</u>
Right-of-use operating lease liability	<u>\$ 1,619,516</u>	<u>\$ -</u>

The accompanying notes are an integral part
of these financial statements.

LOCAL 509, SERVICE EMPLOYEES INTERNATIONAL UNION
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 (with summarized comparative totals for 2021)

NOTE 1 - ORGANIZATION

Local 509, Service Employees International Union (the “Local”) is a Massachusetts, non-profit unincorporated association organized under the constitution of the Service Employees International Local (the “International Local”), dated in 1922. The International Local is affiliated with Change to Win and with Canadian Labor Congress (CLC). The Local was formed to organize and unite all workers, eligible for membership herein, for their mutual advancement, both socially and economically, eradicate discriminatory practices by employers and society at large, foster the value of a public commitment for human services and education and to promote and encourage the involvement of members in the political process, including elections and other forms of political activities.

The Local collects voluntary contributions from active and retired members to be used for political and legislative activities. The Committee on Political Education (COPE) endeavors to hold politicians accountable at every level of government and help the Local build political power to win strong contacts, better benefits and pass laws to protect jobs.

The Local is an affiliate of the Service Employees International Local (“SEIU”), headquartered in Washington, D.C. The Local abides by the constitution of the SEIU, and the SEIU has the right to trustee the Local for failure to uphold the constitution.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accounts of the Local are maintained on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles in the United States of America. Accordingly, such information should be read in conjunction with the Local's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

Accounting Changes:

Effective January 1, 2022, the Local adopted Accounting Standards Codification Topic 842, Leases, which requires lessees to recognize leases on the balance sheet as a right-of-use asset and a lease liability. The Local elected to apply the modified retrospective transition approach, which resulted in the recognition of a lease liability and a right-of-use asset for all leases that were in effect at the effective date (adoption date) and recognizes a cumulative effect adjustment to the opening balance or retained earnings, if any, as of that date. The adoption date therefore represents the application date under this method. The comparative periods presented in the financial statements remain under the legacy lease guidance (ASC 840).

LOCAL 509, SERVICE EMPLOYEES INTERNATIONAL UNION
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 (with summarized comparative totals for 2021)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

The Local's records are maintained in accordance with the principles of fund accounting. This is the procedure by which resources are classified for accounting and reporting purposes into funds established according to their nature and purpose. The Local has presented its financial statements in accordance with generally accepted accounting principles for not-for-profit organizations. Under this guidance, the Local is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

A description of the net asset categories is as follows:

Net assets without donor restrictions – Net assets that are not subject to collectively bargained stipulations and which the Trustees of the Local have discretionary control.

Net assets with donor restrictions – Net assets subject to collectively bargained stipulations that are maintained by the Local. Generally, the assets are permitted to be used by the Local for specific purposes. The collectively bargained stipulations will be met either by actions of the Local and/or passage of time.

Cash and Cash Equivalents

For the purposes of these statements, cash and cash equivalents includes amounts held in interest bearing and non-interest bearing checking accounts (including donor restricted accounts), certificates of deposits and an interest bearing cash investment account.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 6 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Any unrealized gains and losses are included in the accompanying statements of activities.

Dues Receivable

Dues receivables are determined from information submitted for dues and assessments owed through December 31. The Local considers the receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been established. If accounts become uncollectible, they will be charged to Dues when that determination is made. Collections on accounts previously written off are included in income as received.

LOCAL 509, SERVICE EMPLOYEES INTERNATIONAL UNION
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 (with summarized comparative totals for 2021)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are stated at cost. The Local's policy is to capitalize property and equipment costs of \$2,000 or more. Major additions and improvements are capitalized, while maintenance and repairs, which do not extend the lives of the respective assets, are expended in the year incurred. Depreciation is computed on the straight-line method for financial statement purposes. Upon retirement or disposal of assets, the cost and accumulated depreciation or amortization are eliminated from the accounts and any resulting gain or loss is included in the statement of activities for the respective period. The Local recognized depreciation expense for the years ended December 31, 2022 and 2021 of \$136,337 and \$140,673, respectively.

Promotional and Advertising Expenses

The Local expenses promotional costs as they are incurred.

Revenues

All dues and other support are considered to be available for unrestricted use, unless specifically restricted.

Chargeable Expenses

Chargeable expenses, as shown on the Statements of Allocation Between Chargeable and Non-chargeable expenses, are those incurred by the Local that reflect the share of the costs of operations of the Local which are considered necessary and reasonably incurred for the purpose of performing the Local's duty as a representative of the employees in dealing with the employer on labor management issues, including the costs of negotiating and administering collective bargaining management issues, settling grievances and disputes by mutual agreement or in arbitration, court or otherwise, increasing the market employed to implement the duties of the Local as representative of the employees in the bargaining unit, and the maintenance of the Local's associational existence.

Non-Chargeable Expenses

Non-chargeable expenses, as shown on the Statements of Allocation Between Chargeable and Non-chargeable expenses, are those incurred by the Local for the benefit of and advancement of represented employees, which are not considered representation activities for non-members. Non-chargeable activities include those services that are ideological or political in nature, those that are exclusively for the benefit of full union members, and those that otherwise are not considered germane to the collective bargaining process.

Subsequent Events

The Local has evaluated subsequent events through August 23, 2023, the date the financial statements were available to be issued.

LOCAL 509, SERVICE EMPLOYEES INTERNATIONAL UNION
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 (with summarized comparative totals for 2021)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

NOTE 3 – DONOR RESTRICTED CASH

Reimbursement Trust Fund – In December 2020, the Local signed a Memorandum of Understanding, also known as the Reimbursement Trust Fund, with the Massachusetts Department of Early Education and Care (“EEC”) in the amount of \$3,000,000. The agreement will be in effect until June 2022. The funds are to be used to provide assistance for expenses for active Family Child Care Providers in the bargaining unit. The Local is required to provide quarterly reports to the EEC’s General Counsel detailing the use of the funds. The funds received as of December 31, 2022 were \$3,000,000 and December 31, 2021 were \$2,000,000 and are reported in other income on the statement of activities. As of December 31, 2022 and 2021, \$141,723 and \$27,428 of funds were expended, respectively. The Fund earned \$1,979 and \$4,095 of interest during the years ended December 31, 2022 and 2021, respectively.

Student Loan Debt Relief – In March 2020, the Local received \$1,000,000 in funds from the Commonwealth of Massachusetts to be used to provide student loan debt relief to bargaining unit members. As of December 31, 2022 and 2021, \$3,000 and \$192,152 of funds were expended, respectively. These funds earned \$566 and \$2,149 of interest during the years ended December 31, 2022 and 2021, respectively.

Emergency Fund – The Local established this fund to defray the costs of food and lodging of needy members who are participating in a strike authorized by the Local.

COPE Fund – The Committee On Political Education (COPE) is part of SEIU Local 509 and serves as our political action fund. Money contributed to COPE goes directly toward electing pro-worker, pro-labor legislators as well as working for or against ballot measures that would affect our members.

The following represents a reconciliation of cash and restricted cash that sum to the total of cash and restricted cash on the Statements of Cash Flows as of December 31, 2022 and 2021:

LOCAL 509, SERVICE EMPLOYEES INTERNATIONAL UNION
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 (with summarized comparative totals for 2021)

NOTE 3 – DONOR RESTRICTED CASH (Continued)

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 9,313,299	\$ 9,100,594
Restricted Cash - Reimbursement Trust Fund	2,838,403	1,978,147
Restricted Cash - Student Loan Debt Relief	813,989	816,423
Restricted Cash - Emergency Fund	7,192	6,678
Restricted Cash - COPE Fund	<u>708,803</u>	<u>762,301</u>
Total Cash and cash equivalents and Restricted Cash	<u>\$ 13,681,686</u>	<u>\$ 12,664,143</u>

NOTE 4 – BOARD DESIGNATED FUNDS

Included in net assets without restrictions, for the years ended December 31, 2022 and 2021, is \$1,000,000 and \$1,000,000, respectively, which the Board of Directors has designated towards strike funds.

NOTE 5 – REVENUES

The Local receives dues from its members deducted by the various employers and paid to the Local on a monthly basis. The contribution rate for dues is based on the collective bargaining agreement for a particular work area.

NOTE 6 – FAIR VALUE MEASUREMENTS

FASB Accounting Standards Codification (ASC) 820, Fair Value Measurements and disclosures, provide 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 measurement) 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 Trust has the ability to access.

LOCAL 509, SERVICE EMPLOYEES INTERNATIONAL UNION
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 (with summarized comparative totals for 2021)

NOTE 6 – FAIR VALUE MEASUREMENTS (Continued)

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 assets 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.

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 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 at fair value. There have been no changes in the methodologies used at December 31, 2022.

Institutional Cash

Institutional cash includes money market accounts and investment cash accounts and are valued at their cost-plus interest earned, which approximates fair value.

US Government and Agency Securities

Valued at the closing price reported in the active market in which the individual security is traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Local believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Local's assets at fair value for the years ended December 31, 2022 and 2021:

LOCAL 509, SERVICE EMPLOYEES INTERNATIONAL UNION
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 (with summarized comparative totals for 2021)

NOTE 6 – FAIR VALUE MEASUREMENTS (Continued)

	Assets at Fair Value as of			
	<u>December 31, 2022</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Institutional cash	\$ 13,671,572	\$ 13,671,572	\$ -	\$ -
U.S. Government and Agency Securities	<u>390,211</u>	<u>390,211</u>	<u>-</u>	<u>-</u>
Total Assets in the Fair Value Hierarchy	<u>\$ 14,061,783</u>	<u>\$ 14,061,783</u>	<u>\$ -</u>	<u>\$ -</u>

	Assets at Fair Value as of			
	<u>December 31, 2021</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Institutional cash	\$ 12,654,029	\$ 12,654,029	\$ -	\$ -
U.S. Government and Agency Securities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets in the Fair Value Hierarchy	<u>\$ 12,654,029</u>	<u>12,654,029</u>	<u>\$ -</u>	<u>\$ -</u>

Gains and losses (realized and unrealized) included in changes in net assets for the years ended December 31, 2022 and 2021 are reported in net appreciation in fair value of investments in the Statements of Activities.

During 2022, the Local's investment (including investments bought, sold, and held during the year) depreciated in value by \$2,269. This is comprised of unrealized depreciation of \$3,124 and realized gains of \$855. During 2021, the Local's investment (including investments bought, sold and held during the year) depreciated in value by \$4,159. This is comprised of unrealized depreciation of \$4,159.

Transfers between Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the report period.

We evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets available for benefits. For the years ended December 31, 2022 and December 31, 2021, there were no significant transfers in or out of levels 1, 2, 3.

LOCAL 509, SERVICE EMPLOYEES INTERNATIONAL UNION
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 (with summarized comparative totals for 2021)

NOTE 7 – COMPENSATED ABSENCES

Employees of the Local are entitled to paid vacation and paid sick leave, depending on job classification, length of service, and other factors. Employees are able to cash-out up to a maximum of six days of vacation at the end of each calendar year. Upon separation, employees are also entitled to accrued sick leave compensated at a rate between 5% and 20%, depending on years of service. Employees may donate their sick leave to other employees who have exhausted their sick leave. For the years ended December 31, 2022 and 2021, accruals for compensated absences totals \$767,808 and \$744,648, respectively, and are included in accrued payroll and benefits on the Statements of Financial Position.

NOTE 8 – TAX STATUS

The Internal Revenue Service has determined the Local is exempt from federal income taxes under Section 501(C)(5) of the Internal Revenue Code. Accordingly, no provision or liability for federal income taxes has been included in the accompanying financial statements. The Local believes that it continues to qualify and to operate in accordance with applicable provisions of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Local and recognized a tax liability (or asset) if the Local has taken an uncertain position that more likely than not would not be sustained upon examination by the applicable taxing authorities. Management has analyzed the tax positions taken by the Local, and has concluded that as of December 31, 2022, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Local is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 9 – RISKS AND UNCERTAINTIES

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

In the normal course of operations, the Local may be subject to certain claims and litigations. In the opinion of management, the outcome of any such matters will not have a material effect on the financial position of the Local.

NOTE 10 – CONCENTRATIONS OF CREDIT RISK

The Local maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Local has not experienced any losses in such accounts. Management believes that the Local is not exposed to any significant credit risk related to cash.

The Local derived approximately 56% and 61% respectively, of its revenue from members working directly for the Commonwealth of Massachusetts for the years ended December 31, 2022 and 2021.

LOCAL 509, SERVICE EMPLOYEES INTERNATIONAL UNION
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 (with summarized comparative totals for 2021)

NOTE 11 - RECLASSIFICATION

Items for the year ended December 31, 2021 have been reclassified for comparative purposes.

NOTE 12 – RELATED PARTY

The Local incurred \$2,381,970 and \$2,422,887 in per capita taxes due to the SEIU International for the years ended December 31, 2022 and 2021, respectively. As of December 31, 2022 and 2021, \$399,418 and \$402,664, respectively, were payable to the SEIU International.

As of December 31, 2022 and 2021, the Local is owed \$17,931 and \$72,681, respectively, from the SEIU for COPE overages.

NOTE 13 – LIQUIDITY AND AVAILABILITY

The Local has \$9,284,620 and \$8,518,807 of financial assets available within 1 year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$8,313,300 and \$8,100,594 and accounts receivable of \$971,320 and \$418,213 as of December 31, 2022 and 2021, respectively. 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 balance sheet date. The accounts receivable are subject to time restrictions but are expected to be collected within one year. The Local has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Local invests cash in excess of daily requirements in various investments, including certificates of deposit. These funds could be drawn upon in the event of an unanticipated liquidity need within the parameters of the donor stipulations.

NOTE 14 – COLLECTIVE BARGAINING AGREEMENT

The Local has a collective bargaining agreement with the Staff Employees Union, Local 509 (The Union). The Local recognizes the Union as the sole and exclusive bargaining representative of the employees in the following units: all full-time and regular part-time clerical employees, field representatives, business agents, organizers and the directors of legislation, and communication, strategic researchers, advocate liaisons, and researcher/organizers; excluding supervisors, managerial employees, confidential employees, business manager, general counsel, student interns, and temporary employees. For the years ended December 31, 2022 and 2021, 76% and 76% respectively, of the Local's employees were covered under the agreement.

NOTE 15 – LEASE COMMITMENTS

In September 2013, the Local entered into a non-cancelable operating lease for approximately 1,850 square feet of office space located in West Springfield, Massachusetts. The lease term is five years and commenced on January 1, 2014. In November 2017, the Local exercised the first option of the lease and extended the terms for an additional five years commencing on January 1, 2019.

LOCAL 509, SERVICE EMPLOYEES INTERNATIONAL UNION
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 (with summarized comparative totals for 2021)

NOTE 15 – LEASE COMMITMENTS (Continued)

In May 2016, the Local entered into a non-cancelable operating lease for approximately 15,188 square feet of office space and 2,500 square feet of storage located in Marlborough, Massachusetts. In July 2017, the storage space was reduced to 1,764 square feet. The landlord provided a build-out allowance of \$759,400, of which \$121,504 was available to pay for relocation costs. The lease term is 10 years and 7 months and commenced on October 1, 2016. The Local had free rent for the first full seven months of the lease term. The lease required a security deposit of \$68,438, consisting either of cash or an irrevocable letter of credit, and is subject to a partial return payment of 33.33% on each of the successive 12-month anniversaries commencing with the first anniversary date following the end of the free rent period on April 30, 2017. The Local entered into a letter of credit with a bank in May 2016 in the amount of \$68,438. The letter of credit was reduced to \$45,625 in August 2018 and \$22,813 in March 2020.

The leases require payments of minimum rents plus reimbursements for operating expenses and real estate taxes, as defined in the lease agreements. The leases are renewable at the option of the Local for various periods of time.

Rent expense is recorded on a straight-line basis under generally accepted accounting principles. The difference between straight-line rent expense and the required lease payments is reflected as deferred rent of \$210,572 and \$229,081 at December 31, 2022 and 2021, respectively.

For the years ended December 31, 2022 and 2021, aggregate rent expense under the leases was \$386,496 and \$455,935, respectively.

Future minimum lease payments under the lease agreements as of December 31, 2022 are as follows:

2023	\$ 419,450
2024	401,241
2025	370,632
2026	382,023
2027	128,607
	<u>1,701,953</u>
Less amounts representing interest	(82,437)
Present value of net minimum payments	<u>\$ 1,619,516</u>

NOTE 16 – MULTIEMPLOYER PENSION PLAN

The Local participates in the SEIU Affiliates' Officers and Employees Pension Fund (the SEIU Pension Fund). The SEIU Pension Fund is a multiemployer defined benefit pension plan covering all employees meeting the minimum service requirements. The plan benefits are based on the participant's accumulated service credits and the highest consecutive three-year average monthly compensation. The policy of the Local is to fund pension costs as incurred. For the years ended December 31, 2022 and 2021, the Local made contributions of \$1,099,508 and \$1,068,174, respectively.

The SEIU Pension Fund mandates that contributions made to the SEIU Pension Fund be paid entirely by the Local. Percentage contributions are established each calendar year by the SEIU Pension Fund. The contribution percentage was 21% for 2022 and 21% for 2021.

LOCAL 509, SERVICE EMPLOYEES INTERNATIONAL UNION
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 (with summarized comparative totals for 2021)

NOTE 16 – MULTIEMPLOYER PENSION PLAN (Continued)

Legal Name of Pension Plan	Pension Plan's Employer Identification Number	Pension Plan's Plan Number	Pension Protection Act Zone Status				Expiration Date of Collective Bargaining Agreement
			Zone Status	Contribution	Zone Status	Contribution	
			January 1, 2022		January 1, 2021		
SEIU Affiliates' Officers and Employees Pension Fund	52-0812348	001	Green Zone 109.9% Funded	1,099,508	Green Zone 95.4% Funded	1,068,174	7/31/2021

NOTE 17 – FUNCTIONAL EXPENSES

The program service costs of the Local are the costs related to providing the services in accordance with its defined mission. These costs can be further disaggregated and classified as Representational activities, Political and Lobbying activities, Contributions, Gifts and Grant activities, and Local Administration activities. Expenses that require allocation are allocated on a reasonable basis that is consistently applied. These activities are defined by the U.S. Department of Labor, the Office of Labor-Management Standards under the Labor Management Reporting and Disclosure Act, as amended (LMRDA).

NOTE 18 – REIMBURSEMENT TRUST FUND

In December 2020, the Local signed a Memorandum of Understanding, also known as the Reimbursement Trust Fund, with the Massachusetts Department of Early Education and Care (“EEC”) in the amount of \$3,000,000. The agreement will be in effect until June 2022. The funds are to be used to provide assistance for expenses for active Family Child Care Providers in the bargaining unit. The Local is required to provide quarterly reports to the EEC’s General Counsel detailing the use of the funds. The funds received as of December 31, 2022 were \$3,000,000 and December 31, 2021 were \$2,000,000 and are reported in other income on the statement of activities. As of December 31, 2022 and 2021, \$141,723 and \$27,428 of funds were expended, respectively. The Fund earned \$1,979 and \$4,095 of interest during the years ended December 31, 2022 and 2021, respectively.

LOCAL 509, SERVICE EMPLOYEES INTERNATIONAL UNION
STATEMENT OF ALLOCATION BETWEEN CHARGEABLE
AND NON-CHARGEABLE EXPENSES - PRIVATE - HIGHER EDUCATION
For the Year Ended December 31, 2022

	<u>Total Expenses</u>	<u>Chargeable Expenses</u>	<u>Non- Chargeable Expenses</u>
Personnel			
Salaries and wages	\$ 5,961,875	\$ 5,113,698	\$ 848,177
Payroll taxes and benefits	2,858,056	2,515,809	342,247
Total personnel	8,819,931	7,629,507	1,190,424
Arbitrations	52,190	52,190	-
Chapter expenses	25,071	25,071	-
Conferences	28,071	25,503	2,568
Consultants	231,814	176,471	55,343
COPE	54,750	-	54,750
Depreciation	136,337	136,337	-
Donations	405,227	-	405,227
Elections	88,760	79,361	9,399
Insurance	75,534	73,189	2,345
Legal	515,686	514,823	863
Meetings	62,855	62,652	203
Member benefits	318,023	21,627	296,396
Negotiations	8,288	8,288	-
Occupancy	426,722	426,722	-
Office supplies	214,483	192,246	22,237
Officers' and stewards' expense	44,858	42,437	2,421
Per capita	2,482,927	250,122	2,232,805
Political contributions	45,850	-	45,850
Postage and printing	46,064	42,975	3,089
Professional fees	70,610	70,067	543
Staff expenses	19,580	15,878	3,702
Telephone	120,558	119,768	790
Travel and automobile	67,293	45,804	21,489
Total expenses	14,361,482	10,011,038	4,350,444
Less: political expenses paid from voluntary contributions	(275,534)	-	(275,534)
Net expenses	<u>\$ 14,085,948</u>	<u>\$ 10,011,038</u>	<u>\$ 4,074,910</u>
Percentages	<u>100.00%</u>	<u>71.07%</u>	<u>28.93%</u>

The accompanying notes are an integral part of the financial statements.

LOCAL 509, SERVICE EMPLOYEES INTERNATIONAL UNION
STATEMENT OF ALLOCATION BETWEEN CHARGEABLE
AND NON-CHARGEABLE EXPENSES - PRIVATE - HUMAN SERVICES
For the Year Ended December 31, 2022

	Total Expenses	Chargeable Expenses	Non- Chargeable Expenses
Personnel			
Salaries and wages	\$ 5,961,875	\$ 4,910,615	\$ 1,051,260
Payroll taxes and benefits	2,858,056	2,421,244	436,812
Total personnel	8,819,931	7,331,859	1,488,072
Arbitrations	52,190	52,190	-
Chapter expenses	25,071	25,071	-
Conferences	28,071	23,481	4,590
Consultants	231,814	175,001	56,813
COPE	54,750	-	54,750
Depreciation	136,337	136,337	-
Donations	405,227	-	405,227
Elections	88,760	77,580	11,180
Insurance	75,534	73,189	2,345
Legal	515,686	498,913	16,773
Meetings	62,855	54,444	8,411
Member benefits	318,023	20,746	297,277
Negotiations	8,288	8,277	11
Occupancy	426,722	426,722	-
Office supplies	214,483	185,521	28,962
Officers' and stewards' expense	44,858	42,457	2,401
Per capita	2,482,927	381,533	2,101,394
Political contributions	45,850	-	45,850
Postage and printing	46,064	40,339	5,725
Professional fees	70,610	70,067	543
Staff expenses	19,580	16,760	2,820
Telephone	120,558	119,454	1,104
Travel and automobile	67,293	43,014	24,279
Total expenses	14,361,482	9,802,955	4,558,527
Less: political expenses paid from voluntary contributions	(275,534)	-	(275,534)
Net expenses	\$ 14,085,948	\$ 9,802,955	\$ 4,282,993
Percentages	100.00%	69.59%	30.41%

The accompanying notes are an integral part of the financial statements.