

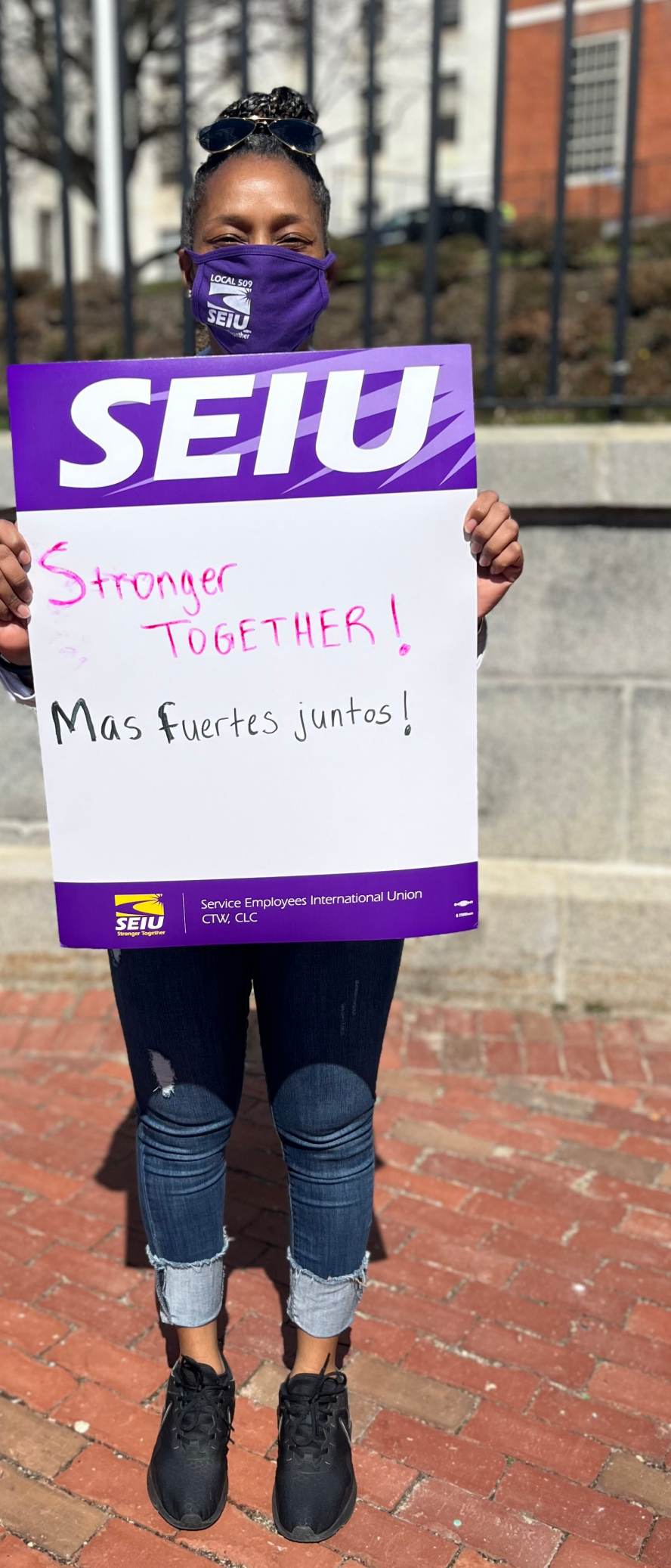


Local 509  
  
**SEIU**  
Stronger Together

# 2022

## ANNUAL REPORT





## Table of Contents

2.

Leadership Report

3.

Message from Local 509  
President Peter  
MacKinnon

4.

Photos

5.

Family Child Care

6.

Higher Education

7-8.

Private Sector

9.

Public Sector

10.

Member Spotlights

11.

MARC & Steward Trainings

12.

Member Spotlights

13.

Political

14.

Financial Report &  
Annual Agency Fee Letter



# LEADERSHIP REPORT

It's been an exciting year for the labor movement! Across the country, we've seen workers from Starbucks and Amazon to railroad workers come together to demand better wages and a voice on the job. Public support for unions is the highest it's been in more than 50 years: more than two-thirds of Americans approve of labor unions. Essential workers are building power and transforming industries that have long been exploited by corporate greed. There is no better time to mobilize, and Local 509 members have been at the forefront of this wave of worker power here in Massachusetts over the past year.

Members at **HESSCO** and **Fidelity House** said "Enough is enough" and voted to strike after negotiations over basic raises and protections stalled for months. Because they showed they were willing to stand strong together, HESSCO workers won a strong first contract with basic union protections and fair wage increases, and Fidelity workers won wage increases with wage parity for overnight staff that were higher than their first demands! **North Suffolk Mental Health Association** residential staff also won their first contract after a long fight to win their union in the face of management intimidation and disrespect.

Our higher education chapter settled contracts at **Lesley, Tufts, and Brandeis** this year. These contracts included wage increases and additional pay that honors the labor that is often unaccounted for at universities. Higher education is also building power: this fall, we publicly launched our new organizing campaign with the **Boston University graduate workers**! Since launching in September, workers have secured over half of the signatures they need from their coworkers to hold a union election. We are excited to continue growing our higher education chapter and Local 509 representation at BU.

This year, we re-launched and expanded two programs to build power at work and in our communities. Our **Member Political Organizer (MPO) program** has organized member leaders to mobilize voters for the **Fair Share Amendment** and the **Work and Family Mobility Act**. These two ballot questions are key in making sure working families are represented at the ballot this election cycle. Meanwhile, our **Steward Training Program** has trained over 100 stewards to ensure workers are represented and protected at work. We're demonstrating the power of organized labor at work and at the polls!

As workers continue to build power nationally and locally, our union is committed to demonstrating the power of organized labor at our worksites and in our neighborhoods. Today and always, we celebrate our members' role in making our union – and the labor movement – stronger.



A handwritten signature in black ink, reading "Phil Marks".

A handwritten signature in black ink, reading "Israel Pinsky".

A handwritten signature in black ink, reading "Kara Goodier".



# A MESSAGE FROM LOCAL 509 PRESIDENT PETER MACKINNON

Coming from a union family, I've been out on picket lines since an early age. When my father worked at the phone company (what became Verizon), he and his co-workers voted to go on what would end up being a 16-week strike. Workers and community members showed up for each other, and it was one of the first times I truly saw solidarity in action.

It made sense, then, that not long after becoming a DCF worker in 1998, I found myself in the role of union steward. Over time, I've held many roles at Local 509. I've sat on the DCF Chapter Board and our Joint Executive Board, eventually becoming the DCF Chapter President.

In 2001, state workers had some historic victories in our new state contract: salaries increased by over \$10,000 and we secured a bilingual incentive for the first time. At the same time, we continued to struggle with the caseload crisis and policies that were not supportive of staff or families. For years, our chapter has had to find a delicate balance of upholding standards within the agency while also making it clear that our workforce was up against unsustainable policies that ultimately harmed both our members and families.

In the face of a crisis, our union did what unions do best: we organized and pushed our elected officials to pass policies that addressed the issue. Our relentless advocacy shifted public narratives about DCF and the pressure drastically changed our working conditions. When Governor Baker was elected, DCF reforms were implemented: 1,000 more DCF workers were hired, social worker technicians were back to support, and several policies were rewritten.

Human service providers and educators do the work of caring for others through some of the most difficult times of people's lives. Our union not only recognizes that work, but we fight every day to make sure our members have what they need both on the job and at home. These last few years as President, I've fought alongside our members through a pandemic that indelibly changed the lives of millions of people. Across chapters, our members continued to go above and beyond for the people we serve. I'm incredibly proud of the wins we've secured to honor that work. We won sustainability grants for child care providers to support them in keeping their programs running. We reformed Chapter 257, making the systemic change that we needed to repair our workforce crisis and finally put our private sector members on the path to family-sustaining wages. We created the first of its kind in the country public sector human service workers training fund.

We've not only won tangible victories for our members, but we've also worked to transform our union's approach to racial justice. In my time as President, I've seen our JEB become the most diverse it's ever been and truly represent our membership. Together, we created a ten-year plan to grow our union while centering racial and economic justice. This plan helped to shape our union's Solidarity Principles, which I'm proud to have implemented in my time here.

It has been an honor to serve as President of Local 509. In this role, I've worked with people whose professional and lived experiences are driving the change our society – and the labor movement – need. Whether it's been through new organizing campaigns, showing up for Lobby Day, or making the difficult decision to strike, our members have demonstrated that same solidarity in action that I saw as a kid on the picket line.

I believe deeply in the power of working people and of Local 509 members.  
I'm proud to be in this fight alongside you, and I'm certain that we'll continue to win.

In solidarity,

A handwritten signature in black ink, appearing to read "Peter Mackinnon", with a stylized flourish at the end.







# FAMILY CHILD CARE

Like many workers, child care providers have been facing financial insecurity even before the Covid-19 pandemic. In 2021, our local advocated for – and won – sustainability grants from the Commonwealth that helped providers keep their programs open while navigating the additional financial challenges brought on by the pandemic.

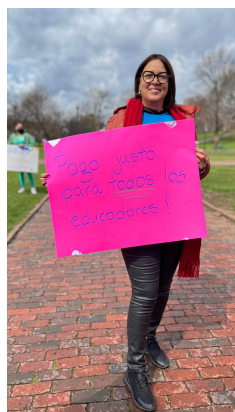
This year, we fought together and won \$250 million dollars in the state budget to continue funding COVID sustainability grants! These grants have been a lifeline for providers during an unstable time for the child care industry.



Nationally and locally, the state of the child care industry was a widely discussed issue this past year, and we made sure Local 509 provider voices were part of the conversation. Providers had a strong presence at the Common Start Rally earlier this year, and FCC Chapter President Celina Reyes spoke out for a child care system that works for all of us.



Through our union and with our community partners, family child care providers have been active in local coalition spaces that aim to address the child care crisis in Massachusetts.



We will continue to fight for the long-term, systemic solutions that child care providers need to provide families with high-quality early education and care.



# HIGHER EDUCATION

This year, our Tufts part time lecturers voted to ratify a new five-year agreement! The contract included annual wage increases ranging from 2.75% to 4%. Part time lecturers take on additional work from thesis reading to pre-major advising, and the support they provide is crucial in ensuring that students have a positive learning environment during their time at Tufts. This agreement honors that labor by also including an increase in pay for this additional work.

*Our Solidarity  
Principles in action:  
Higher ed members  
attended rallies for  
climate justice &  
reproductive rights!*



Lesley University faculty also wrapped up negotiations earlier this fall. Over the last six months, we pushed the university from offering 1% raises to offering 3%. We showed up strong at the bargaining table with a committee of 20 - 30 members throughout the entire bargaining process. Though negotiations with management became difficult, the tenacity of our bargaining committee secured some important improvements around job security, additional pay for mandatory training, and a professional development fund.

Brandeis faculty won raises of 2.75%, one-time bonus pay for this year for all teachers, pay parity across schools, and improved access to professional development funds. And our Brandeis graduate workers had a successful first day signing up new union members at the university's graduate student orientation!

# PRIVATE SECTOR

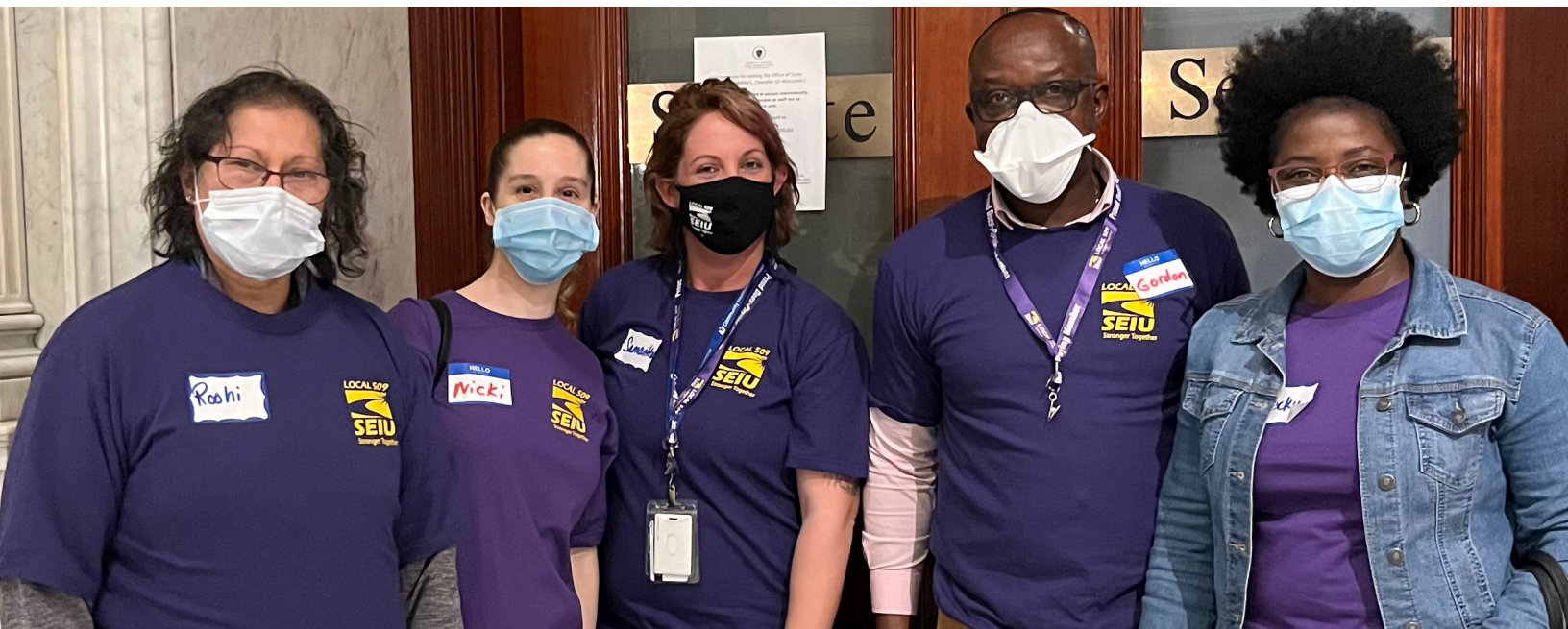
**After nearly a decade of fighting to reform Chapter 257, we won a major investment in our human service providers from the Commonwealth!**

Local 509 members, staff, and activists came together and advocated tirelessly to ensure any new state investments in private human service providers go to direct care and frontline workers.

Thanks to our advocacy, for every new state dollar invested in private sector human service agencies, 75% of that money must now go directly to the wages and benefits of our members at these agencies. This funding has brought us one step closer to addressing the workforce crisis in the private sector.

Our private sector members deserve to have their work recognized and their voices heard. This historic victory could not have happened without the member leaders who stood up and shared their stories through lobbying legislators, speaking to the press, and organizing their coworkers.

## When we fight, we win!



*Members advocated for Chapter 257 at Lobby Day!*



# PRIVATE SECTOR

This past summer, **Fidelity House** workers demonstrated the power of collective action. Workers were negotiating for a three year contract that would address the issues they were facing at work, including low wages and high turnover. After months of stalled negotiations, members voted to authorize the bargaining committee to call for a strike if necessary. The strike vote and pressure on management resulted in a contract where the settlement was greater than the opening offer! Workers won 20% in raises over a three year period, a higher starting rate, Juneteenth as a paid holiday, and more. Along those lines, **HESSCO** workers stood strong for what they deserved, averted a strike, and reached a strong agreement that included wage increases between 9.5% and 21.7% throughout the contract!

We're also proud to announce that **North Suffolk Mental Health Association** residential workers ratified their first union contract this year! After a long battle to win their union, their contract is a first step to transforming their working conditions by way of wage increases, a structured grievance procedure, guidelines around seniority, and much more. This is our third bargaining unit at North Suffolk that includes over 400 new members. Welcome to our union and congratulations, NSMHA residential workers!

Triangle workers also navigated a difficult bargaining process this past year. After collecting signatures from a majority of their coworkers for a Strike Pledge, the bargaining committee won the health and safety protections and the path to a \$20/hour wage that they were fighting for. They also won a new base rate, seniority differentials, and a new Juneteenth holiday. Additionally, workers at **Alternative Supports, Inc.** won a \$2.60/hour raise, along with a \$2,000 ratification bonus!



*Community Servings  
members celebrated their  
20th anniversary with  
Local 509.*

*Thank you for all of your work!*

# PUBLIC SECTOR

State workers who provide essential services have the power to influence policy and funding for critical programs by sharing our experiences to advocate for our agencies and the clients we serve. This year, Local 509 members at **Massachusetts Commission for the Blind (MCB)** participated in an exciting collaboration between MCB workers and members of the Blind community.

Together, we held a joint briefing for state legislators where we advocated for increased funding for community support services through MCB. Consumers shared their personal stories about the impact of office closures and lack of investment in services.

In anti-union narratives, organized workers are often pitted against the people we serve. This partnership with community members subverted the idea that we are at odds with them. In fact, we have the same interests: securing appropriate resources for continuous high quality care. It strengthened consumer and worker relationships and highlighted important connections between our struggles.

Our collective advocacy resulted in increased funding for MCB and created a pathway for community members and union members to continue fighting together for more resources.

When we bring people together in the workplace and the community,  
we are a powerful voice for the common good!



*Whether at Lobby Day or rallies, Public Sector workers showed up strong this year!*



# MEMBER SPOTLIGHTS

## *Jim Badger-Aguilar, MCB*

Jim has been a Local 509 member for 15 years. He is Vice President of the MCB Chapter Board, Chair of the union's Disability Rights Committee, and a JEB member. As both a worker and a member of the Blind community, Jim has a deep understanding of the importance of strong community partnerships. As an advocate for workers' rights and disability rights, he believes that unions play an important role in shining a light on the intersection of economic and disability justice.

"The fight for equity that we are committed to as a union needs to be present in our own workplaces. There's a false division between us and the people who use our services. Being in solidarity with community members who are directly impacted is not only the right thing to do – it's the winning thing to do. Together, we can win conditions that honor our work and the lived experiences of those impacted by it."



## *Carmen Quezada, DCF*

Carmen has been a DCF social worker for nine years. She is a former Local 509 steward and has been involved in her community as long as she can remember. When we relaunched our MPO program, Carmen was excited for the opportunity to talk to her neighbors about important ballot initiatives.



"Politics are everywhere. Politics are in your home, your neighborhood – it's how much you pay in rent, whether you can afford your bills, who you have to take care of and how. Some people think unions are just a resource for issues at work, but we work on so much more. These ballot questions matter. We know who is most impacted by underfunded schools and the uncertainty of driving to work without a license: low-income and working class communities. As workers, we have the power to change these conditions through our union."



# MARC & STEWARD TRAININGS

As a union, we work hard to negotiate strong contracts that improve the lives of our members. Together with union stewards, members, and officers, the Member Action Resource Center (MARC) is dedicated to ensuring the terms of those contracts are respected at our worksites. Fighting for our members can help protect individuals, but the cases we take on in the MARC also improve working conditions and set precedents that benefit members across our chapters.

In Higher Ed, one major goal for our members is to provide greater job security, and this year we resolved several grievances in service of this goal. We were able to secure compensation for some faculty who had appointments or courses denied, and restore some faculty members' rights to priority consideration for courses they typically teach.

In the Public Sector, state workers won several important arbitration cases this year including one regarding education differentials. As the result of an arbitration victory, we won significant back pay awards in addition to changing practices going forward. **The process of contract enforcement can seem tedious and complicated, but the grievance process can protect all of us when we work together to enforce our hard-won rights and benefits.**

Having strong leaders at our worksites is another important way we can protect our rights, enforce our contracts, and make our union strong. This past year, we expanded our Local 509 Steward Training Program to train and develop new stewards. As leaders at the worksite, SEIU stewards wear many hats. They are problem solvers, educators, and communicators. Most importantly, they are organizers. Whether it's an introduction to organizing or a refresher on contracts, our trainings help build steward power across our local. Since last year, over 100 stewards have attended our introductory trainings!

In the Private Sector, residential staff at North Suffolk won their union this year, and after a long struggle, ratified their first contract. Working with their stewards has resulted in several victories, including members receiving their fair share of overtime, clarity on discipline procedures, and relief from disrespectful management. **Our worksites are stronger when stewards and members work together to ensure our contracts are enforced.**



*NSMHA Residential staff organized to win their union and a voice on the job!*



# MEMBER SPOTLIGHTS

## *Jezenia Delgado, Family Child Care*

Jezenia has been a child care provider in 2016. She became active in the union after a fellow provider invited her to a meeting where other members shared information about their child care programs, challenges they were facing, and how being a union member has transformed their working conditions.

This year, Jezenia attended an SEIU Early Learning Council gathering in Chicago, where she met providers from across the country. She has been active in SEIU Together We Rise, is a board member of our FCC chapter, and an active member of our contract negotiation committee.

“Child care providers work in our homes which can sometimes be isolating. Some of us don’t have the ability to build a sense of teamwork or community, but the union gives us an opportunity to do that. I can connect with other providers who are facing the same issues as me. I’m active in the union because I’ve found a voice at work. When we are united, we can fight for better conditions for ourselves as workers.”



## *Loretta Maduegbunam, NSMHA*

Loretta is a Residential Counselor who has worked at North Suffolk Mental Health Association for 12 years. She has been a strong advocate for herself and her co-workers throughout her time at the agency, refusing to give into pressure from management and ensuring that her co-workers know their rights.

Recently, Loretta participated in the Local 509 Steward Training Program. In her time as steward, she has helped her co-workers navigate difficult situations with management.



“Being a union steward is a responsibility and a privilege. Being active in my union and joining the Steward Training Program has taught me a lot. Unions can really transform your working conditions, and by being a steward, you’re a resource for your co-workers. My role is not only reminding my co-workers that they have rights, but that someone has their back.”

# POLITICAL

It's been a big year for our political work! From a successful Lobby Day to hitting the doors for candidates and historic ballot initiatives, our members have been harnessing our political power to make change.



At our first in-person Lobby Day in three years, hundreds of members turned out to meet with their legislators and make sure they understand our stories and our Local's priorities. We advocated for Chapter 257 funding for private sector workers, family child care sustainability grants, and hiring more social worker techs to address burnout at DCF. We also pushed for a bill that would create a pathway for foster parent unionization.

Our union is committed to supporting candidates and legislation that align with our values. Local 509's COPE Committee interviews and recommends candidates whose priorities include advocacy for working people, especially issues that will impact our members and the communities we serve. This year, through our **Member Political Organizer (MPO) program**, member organizers have knocked on hundreds of doors for our endorsed candidates. In September, nearly 80% of the candidates we endorsed won their primary election!



With the General Election fast approaching, MPOs are still hard at work knocking on thousands of doors for the **Yes on 1** and **Yes on 4** ballot campaigns! The Fair Share Amendment (Question 1) would secure funding for our schools and infrastructure through higher taxes on our neighbors who make over \$1 million per year and can afford to pay their fair share. The Work and Family Mobility Act (Question 4) would bring us closer to safer roads and mobility access for all Massachusetts residents. In the days leading up to Election Day and beyond, we will continue to use people power to win electoral races and policies that bring us closer to our shared vision of economic and racial justice.



# STRONGER TOGETHER



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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 **72.72%** of the periodic dues, which would set your fee at **1.09%** of your weekly earnings. In **Private Sector Higher Education**, for the most recent period, the fair share fee amounted to **76.70%** of the periodic dues, which set your fee at **1.15%** 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.

**PETER MACKINNON**  
President

**ISRAEL PIERRE**  
Treasurer

**KARA GOODIER**  
Recording Secretary



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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, 4<sup>th</sup> 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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**PETER MACKINNON**  
President

**ISRAEL PIERRE**  
Treasurer

**KARA GOODIER**  
Recording Secretary



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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, 4<sup>th</sup> 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, 2021 and 2020



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## TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT .....	Page 1
FINANCIAL STATEMENTS	
Statements of Financial Position .....	4
Statements of Activities .....	5
Statements of Functional Expenses .....	6
Statements of Cash Flows .....	7
Notes to Financial Statements .....	8
SUPPLEMENTARY INFORMATION	
Statements of Allocation between Chargeable and Non-Chargeable Expenses – Private – Higher Education .....	16
Statements of Allocation between Chargeable and Non-Chargeable Expenses – Private – Human Services .....	17

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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, 4<sup>th</sup> 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, 2021 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, 2021, 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**

Other accountant's previously audited Local 509, Service Employees International Union's December 31, 2020 financial statements, and expressed an unmodified audit opinion on those audited financial statements in their report dated October 14, 2021. In our opinion, the summarized comparative information presented herein as of and for the year December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Prior Period Financial Statements**

The 2020 financial statements were audited by other auditors whose report dated October 14, 2021, expressed an unmodified opinion on those statements.

### **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, 2021, 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 25, 2022



LOCAL 509, SERVICE EMPLOYEES INTERNATIONAL UNION  
STATEMENTS OF FINANCIAL POSITION  
December 31, 2021 and 2020

ASSETS

	Without Donor Restriction	With Donor Restriction	Total 2021	2020
CURRENT ASSETS				
Cash and equivalents	\$ 9,100,594	\$ 3,563,549	\$ 12,664,143	\$ 9,752,147
Certificates of deposit	-	-	-	469,829
Prepaid expenses	286,953	-	286,953	270,986
Dues receivable	307,536	-	307,536	517,996
Other receivable	37,996	72,681	110,677	200,338
	<u>9,733,079</u>	<u>3,636,230</u>	<u>13,369,309</u>	<u>11,211,296</u>
PROPERTY AND EQUIPMENT				
Equipment	91,767	-	91,767	88,509
Furniture and fixtures	312,200	-	312,200	312,200
Leasehold improvements	759,028	-	759,028	759,028
Software	239,397	-	239,397	234,035
	<u>1,402,392</u>	<u>-</u>	<u>1,402,392</u>	<u>1,393,772</u>
Less: Accumulated depreciation	(908,797)	-	(908,797)	(768,124)
	<u>493,595</u>	<u>-</u>	<u>493,595</u>	<u>625,648</u>
OTHER ASSETS				
Employee health reimbursement funding	167,611	-	167,611	109,072
Deposits	2,235	-	2,235	2,235
	<u>169,846</u>	<u>-</u>	<u>169,846</u>	<u>111,307</u>
TOTAL ASSETS	<u>10,396,520</u>	<u>3,636,230</u>	<u>14,032,750</u>	<u>11,948,251</u>

LIABILITIES AND NET ASSETS

LIABILITIES				
Accounts payable and accrued expenses	532,752	6,678	539,430	410,469
Accrued payroll and benefits	886,211	-	886,211	877,871
Deferred rent	229,081	-	229,081	167,724
	<u>1,648,044</u>	<u>6,678</u>	<u>1,654,722</u>	<u>1,456,064</u>
TOTAL LIABILITIES	<u>1,648,044</u>	<u>6,678</u>	<u>1,654,722</u>	<u>1,456,064</u>
NET ASSETS	<u>8,748,476</u>	<u>3,629,552</u>	<u>12,378,028</u>	<u>10,492,187</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 10,396,520</u>	<u>\$ 3,636,230</u>	<u>\$ 14,032,750</u>	<u>\$ 11,948,251</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, 2021  
(with Summarized Financial Information for the year ended December 31, 2020)

	Without Donor Restrictions	With Donor Restrictions	2021	2020
REVENUE				
Dues	\$ 13,743,098	\$ -	\$ 13,743,098	\$ 13,928,047
COPE contributions	-	294,950	294,950	138,464
Agency fees	131,167	-	131,167	86,614
International and other subsidies	-	-	-	186,554
Grant income	-	25,000	25,000	-
Other income	12,964	1,000,000	1,012,964	2,054,012
Interest income	21,182	-	21,182	78,023
Total revenues	<u>13,908,411</u>	<u>1,319,950</u>	<u>15,228,361</u>	<u>16,471,714</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>412,639</u>	<u>(412,639)</u>	<u>-</u>	<u>-</u>
EXPENSES				
Program services				
Field services	4,067,257	-	4,067,257	4,910,315
Organizing	3,990,243	-	3,990,243	4,498,759
Political	701,109	-	701,109	750,925
Union administration	2,426,396	-	2,426,396	967,961
Contributions	166,146	-	166,146	-
Total program services	<u>11,351,151</u>	<u>-</u>	<u>11,351,151</u>	<u>11,127,960</u>
Management and general	<u>1,991,369</u>	<u>-</u>	<u>1,991,369</u>	<u>2,306,584</u>
Total expenses	<u>13,342,520</u>	<u>-</u>	<u>13,342,520</u>	<u>13,434,544</u>
INCREASE IN NET ASSETS	978,530	907,311	1,885,841	3,037,170
NET ASSETS, BEGINNING OF YEAR	<u>7,769,946</u>	<u>2,722,241</u>	<u>10,492,187</u>	<u>7,455,017</u>
NET ASSETS, END OF YEAR	<u>\$ 8,748,476</u>	<u>\$ 3,629,552</u>	<u>\$ 12,378,028</u>	<u>\$ 10,492,187</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, 2021

(with Summarized Financial Information for the year ended December 31, 2020)

	2021					2020	
	Field Services	Organizing	Political	Union Administration	Contributions	Management and General	Total (for comparative purposes only)
<b>Personnel</b>							
Salaries and wages	\$ 1,985,202	\$ 772,023	\$ 318,663	\$ 1,378,883	\$ 60,801	\$ 913,103	\$ 5,428,675
Payroll taxes and benefits	1,226,482	386,540	186,423	806,670	35,569	534,180	3,175,864
Total personnel	3,211,684	1,158,563	505,086	2,185,553	96,370	1,447,283	8,604,539
Arbitrations	59,197	-	-	-	-	563	59,760
Chapter expenses	-	-	-	-	-	26,158	26,158
Conferences	831	1,243	-	190	-	1,135	3,399
Consultants	66,711	-	7,424	23,670	-	17,652	115,457
COPE	-	-	101,529	-	-	-	101,529
Depreciation	-	-	-	-	-	140,673	140,673
Donations	-	-	-	-	69,776	-	69,776
Elections	-	-	-	-	-	4,550	4,550
Honoraria	-	-	-	-	-	-	-
Insurance	31,389	13,892	3,393	10,482	-	7,285	66,441
Legal	255,500	102,200	-	51,100	-	104,875	513,675
Meetings	13,196	1,305	317	-	-	15,301	30,119
Member communications and benefits	2,591	20,299	738	-	-	-	23,628
Negotiations	6,423	-	-	-	-	-	6,423
Occupancy	207,342	116,069	16,620	57,392	-	94,321	491,744
Office supplies	93,015	8,546	10,422	51,935	-	22,275	186,193
Officers' and stewards' expense	2,013	-	31	-	-	306	2,350
Per capita	-	2,525,933	-	-	-	-	2,525,933
Political contributions	-	-	46,000	-	-	-	46,000
Postage and printing	19,252	5,898	2,660	4,451	-	5,904	38,165
Professional fees	20,710	3,103	704	15,072	-	78,942	118,531
Staff expenses	16,276	6,891	-	1,517	-	-	24,684
Telephone	49,443	18,199	4,530	24,177	-	21,214	117,563
Travel and automobile	11,684	8,102	1,655	857	-	2,932	25,230
Total program expenses	\$ 4,067,257	\$ 3,990,243	\$ 701,109	\$ 2,426,396	\$ 166,146	\$ 1,991,369	\$ 13,342,520
							\$ 13,434,544

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, 2021  
(with Summarized Financial Information for the year ended December 31, 2020)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 1,885,841	\$ 3,037,170
Adjustments to reconcile increase in net assets provided (used) by operating activities:		
Depreciation	140,673	163,276
(Increase) decrease in operating assets:		
Prepaid expense	(15,967)	30,795
Dues receivable	210,460	134,992
Other receivable	89,661	(199,547)
Employee health reimbursement funding	(58,539)	(55,884)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	128,961	(41,791)
Accrued payroll and benefits	8,340	154,854
Deferred rent	61,357	1,308
Total adjustments	<u>564,946</u>	<u>188,003</u>
Net cash provided by operating activities	<u>2,450,787</u>	<u>3,225,173</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	469,829	1,246,616
Purchase of fixed assets	<u>(8,620)</u>	<u>(8,370)</u>
Net cash provided by investing activities	<u>461,209</u>	<u>1,238,246</u>
NET INCREASE IN CASH AND EQUIVALENTS	2,911,996	4,463,419
CASH AND EQUIVALENTS, BEGINNING OF YEAR	<u>9,752,147</u>	<u>5,288,728</u>
CASH AND EQUIVALENTS, END OF YEAR	<u><u>\$ 12,664,143</u></u>	<u><u>\$ 9,752,147</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, 2021 (with summarized comparative totals for 2020)

NOTE 1 - ORGANIZATION

Local 509, Service Employees International Local (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, 2020, from which the summarized information was derived.

Accounting Changes

In May 2014, the FASB issued Accounting Standards Update 2014-09, Revenue Recognition (Topic 606): Revenue from Contracts with Customers. This standard, along with its related amendment, introduces a new five-step revenue recognition model in which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Adoption of Topic 606 did not have a material impact on the financial statements and therefore did not result in a prior period adjustment. The Local transitioned to ASU No. 2014-09 in accordance with the modified retrospective approach.

LOCAL 509, SERVICE EMPLOYEES INTERNATIONAL UNION  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021 (with summarized comparative totals for 2020)

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.

Certificates of Deposit

Certificates of deposit are reported as part of cash and cash equivalents at cost plus accrued interest if less than 90 days duration at the purchase date, and on its own line in the financial statements if the duration at the time of purchase is greater than 90 days.

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.

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



LOCAL 509, SERVICE EMPLOYEES INTERNATIONAL UNION  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021 (with summarized comparative totals for 2020)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

period. The Local recognized depreciation expense for the years ended December 31, 2021 and 2020 of \$140,673 and \$163,276, 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 25, 2022, the date the financial statements were available to be issued.

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.

LOCAL 509, SERVICE EMPLOYEES INTERNATIONAL UNION  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021 (with summarized comparative totals for 2020)

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, 2021 were \$2,000,000 and December 31, 2020 were \$1,000,000 and are reported in other income on the statement of activities. As of December 31, 2021 and 2020, \$27,428 and \$0 of funds were expended, respectively. The Fund earned \$4,095 and \$1,480 of interest during the years ended December 31, 2021 and 2020, 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, 2021 and 2020, \$192,152 and \$0 of funds were expended, respectively. These funds earned \$2,149 and \$6,426 of interest during the years ended December 31, 2021 and 2020, 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. The contribution rate is \$0.03 per hour.

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, 2021 and 2020:

	2021	2020
Cash and cash equivalents	\$ 9,100,594	\$ 7,198,000
Restricted Cash - Reimbursement Trust Fund	1,978,147	1,001,480
Restricted Cash - Student Loan Debt Relief	816,423	1,006,426
Restricted Cash - Emergency Fund	6,678	6,116
Restricted Cash - COPE Fund	762,301	540,125
Total Cash and cash equivalents and Restricted Cash	<u>\$ 12,664,143</u>	<u>\$ 9,752,147</u>

NOTE 4 – BOARD DESIGNATED FUNDS

Included in net assets without restrictions, for the years ended December 31, 2021 and 2020, is \$1,000,000 and \$1,000,000, respectively, which the Board of Directors has designated towards strike funds.

LOCAL 509, SERVICE EMPLOYEES INTERNATIONAL UNION  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021 (with summarized comparative totals for 2020)

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 – 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, 2021 and 2020, accruals for compensated absences totals \$744,648 and \$795,954, respectively, and are included in accrued payroll and benefits on the Statements of Financial Position.

NOTE 7 – 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, 2021, 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 8 – RISKS AND UNCERTAINTIES

During 2020 the COVID-19 pandemic developed rapidly, with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity. The overall long-term impact is not determinable as this pandemic is ongoing. Based on this event, it is reasonably possible that the Local's financial position could be adversely affected. The Local continues to monitor world events as they relate to its members and its contribution hours.

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.



LOCAL 509, SERVICE EMPLOYEES INTERNATIONAL UNION  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021 (with summarized comparative totals for 2020)

NOTE 9 – 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 61% and 63% respectively, of its revenue from members working directly for the Commonwealth of Massachusetts for the years ended December 31, 2021 and 2020.

NOTE 10 - RECLASSIFICATION

Items for the year ended December 31, 2020 have been reclassified for comparative purposes.

NOTE 11 – RELATED PARTY

The Local incurred \$2,422,887 and \$2,493,621 in per capita taxes due to the SEIU International for the years ended December 31, 2021 and 2020, respectively. As of December 31, 2021 and 2020, \$402,664 and \$206,181, respectively, was payable to the SEIU International.

As of December 31, 2021 and 2020, the Local is owed \$72,681 and \$174,210, respectively, from the SEIU for COPE overages.

NOTE 12 – LIQUIDITY AND AVAILABILITY

The Local has \$8,518,807 and \$7,386,163 of financial assets available within 1 year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$8,100,594 and \$6,667,829 and accounts receivable of \$418,213 and \$718,334 as of December 31, 2021 and 2020, 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 13 – 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, 2021 and 2020, 76% and 75% respectively, of the Local's employees were covered under the agreement.

LOCAL 509, SERVICE EMPLOYEES INTERNATIONAL UNION  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021 (with summarized comparative totals for 2020)

NOTE 14 – 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.

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 \$229,081 and \$167,724 at December 31, 2021 and 2020, respectively.

For the years ended December 31, 2021 and 2020, aggregate rent expense under the leases was \$455,935 and \$422,927, respectively.

Future minimum lease payments under the lease agreements as of December 31, 2021 are as follows:

2022	\$ 336,459
2023	347,850
2024	359,241
2025	370,632
2026	382,023
Thereafter	128,607
	<u>\$ 1,924,812</u>

NOTE 15 – 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, 2021 and 2020, the Local made contributions of \$1,068,174 and \$1,071,014, respectively.

LOCAL 509, SERVICE EMPLOYEES INTERNATIONAL UNION  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021 (with summarized comparative totals for 2020)

NOTE 15 – MULTIEMPLOYER PENSION PLAN (Continued)

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 2021 and 21% for 2020.

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, 2021		January 1, 2020		
SEIU Affiliates' Officers and Employees Pension Fund	52-0812348	001	Green Zone 95.4% Funded	1,068,174	Green Zone 96.2% Funded	\$ 1,071,014	7/31/2021

NOTE 16 – 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 17 – 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, 2021 were \$2,000,000 and December 31, 2020 were \$1,000,000 and are reported in other income on the statement of activities. As of December 31, 2021 and 2020, \$27,428 and \$0 of funds were expended, respectively. The Fund earned \$4,095 and \$1,480 of interest during the years ended December 31, 2021 and 2020, 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, 2021

	<u>Total Expenses</u>	<u>Chargeable Expenses</u>	<u>Non- Chargeable Expenses</u>
Personnel			
Salaries and wages	\$ 5,428,675	\$ 4,937,973	\$ 490,702
Payroll taxes and benefits	3,175,864	2,923,156	251,709
Total personnel	8,604,539	7,861,129	742,411
Arbitrations	59,760	59,760	-
Chapter expenses	26,158	26,158	-
Conferences	3,399	3,136	263
Consultants	115,457	115,457	-
COPE	101,529	-	101,529
Depreciation	140,673	140,673	-
Donations	69,776	-	69,776
Elections	4,550	4,550	-
Insurance	66,441	59,413	7,028
Legal	513,675	502,944	10,731
Meetings	30,119	29,694	425
Member communications and benefits	23,628	17,890	5,738
Negotiations	6,423	6,423	-
Occupancy	491,744	445,303	46,441
Office supplies	186,193	173,565	12,628
Officers' and stewards' expense	2,350	2,319	31
Per capita	2,525,933	253,933	2,272,000
Political contributions	46,000	-	46,000
Postage and printing	38,165	33,914	4,251
Professional fees	118,531	117,014	1,517
Staff expenses	24,684	19,014	5,670
Telephone	117,563	113,033	4,530
Travel and automobile	25,230	22,541	2,689
Total expenses	13,342,520	10,007,863	3,333,658
Less: political expenses paid from voluntary contributions	(294,950)	-	(294,950)
Net expenses	<u>\$ 13,047,570</u>	<u>\$ 10,007,863</u>	<u>\$ 3,038,708</u>
Percentages	<u>100.00%</u>	<u>76.70%</u>	<u>23.29%</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, 2021

	<u>Total Expenses</u>	<u>Chargeable Expenses</u>	<u>Non- Chargeable Expenses</u>
Personnel			
Salaries and wages	\$ 5,428,675	\$ 4,560,380	\$ 868,295
Payroll taxes and benefits	3,175,864	2,646,624	528,241
Total personnel	8,604,539	7,207,004	1,396,536
Arbitrations	59,760	59,760	-
Chapter expenses	26,158	26,158	-
Conferences	3,399	2,963	436
Consultants	115,457	115,457	-
COPE	101,529	-	101,529
Depreciation	140,673	140,673	-
Donations	69,776	-	69,776
Elections	4,550	4,550	-
Insurance	66,441	59,413	7,028
Legal	513,675	505,754	7,921
Meetings	30,119	29,802	317
Member communications and benefits	23,628	17,591	6,037
Negotiations	6,423	6,423	-
Occupancy	491,744	445,303	46,441
Office supplies	186,193	173,479	12,714
Officers' and stewards' expense	2,350	2,319	31
Per capita	2,525,933	404,087	2,121,846
Political contributions	46,000	-	46,000
Postage and printing	38,165	33,840	4,325
Professional fees	118,531	117,014	1,517
Staff expenses	24,684	23,463	1,221
Telephone	117,563	94,834	22,729
Travel and automobile	25,230	18,126	7,104
Total expenses	13,342,520	9,488,013	3,853,508
Less: political expenses paid from voluntary contributions	(294,950)	-	(294,950)
Net expenses	<u>\$ 13,047,570</u>	<u>\$ 9,488,013</u>	<u>\$ 3,558,558</u>
Percentages	<u>100.00%</u>	<u>72.72%</u>	<u>27.27%</u>

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