

COMMUNICATIONS WORKERS OF AMERICA  
LOCAL 6001  
*(a nonprofit organization)*  
AUDITED FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

COMMUNICATIONS WORKERS OF AMERICA  
LOCAL 6001

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## INDEPENDENT AUDITORS' REPORT

Executive Board  
Communications Workers of America Local 6001

### **Opinion**

We have audited the accompanying financial statements of Communications Workers of America Local 6001 (the Local) which comprise the statement of assets, liabilities, and net assets - modified cash basis as of September 30, 2024, and the related statements of revenues, expenses, and other changes in net assets - modified cash basis, functional expenses - modified cash basis, and cash flows - modified cash basis 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 the Local as of September 30, 2024, and the results of its operations and its cash flows for the year then ended in accordance with the modified cash basis of accounting described in Note A.

### **Basis for Opinion**

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

### **Basis of Accounting**

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note A, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditors' Responsibility 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 on the effectiveness of the Local'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Local'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.



Austin, Texas  
December 17, 2024

Communications Workers of America Local 6001  
Statement of Assets, Liabilities, and Net Assets - Modified Cash Basis  
September 30, 2024

ASSETS

Current Assets:

Cash and Cash Equivalents	<u>\$ 1,500,739</u>
Total Current Assets	1,500,739

Investments	2,450,000
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Deposit	3,188
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Property and Equipment:

Computers	24,279
Furniture and Fixtures	14,748
Accumulated Depreciation	<u>(19,783)</u>
Total Property and Equipment, Net of Accumulated Depreciation	<u>19,244</u>
Total Assets	<u><u>\$ 3,973,171</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:

Credit Card Payable	<u>\$ 24,540</u>
Total Current Liabilities	<u>24,540</u>
Total Liabilities	24,540

Net Assets:

Net Assets Without Donor Restriction	<u>3,948,631</u>
Total Net Assets	<u>3,948,631</u>
Total Liabilities and Net Assets	<u><u>\$ 3,973,171</u></u>

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

Communications Workers of America Local 6001  
Statement of Revenues, Expenses, and Other Changes in Net Assets - Modified Cash Basis  
For the Year Ended September 30, 2024

Net Assets Without Restriction

Revenues:

Membership Dues	\$ 1,115,955
Interest income	<u>240</u>

Total Revenues	1,116,195
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Expenses:

Program Services	740,046
Management and General	129,441
Membership Development	<u>171,324</u>

Total Expenses	<u>1,040,811</u>
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Increase in Net Assets	75,384
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Net Assets Beginning of Year	<u>3,873,247</u>
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Net Assets End of Year	<u><u>\$ 3,948,631</u></u>
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The accompanying notes are an integral part of these financial statements.

Communications Workers of America Local 6001  
Statement of Functional Expenses - Modified Cash Basis  
For the Year Ended September 30, 2024

	Program Services	Management and General	Membership Development	Total
Compensation and Related Expense:				
Salaries and Wages	\$ 340,803	\$ 50,464	\$ 132,057	\$ 523,324
Payroll Tax Expense	27,463	4,067	10,642	42,172
Total Compensation and Related Expense	368,266	54,531	142,699	565,496
Accounting and Payroll Processing	-	22,104	-	22,104
Charitable Contributions	-	3,957	-	3,957
Committees	-	16,016	-	16,016
Conference, Convention, and Meeting	99,803	-	443	100,246
Depreciation	1,171	173	454	1,798
Equipment Rental	3,513	520	1,361	5,394
Insurance - Liability	3,634	538	1,408	5,580
Meals and Entertainment	201	30	78	309
Meeting Rooms	11,031	-	-	11,031
Office Lease	36,521	5,408	14,152	56,081
Office Supplies and Other Expenses	15,725	2,328	6,093	24,146
Other Business Expenses	8,848	-	-	8,848
Other Contract Services	-	22,065	-	22,065
Postage	1,523	225	590	2,338
Printing and Copying	2,313	342	896	3,551
Promotional Supplies and T-Shirts	762	-	-	762
Property Insurance	1,599	237	620	2,456
Telephones and Internet	6,529	967	2,530	10,026
Travel	178,607	-	-	178,607
	<u>\$ 740,046</u>	<u>\$ 129,441</u>	<u>\$ 171,324</u>	<u>\$ 1,040,811</u>

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

Communications Workers of America Local 6001  
Statement of Cash Flows - Modified Cash Basis  
For the Year Ended September 30, 2024

Cash Flows From Operating Activities:	
Increase (Decrease) in Net Assets	\$ 75,384
Adjustments to Reconcile Changes in Net Assets to	
Net Cash Provided (Used) by Operating Activities:	
Depreciation	1,798
Increase in Credit Card Payable	<u>22,198</u>
Net Cash Provided (Used)	
by Operating Activities	<u>99,380</u>
Cash Flows From Investing Activities:	
Purchase of property and equipment	(17,782)
Purchase of investments	<u>(2,450,000)</u>
Net Cash Provided (Used)	
by Investing Activities	<u>(2,467,782)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,368,402)
Beginning Cash and Cash Equivalents	<u>3,869,141</u>
Ending Cash and Cash Equivalents	<u><u>\$ 1,500,739</u></u>

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



Communications Workers of America Local 6001  
Notes to the Financial Statements  
September 30, 2024

Note A - Organization and Summary of Significant Accounting Policies

Organization

Communications Workers of America Local 6001 (the Local) is a not-for-profit organization, which completed organization in May 2016. The Local is formed to organize the current, retired, and furloughed airline customer service employees who work for American Airlines at locations within its jurisdiction. The Local is affiliated with the Communications Workers of America (CWA).

Basis of Accounting

The Local uses the modified cash basis of accounting to present its financial statements. This method recognizes receipts when received rather than when earned and disbursements when paid rather than when the obligation is incurred. This method is a comprehensive basis of accounting other than generally accepted accounting principles.

Restrictions on Net Assets

The accounts of the Local are maintained in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-210-45, whereby net assets are classified into two classes of net assets, which are as follows:

*Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These assets may be used at the discretion of the Local's management and the board of trustees.

*Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Local or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. At September 30, 2024, there were no net assets with donor restrictions.

Definition of Cash and Cash Equivalents

Any reference to the term cash and cash equivalents in these statements refers to cash on hand and in bank accounts, money market accounts, and certificates of deposit with initial maturities of three months or less.

Communications Workers of America Local 6001  
Notes to the Financial Statements  
September 30, 2024

Note A - Organization and Summary of Significant Accounting Policies - Continued

Investments

Investments are reported on the statements of assets, liabilities, and net assets - modified cash basis at cost. Fair value information on investments is presented in Note B.

Fair Value of Financial Instruments

Fair value of investments is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. A fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Local groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 - Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 - Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 - Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

The Local uses appropriate valuation techniques based on available inputs to measure the fair value of its investments. An asset'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 must maximize the use of observable inputs and minimize the use of unobservable inputs.

Communications Workers of America Local 6001  
Notes to the Financial Statements  
September 30, 2024

Note A - Organization and Summary of Significant Accounting Policies - Continued

Fair Value of Financial Instruments (Continued)

Following is a description of the valuation methodologies used for determining the fair value of investment assets:

*Certificates of deposit* : Reported at the face value of the certificates.

As of September 30, 2024, all investments by the Local are considered level 2 investments. See Note B.

Property and Equipment

Property and equipment with acquisition costs over \$500 and estimated lives in excess of one year are capitalized and stated at cost. Depreciation is provided, on a straight-line basis, over the estimated useful lives of the related assets, generally 5-7 years for furniture and equipment. Routine repairs and maintenance are expensed as incurred.

Revenue

The Local derives revenue from remittance of dues from its membership.

Income Tax

The Local is qualified as a nonprofit organization under Section 501(c)(5) of the Internal Revenue Code and, as such, is exempt from federal income taxes. The Local does file Form 990, Return of Organization Exempt from Income Tax. The Form 990 is subject to examination by the Internal Revenue Service (IRS) generally up to three years from the later of the original due date of the tax return or the date the tax return was filed. The tax returns for the years ended September 30, 2021, and after are open to examination by federal and local authorities.

The Local has adopted FASB ASC 740-10, *Accounting for Uncertainty in Income Tax*. That standard prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to be met before being recognized in the financial statements. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

Communications Workers of America Local 6001  
Notes to the Financial Statements  
September 30, 2024

Note A - Organization and Summary of Significant Accounting Policies - Continued

Estimates

Management uses certain estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of revenues, expenses, and other changes in net assets - modified cash basis. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis. The expenses that have been allocated have been allocated on the basis of time and effort.

Subsequent Events

Management of the Local has evaluated subsequent events for disclosure through the date of the independent auditors' report, the date the financial statements were available for issue.

Note B - Investments

Investments comprised the following at September 30, 2024:

	<u>Cost</u>	<u>Fair Value</u>
Certificates of Deposit	<u>\$ 2,450,000</u>	<u>\$ 2,450,000</u>

Note C - Property and Equipment

The components of property and equipment as of September 30, 2024, were as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Depreciation Expense</u>
Furniture and fixtures	\$ 14,748	\$ (10,887)	\$ 3,861	\$ 1,794
Computers	24,279	(8,896)	15,383	4
	<u>\$ 39,027</u>	<u>\$ (19,783)</u>	<u>\$ 19,244</u>	<u>\$ 1,798</u>

Communications Workers of America Local 6001  
Notes to the Financial Statements  
September 30, 2024

Note D - Leases and Commitments

The Local has leased office equipment and facilities in Euless, Texas. The facility lease expires in October 2026 and the equipment leases have expirations through October 2027. Rent expense totaled \$61,475 for the year ended September 30, 2024. Approximate future minimum rental commitments for the noncancelable operating leases are as follows:

<u>Fiscal year ending September 30,</u>	
2025	\$ 62,754
2026	64,407
2027	4,961
	<u>\$ 132,122</u>

Note E - Concentrations

The Local's membership is comprised of current, retired, and furloughed airline customer service employees who work for American Airlines at locations within its jurisdiction. Any changes in operations or employment levels which affect the employees of American Airlines could significantly impact the Local's membership and ultimately cause significant impact on the financial condition of the Local.

Note F - Availability and Liquidity

The following represents the Local's financial assets at September 30, 2024:

Financial assets at year end:	2024
Cash and Cash Equivalents	\$ 1,500,739
Investments	2,450,000
	<u>3,950,739</u>
Less amounts not available to be used within one year:	<u>-</u>
Financial assets available to meet general expenditures within one year:	<u>\$ 3,950,739</u>

In addition to financial assets available to meet general expenditures over the next 12 months, the Local operates with a balanced budget and regularly monitors liquidity required to meet its operating needs and other contractual commitments.