



# Transport Workers Union of America, AFL-CIO

John Samuelson  
International President

Alex Garcia  
International Executive  
Vice President

Jerome Lafragola  
International  
Secretary-Treasurer

Curtis Tate  
International Administrative  
Vice President

Mike Mayes  
International Administrative  
Vice President

***"AMERICA'S FIGHTING DEMOCRATIC UNION"***

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Dear Delegates:

On behalf of the International Administrative Committee of President John Samuelson, Executive Vice President Alex Garcia, Administrative Vice Presidents Mike Mayes and Curtis Tate, and myself, I am proud to present this financial report to you, the elected delegates to the 27th Constitutional Convention of the Transport Workers Union of America, AFL-CIO.

This document represents the financial history of our International Union for the past four years. The numbers are impressive; we are approaching \$100 million in cash and investments on hand today to drive the operations of our International Union.

That's a \$20 million increase from this time four years ago, and it is a far, far cry from this time 12 years ago when the TWU was on the verge of bankruptcy. Due to over-spending on excessive staffing and campaigns that had little hope of success.

Our improving financial status has been fueled by the continued growth of our membership through effective organizing, and strong growth at a number of our major employers. We now stand at 160,000 members, an historically highwater mark for TWU.

We have spent prudently at the same time as have invested in organizing and contract campaigns for all of our Locals, big and small. We have pushed hard to increase our footprint in our Nation's Capital and in City and State local governments where action is necessary to support our Locals and their members.

We have also worked hard to tear down the silos among our divisions through regular union-wide leadership meetings in hopes of fostering a sense of solidarity that is necessary to bring the fight to wherever and whenever it is needed.

We have amped up our training and education programs across-the-board; we have added professional staff to support our contractual and other campaigns; we have poured additional resources into our committees' structure, and we have expended resources to keep our International Union on the cutting edge of communications and technology.

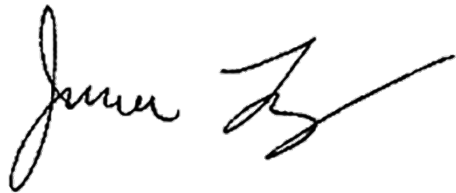
In addition, we have modernized our accounting system since our last Convention, making the overall process of handling our financial resources more efficient, transparent and protected from cyber-attacks.

When it came to finances, our founding President Michael J. Quill had a piece of advice for the leaders of all TWU generations. "TWU is not a bank." In other words, our assets are not to be hoarded but to be utilized to fight every battle that needs fighting.

But, by the same token, if the bank account resembles an empty cupboard, we can talk tough all we want, but we must have the assets to back it up.

Today, we can rest easy that we are sitting on a strong financial foundation, and that we have the necessary resources to stand tall against any foe seen or unseen.

My office and the entire leadership team at our International Union looks forward to using our financial strength to continue to grow the TWU, and to offer the best possible services to our Local leaders to help them fight the good fight on the ground.

A handwritten signature in black ink, appearing to read "Jerome Lafragola", followed by a stylized flourish.

Sincerely and fraternally,  
Jerome Lafragola  
International Secretary Treasurer

**TRANSPORT WORKERS UNION OF AMERICA**

**CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2025**

**TRANSPORT WORKERS UNION OF AMERICA**  
**CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**  
**JULY 1, 2021 TO JUNE 30, 2025**

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# **Jonah Cohen CPA, PC**

## ***Certified Public Accountant***

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### **INDEPENDENT AUDITORS' REPORT**

To the International Executive Board  
and International Executive Council  
Transport Workers Union of America  
1220 19th Street, NW  
Washington, D.C. 20036

#### **Opinion**

We have audited the accompanying consolidated financial statements of Transport Workers Union of America (a nonprofit organization) and affiliates, which comprise the consolidated statement of assets, liabilities, and net assets (modified cash basis) as of June 30, 2025, and the related consolidated statement of revenues, expenses and changes in net assets (modified cash basis), and the consolidated statement of functional expenses (modified cash basis) for the four year period from July 1, 2021 to June 30, 2025, and the related notes to the consolidated financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Transport Workers Union of America as of June 30, 2025, and its revenue, expenses and changes in net assets for the four year period from July 1, 2021 to June 30, 2025 in accordance with the modified cash basis of accounting as described in Note 2.

#### **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 Transport Workers Union of America 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 2, which describes the basis of accounting. The financial statements referred to above were 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.

## **INDEPENDENT AUDITORS' REPORT**

**(continued)**

### **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 as described in Note 2; 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.

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 Transport Workers Union of America's ability to continue as a going concern within one year after the date that the financial statement is available to be issued.

### **Auditor's 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 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 generally accepted auditing standards, 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 Transport Workers Union of America'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.

## **INDEPENDENT AUDITORS' REPORT**

**(continued)**

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Transport Workers Union of America'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 Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information (modified cash basis); the schedules of main office expenses, servicing and organizing expenses and affiliations is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the statement or to the financial statements itself 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 consolidated financial statements as a whole.

*Jonah Cohen, CPA, PC*

Huntington, New York  
September 3, 2025

**TRANSPORT WORKERS UNION OF AMERICA**  
**CONSOLIDATED STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS**  
**(MODIFIED CASH BASIS)**

**JUNE 30, 2025**

**ASSETS**

|                                                           |                      |
|-----------------------------------------------------------|----------------------|
| Current assets                                            |                      |
| Cash and cash equivalents                                 | \$ 16,860,128        |
| Loans receivable, related parties                         | 25,621               |
| Loan receivable, other                                    | <u>1,896</u>         |
| Total current assets                                      | <u>16,887,645</u>    |
| Property and equipment, net of accumulated depreciation   | 1,676,834            |
| Other assets                                              |                      |
| Investments, at market value                              | 75,139,396           |
| Loans receivable, related parties, net of current portion | 241,826              |
| Loan receivable, other, net of current portion            | 12,353               |
| Security deposit                                          | 104,508              |
| Deposits                                                  | <u>15,000</u>        |
| Total other assets                                        | <u>75,513,083</u>    |
| Total assets                                              | <u>\$ 94,077,562</u> |

**LIABILITIES AND NET ASSETS**

**LIABILITIES:**

|                           |                |
|---------------------------|----------------|
| Current liabilities       |                |
| Due to affiliated Locals  | \$ 956,190     |
| Payroll tax liabilities   | 3,839          |
| Miscellaneous payables    | <u>7,837</u>   |
| Total current liabilities | <u>967,866</u> |
| Total liabilities         | <u>967,866</u> |

**NET ASSETS:**

|                                  |                      |
|----------------------------------|----------------------|
| Without donor restrictions       | 93,109,696           |
| With donor restrictions          | <u>-</u>             |
| Total net assets                 | <u>93,109,696</u>    |
| Total liabilities and net assets | <u>\$ 94,077,562</u> |

See independent auditors' report and notes to consolidated financial statements.



**TRANSPORT WORKERS UNION OF AMERICA**

**CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS  
(MODIFIED CASH BASIS)**

**JULY 1, 2021 TO JUNE 30, 2025**

**NET ASSETS WITHOUT DONOR RESTRICTIONS:**

|                                                   |                      |
|---------------------------------------------------|----------------------|
| Revenues                                          |                      |
| Dues                                              | \$ 121,464,917       |
| Railroad negotiations                             | 112,081              |
| Contributions to M.J. Quill Scholarship Fund      | 273,426              |
| Royalty income                                    | 541,114              |
| Miscellaneous income                              | <u>93,912</u>        |
|                                                   | <u>122,485,450</u>   |
| Investment income                                 |                      |
| Net investment income                             | <u>8,563,886</u>     |
| Total revenues                                    | <u>131,049,336</u>   |
| Expenses                                          |                      |
| Salaries                                          | 29,115,169           |
| Payroll taxes                                     | 2,201,663            |
| Servicing and organizing expenses                 | 24,297,028           |
| Main office expenses                              | 10,688,004           |
| Pension and welfare expenses                      | 21,062,557           |
| TWU Express                                       | 1,692,075            |
| Affiliations                                      | 5,107,519            |
| Donations                                         | 3,619,814            |
| Insurance, general                                | 1,410,109            |
| Depreciation                                      | 1,050,292            |
| Delegates and committee expenses                  | 1,699,523            |
| M. J. Quill scholarships                          | 364,700              |
| Automobile expenses                               | 1,870,977            |
| Miscellaneous expenses and taxes                  | 294,992              |
| Personal protective equipment                     | 21,098               |
| Convention expenses                               | <u>4,336,037</u>     |
| Total expenses                                    | <u>108,831,557</u>   |
| Excess of revenues over expenses - operations     | 22,217,779           |
| Net unrealized gain (loss) on investments         | <u>2,006,098</u>     |
| Revenues in excess of expenses                    | 24,223,877           |
| Net assets, without donor restrictions, beginning | <u>68,885,819</u>    |
| Net assets, without donor restrictions, end       | <u>\$ 93,109,696</u> |

See independent auditors' report and notes to consolidated financial statements.

**TRANSPORT WORKERS UNION OF AMERICA**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**(MODIFIED CASH BASIS)**

**JULY 1, 2021 TO JUNE 30, 2025**

|                                       | Program<br><u>Services</u> | Management<br><u>and General</u> | Membership<br><u>Development</u> | <u>Total</u>          |
|---------------------------------------|----------------------------|----------------------------------|----------------------------------|-----------------------|
| Salaries                              | \$ 17,128,604              | \$ 10,644,557                    | \$ 1,342,008                     | \$ 29,115,169         |
| Employee benefits                     | 12,295,572                 | 7,782,209                        | 984,776                          | 21,062,557            |
| Payroll taxes                         | 1,380,256                  | 729,407                          | 92,000                           | 2,201,663             |
| Rent and occupancy                    | 1,829,676                  | 939,682                          | 78,272                           | 2,847,630             |
| Negotiations                          | 1,916,411                  | -                                | -                                | 1,916,411             |
| Computer expenses                     | 464,530                    | 269,996                          | 29,215                           | 763,741               |
| Legal fees                            | 2,979,728                  | 1,335,812                        | 134,249                          | 4,449,789             |
| Accounting fees                       | -                          | 938,714                          | -                                | 938,714               |
| Other professional fees               | 3,087,462                  | 668,023                          | 3,000                            | 3,758,485             |
| Hotels and travel                     | 6,068,955                  | 3,775,453                        | 934,082                          | 10,778,490            |
| Reimbursed salaries                   | 3,027,513                  | -                                | 1,444,721                        | 4,472,234             |
| Insurance                             | 709,398                    | 608,570                          | 92,141                           | 1,410,109             |
| Depreciation                          | 645,267                    | 343,522                          | 61,503                           | 1,050,292             |
| Delegates and committees              | -                          | 1,565,861                        | 133,662                          | 1,699,523             |
| Conferences                           | 550,428                    | 215,949                          | 3,432                            | 769,809               |
| Automobile expenses                   | 1,150,999                  | 544,227                          | 175,751                          | 1,870,977             |
| Equipment rentals                     | 225,918                    | 112,150                          | 9,306                            | 347,374               |
| Telephone                             | 370,658                    | 204,228                          | 17,916                           | 592,802               |
| Postage, printing and office supplies | 114,716                    | 568,208                          | 54,093                           | 737,017               |
| Subscriptions                         | 696,173                    | -                                | 6,068                            | 702,241               |
| Promotional materials                 | 1,532,307                  | -                                | 211,756                          | 1,744,063             |
| Affiliations                          | 5,107,519                  | -                                | -                                | 5,107,519             |
| Donations and scholarships            | 3,984,514                  | -                                | -                                | 3,984,514             |
| TWU Express                           | 1,692,075                  | -                                | -                                | 1,692,075             |
| Convention expenses                   | -                          | 4,336,037                        | -                                | 4,336,037             |
| Personal protective equipment         | 21,098                     | -                                | -                                | 21,098                |
| Other                                 | <u>73,116</u>              | <u>308,952</u>                   | <u>79,156</u>                    | <u>461,224</u>        |
| Total Functional Expenses             | <u>\$ 67,052,893</u>       | <u>\$ 35,891,557</u>             | <u>\$ 5,887,107</u>              | <u>\$ 108,831,557</u> |

See independent auditors' report and notes to consolidated financial statements.

**TRANSPORT WORKERS UNION OF AMERICA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2025**

**1. Nature of Operations**

The Transport Workers Union of America and its various Locals principally represent municipal and private sector members employed by the rapid transit, bus, airline ground crew and eastern United States railroad industries.

**2. Summary of Significant Accounting Policies**

**Basis of Presentation**

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under the modified cash basis of accounting, revenues are recognized when received rather than when earned and expenses are generally recognized when paid rather than incurred. The accompanying financial statements also include recognition of investments at market value, depreciation of capitalized assets, recognition of liabilities for payroll withholdings and amounts due to locals.

**Principles of Consolidation**

The consolidated financial statements include the accounts of the Transport Workers Union of America and its wholly owned subsidiary, TWU Realty Corporation, and its wholly owned single member limited liability companies, TWU LLC and MJQ Realty LLC. All intercompany items and transactions have been eliminated.

**Cash and Cash Equivalents**

The Union considers all highly liquid investments with an original maturity of three months or less, when acquired, to be cash equivalents.

**Net Assets**

**Without donor restrictions:**

Net assets without donor restrictions are available to finance the general operations of the Union without any imposed restrictions.

**With donor restrictions:**

In prior years, net assets with donor restrictions were comprised of investments in the TWU Reserve Fund account. The restricted net assets were used for distribution to recipients and related costs and to reimburse the Union for legal and administrative costs associated with related litigation.

**TRANSPORT WORKERS UNION OF AMERICA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2025**

**(Continued)**

**2. Summary of Significant Accounting Policies (continued)**

**Depreciation**

Property and equipment is stated at cost and is depreciated under the straight-line method over the estimated useful lives of the assets.

**Income Taxes**

The Union is exempt from federal income taxation under Section 501(c)(5) of the Internal Revenue Code (see Note 6).

**Fair Value Measurements**

Investments are carried at market value and unrealized gains and losses are reflected in the statements of revenues, expenses and changes in net assets (see Note 5).

The fair value measurement accounting literature establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available.

Observable inputs are those that market participants would use in pricing the investment based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumptions about the inputs market participants would use in pricing the investment developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical investments that the organization has the ability to access. Since variations are based on quoted prices that are readily and regularly available in an active market, Level 1 valuations do not entail significant degree of judgment.

Level 2 - Valuation based on observable inputs other than quoted prices included in Level 1 that are either directly or indirectly observable for the investment. These inputs may include quoted prices for identical investments in markets that are not active or prices for similar investments.

Level 3 - Valuations based on unobservable inputs, to the extent relevant observable inputs are not available, representing management's own assumptions it would use to value the investment, and would be based on the best information available.

**TRANSPORT WORKERS UNION OF AMERICA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2025**

**(Continued)**

**2. Summary of Significant Accounting Policies (continued)**

**Fair Value Measurements (continued)**

To the extent that valuations are based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined.

Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the securities existed. Accordingly, the degree of judgment exercised by management in determining fair value is greatest for securities categorized in Level 3.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement.

**Functional Allocation of Expenses**

In the accompanying statements of functional expenses, expenses have been reported by their functional classification, a method of grouping expenses according to the purpose for which they were incurred. Accordingly, certain costs have been allocated among the program expenses and supporting services. Expenses directly attributable to a specific functional area of the Union are reported as expenses of those functional areas. A portion of management and general costs that benefit multiple functional areas (indirect costs) have been allocated across program and supporting services based on reasonable ratios determined by management based upon utilization of staff time, use of resources or other reasonable methods.

**3. Concentration of Revenues from Local Affiliates**

The Transport Workers Union of America receives approximately 61% of its total dues revenue from five specific Locals which represent municipal and private sector members employed by the rapid transit, bus, airline ground crews and eastern United States railroad industries.

**4. Use of Estimates**

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**TRANSPORT WORKERS UNION OF AMERICA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2025**

**(Continued)**

**5. Investments**

The Union's investments in debt and equity securities are reported at their fair value determined using quoted market prices in active markets.

Investments are classified as available for sale and are comprised of the following:

|                                     | <b>June 30, 2025</b> |                      |
|-------------------------------------|----------------------|----------------------|
|                                     | <b><u>Cost</u></b>   | <b><u>Market</u></b> |
| Corporate stocks                    | \$ 17,536,431        | \$ 26,321,326        |
| US Government & agencies securities | 1,134,312            | 995,525              |
| Corporate bonds                     | 735,382              | 704,677              |
| Investment trust                    | 12,385,075           | 10,789,313           |
| Mutual funds                        | <u>34,498,634</u>    | <u>36,328,555</u>    |
|                                     | <u>\$ 66,289,834</u> | <u>\$ 75,139,396</u> |

The following table sets forth by level, with the fair market hierarchy, the Union's investments at fair value as of June 30, 2025. The Union held no Level 3 investments as of June 30, 2025. The fair value of Level 2 investments is based on quoted market prices or the net asset value provided by the investment managers.

| <b><u>Description</u></b>  | <b><u>Level 1</u></b> | <b><u>Level 2</u></b> | <b><u>Total</u></b>  |
|----------------------------|-----------------------|-----------------------|----------------------|
| Corporate stocks           | \$ 26,321,326         | \$ -                  | \$ 26,321,326        |
| US Government securities   | 827,426               | -                     | 827,426              |
| Mortgage backed securities | -                     | 168,099               | 168,099              |
| Corporate bonds            | -                     | 704,677               | 704,677              |
| Investment trust           | -                     | 10,789,313            | 10,789,313           |
| Mutual funds               | <u>36,328,555</u>     | <u>-</u>              | <u>36,328,555</u>    |
| Total                      | <u>\$ 63,477,307</u>  | <u>\$ 11,662,089</u>  | <u>\$ 75,139,396</u> |

**TRANSPORT WORKERS UNION OF AMERICA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2025**

**(Continued)**

**5. Investments (continued)**

The following tabulation summarizes the relationship between carrying values and market values of investment assets.

| <b>June 30, 2025</b>                   | <b><u>Carrying<br/>Value</u></b> | <b><u>Market<br/>Value</u></b> | <b><u>Excess of<br/>Market Over<br/>Cost</u></b> |
|----------------------------------------|----------------------------------|--------------------------------|--------------------------------------------------|
| Balance at,<br>End of period           | <u>\$ 66,289,834</u>             | <u>\$ 75,139,396</u>           | <u>\$ 8,849,562</u>                              |
| Beginning of period                    | <u>\$ 50,957,146</u>             | <u>\$ 57,800,610</u>           | <u>\$ 6,843,464</u>                              |
| Increase in unrealized<br>appreciation |                                  |                                | <u>\$ 2,006,098</u>                              |

The Union holds its investments in various professionally managed accounts. Investment income is comprised of the following for the years ended:

|                         |                                         |
|-------------------------|-----------------------------------------|
|                         | <u>July 1, 2021 -<br/>June 30, 2025</u> |
| Interest                | \$ 1,065,021                            |
| Dividends               | 7,090,502                               |
| Realized gains (losses) | 1,779,309                               |
| Investment fees         | <u>(1,370,946)</u>                      |
| Net investment income   | <u>\$ 8,563,886</u>                     |

**TRANSPORT WORKERS UNION OF AMERICA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2025**

**(Continued)**

**6. Income Tax Matters**

In November 2015, the Union petitioned the Internal Revenue Service ("IRS") for a Private Letter Ruling as to whether the investment income generated by the TWU reserve investments would be subject to federal income tax. The IRS responded in January 2016 with the position that the matter has already been addressed by Statute and other authoritative rulings and did not warrant a Private Letter Ruling. In March 2018, the IRS issued a determination letter recognizing the TWU Reserve Funds' tax exempt status effective retroactively to its inception in December, 2014.

The Union has taken the position that the TWU Reserve Fund earnings were not subject to income tax based on communications with the IRS.

The Organization's Forms 990, Return of Organization Exempt from Income Tax for the years ended August 31, 2022, 2023 and 2024 remain subject to examination by the IRS, generally for three years after they were filed.

**7. Liquidity and Availability**

The Union maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations become due. The Union regularly monitors liquidity requirements while also striving to maximize the investment of its available funds.

As of June 30, 2025, the following assets could be readily available within one year to meet general expenditures:

|                                                                            |                      |
|----------------------------------------------------------------------------|----------------------|
| Cash and cash equivalents                                                  | \$ 16,860,128        |
| Loans receivable, related parties                                          | 25,621               |
| Loan receivable, other                                                     | 1,896                |
| Investments, at market value                                               | <u>75,139,396</u>    |
| Financial assets available to meet general expenditures over the next year | <u>\$ 92,027,041</u> |



**TRANSPORT WORKERS UNION OF AMERICA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2025**

**(Continued)**

**8. Net Assets**

**Without donor restrictions:**

Net assets without donor restrictions are available to finance the general operations of the Union without any imposed restrictions.

**With donor restrictions:**

In prior years, net assets with donor restrictions were comprised of investments in the TWU Reserve Fund account. The restricted net assets were used for distribution to recipients and related costs and to reimburse the Union for legal and administrative costs associated with related litigation.

**9. Loans Receivable, Related Parties**

Loans receivable are from local affiliates of the Transport Workers Union of America. Interest income is recognized when received. The mortgages are comprised of the following:

| <u>Debtor</u><br><u>Local</u> | <u>Monthly</u><br><u>Payment</u><br><u>Principal</u><br><u>and Interest</u> | <u>Interest</u><br><u>Rate</u> | <u>Due</u><br><u>Date</u> | <u>June 30, 2025</u>             |                                              |
|-------------------------------|-----------------------------------------------------------------------------|--------------------------------|---------------------------|----------------------------------|----------------------------------------------|
|                               |                                                                             |                                |                           | <u>Current</u><br><u>Portion</u> | <u>Long</u><br><u>Term</u><br><u>Portion</u> |
| 568                           | \$ 1,514                                                                    | 2.75                           | 06/35                     | \$ 13,645                        | \$ 144,699                                   |
| 526                           | \$ 550                                                                      | 4.00                           | 09/35                     | 5,230                            | 26,749                                       |
| 527                           | \$ 861                                                                      | 3.50                           | 01/34                     | 6,746                            | 70,378                                       |
|                               |                                                                             |                                |                           | <u>\$ 25,621</u>                 | <u>\$ 241,826</u>                            |

**10. Related Party Transactions**

TWU Realty Corp, a 501(c)(25) tax exempt entity formed in Texas, is a wholly owned subsidiary of the Union. It was formed to purchase real estate to be used for union purposes. In June 2018, it sold its Texas office building. TWU, LLC, a Delaware single member limited liability company is wholly owned by the Union. The "LLC" was formed to purchase real property in Washington, D.C. to be used for union purposes. In September 2013, the LLC sold the D.C. office building. In

**TRANSPORT WORKERS UNION OF AMERICA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2025**

**(Continued)**

**10. Related Party Transactions (continued)**

August, 2018, the Union formed MJQ Realty, LLC (“MJQ”), a NY single member LLC wholly owned by the Union. MJQ was formed to own an office condominium in Brooklyn, NY to be used for union purposes. In October, 2018, MJQ purchased the office condominium.

**11. Property and equipment**

Property and equipment, are stated at cost if purchased and fair value if contributed. Improvements and betterments are capitalized and repairs and maintenance are expensed as incurred. Furniture, fixtures and equipment are written off after they are fully depreciated. Depreciation is recorded on a straight-line basis over the assets estimated useful lives. Leasehold improvements are amortized over the shorter of the remaining term of the lease or the useful life of the utilizing the straight-line method.

|                                   | <u><b>June 30, 2025</b></u> |
|-----------------------------------|-----------------------------|
| Real Property:                    |                             |
| Office condominium - New York     | 786,925                     |
| Furniture, fixtures and equipment | 509,951                     |
| Automobiles                       | 937,515                     |
| Leasehold improvements - D.C.     | <u>791,643</u>              |
|                                   | 3,026,034                   |
| Less: accumulated depreciation    | ( <u>1,349,200</u> )        |
| Total                             | \$ <u>1,676,834</u>         |

Depreciation expense is \$1,050,292 for the four year period from July 1, 2021 to June 30, 2025.

**11. Due to Affiliated Locals**

The Union receives 30 percent of dues collected by certain Local affiliates It also receives 100 percent of certain dues directly from employers and remits 70 percent to the applicable Local affiliates. At June 30, 2025, amounts due to Locals were \$956,190.

**TRANSPORT WORKERS UNION OF AMERICA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2025**

**(Continued)**

**12. Dues**

The Union receives 30 percent of all dues collected by Local affiliates (see Note 3).

**13. Pension and Welfare Expenses**

a. Pension expenses

Effective January 1, 1953, the Transport Workers Union of America adopted a non-contributory defined benefit pension plan (the "Plan") for the benefit of employees not covered by other union plans.

The Union's financial statements have been prepared on the modified cash basis of accounting, which does not recognize net periodic pension cost based on actuarial computations, but instead recognizes pension expense in amounts equal to actual contributions paid to the defined benefit pension plan. Contributions for the years ended August 31, 2024 amounted to \$2,272,000.

Additional disclosures relevant to defined benefit pension plans are as follows:

Employees with 5 or more years of service are entitled to annual pension benefits beginning at normal retirement age 60. The annual pension benefits are equal to 2 1/2% of compensation paid in the last 12 months of service for each year of benefit service up to 20 such years plus 1 1/2% of such compensation for each year in excess of 20 years. The Plan permits early retirement at ages 55 - 59. Employees may elect to receive their benefits in the form of a joint or survivor annuity. If employees terminate before rendering 5 years of service and are younger than 55, the level of vesting is 85% of their accrued benefit. In lieu of a monthly pension under the Plan, a participant may elect to receive a distribution of a commercial annuity contract purchasable by the lump-sum equivalent value of his normal form of pension.

Plan assets consist primarily of U.S. Government and agencies obligations, mutual funds and corporate debt and equity securities and common collective funds. Investments are managed by nationally recognized investment managers. Plan trustees are members of senior management of the Transport Workers Union of America. Investments are made with a long-term view.

**TRANSPORT WORKERS UNION OF AMERICA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2025**

**(Continued)**

**13. Pension and Welfare Expenses (continued)**

Pension plan asset allocations at the measurement date, August 31, 2024, are as follows:

|                           |             |
|---------------------------|-------------|
| Cash and cash equivalents | 5%          |
| Mutual funds              | 29%         |
| Common collective funds   | 66%         |
| Total                     | <u>100%</u> |

The following is the pertinent Plan information as of the most recent date for which determination has been made by the actuary:

|                                                              |                                                |
|--------------------------------------------------------------|------------------------------------------------|
|                                                              | <b><u>August 31,</u></b><br><b><u>2024</u></b> |
| Net periodic pension cost includes the following components: |                                                |
| Service cost                                                 | \$ 1,571,347                                   |
| Interest cost                                                | 1,333,239                                      |
| Expected return on plan assets                               | <u>(1,861,284)</u>                             |
|                                                              | 1,043,302                                      |
| Amortization of unrecognized actuarial loss                  | <u>291,114</u>                                 |
| Net periodic pension cost                                    | <u>\$ 1,334,416</u>                            |

The following table summarizes the funded status of the Plan:

|                                                   |                                                |
|---------------------------------------------------|------------------------------------------------|
|                                                   | <b><u>August 31,</u></b><br><b><u>2024</u></b> |
| Change in projected benefit obligations:          |                                                |
| Projected benefit obligation at beginning of year | \$ 25,377,491                                  |
| Service cost                                      | 1,571,347                                      |
| Interest cost                                     | 1,333,239                                      |
| Actuarial (gain)/loss                             | 1,068,059                                      |
| Benefits paid                                     | <u>(1,832,286)</u>                             |
| Projected benefit obligation at end of year       | <u>\$ 27,517,850</u>                           |

**TRANSPORT WORKERS UNION OF AMERICA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025**  
**(Continued)**

**13. Pension and Welfare Expenses (continued)**

|                                           | <b>August 31,<br/>2024</b> |
|-------------------------------------------|----------------------------|
| Change in plan assets:                    |                            |
| Fair value of assets at beginning of year | \$ 30,480,524              |
| Actual return on plan assets              | 3,833,490                  |
| Employer contributions                    | 2,272,000                  |
| Benefits paid                             | <u>( 1,832,286)</u>        |
| Fair value of plan assets at end of year  | <u>34,753,728</u>          |
| Ending funded status                      | <u>\$ 7,235,878</u>        |

The long-term rate of return on assets assumption is based on historical returns earned by equities and fixed income securities, adjusted to reflect expectations of future returns as applied to the Plan's actual target allocation of asset classes.

Assumptions used in determining benefit obligations and net periodic pension cost are as follows. The discount rate used for determining net pension expense as of August 31, 2024 was 5.00% and the discount rate used for determining funded status as of August 31, 2024 was 5.00%. The rate of increase in future compensation levels is 3% for fiscal year ending August 31, 2024, and the expected long-term rate of return on plan assets is 6.00% for fiscal year ending August 31, 2024.

The Plans' assets are invested in common collective funds and in mutual funds which are valued at NAV as a practical expedient and are therefore excluded from the fair value hierarchy and are reported as NAV. The Plan also invests in US Treasuries and cash which are Level 1 investments (see Note 2). The common collective funds and mutual funds consist of equities, fixed income securities and the investment accounts are managed by nationally recognized investment managers. Plan trustees are members of the board of directors. Investment policy is to maintain asset allocations within ranges such that equities comprise approximately 70% and fixed income 30%. Investments are made with a long-term view.

**TRANSPORT WORKERS UNION OF AMERICA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2025**

**(Continued)**

**13. Pension and Welfare Expenses (continued)**

The following estimated future benefit payments, which reflect expected future services, are expected to be paid:

|                         |            |
|-------------------------|------------|
| Years ending August 31, |            |
| 2025                    | \$ 946,582 |
| 2026                    | 1,084,602  |
| 2027                    | 1,287,908  |
| 2028                    | 1,499,743  |
| 2029                    | 1,772,142  |
| 2030 - 2034             | 11,113,873 |

During the fiscal year ending August 31, 2025, the Union intends on making \$2,000,000 in regular contributions to the Plan. In October, 2022, the Union made additional pension contributions of \$4,985,871 to achieve the required 110% funding of liabilities for that year.

During the fiscal year ending August 31, 2024, changes in weighted average assumptions were as follows. The discount rate used for determining net pension expense decreased from 5.25% to 5.00%. The effect of the rate change resulted in an increase of the benefit obligation of \$890,805.

The following represents investments of the pension plans as of August 31, 2024. The plan held no Level 2 or 3 investments as of August 31, 2024.

| <u>Description</u>        | <u>Level 1</u>       | <u>NAV</u>                  | <u>Total</u>         |
|---------------------------|----------------------|-----------------------------|----------------------|
| Cash and cash equivalents | \$ 1,715,489         | \$ -                        | \$ 1,715,489         |
| Common collective funds   | -                    | 22,946,987                  | 22,946,987           |
| Mutual funds              | <u>\$ 10,091,252</u> | <u>                    </u> | <u>\$ 10,091,252</u> |
| Total                     | <u>\$ 11,806,741</u> | <u>\$ 22,946,987</u>        | <u>\$ 34,753,728</u> |

**TRANSPORT WORKERS UNION OF AMERICA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2025**

**(Continued)**

**13. Pension and Welfare Expenses (continued)**

a. Welfare expenses

Post-retirement health and welfare benefits

Health and welfare benefits are payable for the benefit of covered employees for their entire lives And the lives of their surviving spouses. The Union has not accrued a liability for benefits payable because the financial statements are presented on the modified cash basis of accounting

b. Transport Workers Union of America 401(K) Plan

Commencing May 1, 2007, the Union adopted the Transport Workers Union of America 401(K) Plan, a defined contribution plan. Contributions to the plan are in the form of employee salary deferrals with no employer matching.

**14. Litigation and Commitments**

a. Litigation

The Union is involved in several unsettled lawsuits. It is the opinion of counsel that the claims have little merit, and that the Union has substantial defenses.

b. Commitments

In August, 2019, the Union entered into an eleven year lease for its national headquarters at 1220 19<sup>th</sup> Street, N.W, Washington, D.C. The lease provides for annual rental payments of \$627,045 with annual escalations with rent commencing in August, 2021.

In addition to the rental of its National Headquarters, the Union leases various offices throughout the country to provide Local unions with administrative support. Lease terms vary from month to month to one year. Rental expense on the real property leases for the four year period from July 1, 2021 to June 30, 2025 was approximately \$2,848,000.

**TRANSPORT WORKERS UNION OF AMERICA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2025**

**(Continued)**

**14. Litigation and Commitments (continued)**

The Union is also obligated under various operating leases for office machinery and finance leases for vehicles through fiscal year August 31, 2030. Rental expense was approximately \$1,103,000 for the four year period from July 1, 2021 to June 30, 2025.

The following is a schedule of future minimum rental payments under the leases as of August 31, 2024

| <u>Year ending</u><br><u>August 31,</u> | <u>Amount</u>       |
|-----------------------------------------|---------------------|
| 2025                                    | \$ 947,139          |
| 2026                                    | 941,087             |
| 2027                                    | 812,889             |
| 2028                                    | 797,425             |
| 2029                                    | 778,674             |
| Thereafter                              | <u>1,586,255</u>    |
| Total                                   | <u>\$ 5,863,469</u> |

**15. Concentration of Credit Risk**

Financial instruments that potentially subject the Union to credit risk consist principally of cash and cash equivalents. At June 30, 2025, the bank balances of the Union are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Union maintains its cash balances at a financial institution located in the New York City area. At times during the year, the Union maintained balances that exceeded the FDIC limit of \$250,000. The Union believes that there is no significant risk with respect to these deposits.

In addition, included in cash and cash equivalents, the Union maintains accounts in various brokerage firm money market accounts. These amounts are protected by the Securities Investor Protection Corporation (SIPC), a non-government entity, up to \$250,000. At times during the year, the Union maintained balances that exceeded the FDIC limit of \$250,000. The Union believes that there is no significant risk with respect to these deposits.



**TRANSPORT WORKERS UNION OF AMERICA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2025**

**(Continued)**

**16. Subsequent Events**

Management has evaluated subsequent events through September 3, 2025, the date on which the financial statements were available to be issued.

## SUPPLEMENTARY INFORMATION

**TRANSPORT WORKERS UNION OF AMERICA**

**SCHEDULE OF MAIN OFFICE EXPENSES  
(MODIFIED CASH BASIS)**

**JULY 1, 2021 TO JUNE 30, 2025**

|                                  |                      |
|----------------------------------|----------------------|
| Rent and related expenses        | \$ 2,847,630         |
| Data processing expenses         | 763,741              |
| Stationery and printing          | 604,250              |
| Telephone                        | 592,802              |
| Outside consultants              | 3,571,185            |
| Postage                          | 132,767              |
| Newspapers and subscriptions     | 702,241              |
| Equipment rental and maintenance | 347,374              |
| Accounting                       | 938,714              |
| Actuarial fees                   | <u>187,300</u>       |
| Total                            | <u>\$ 10,688,004</u> |

See independent auditors' report.

**TRANSPORT WORKERS UNION OF AMERICA**  
**SCHEDULE OF SERVICING AND ORGANIZING EXPENSES**  
**(MODIFIED CASH BASIS)**

**JULY 1, 2021 TO JUNE 30, 2025**

|                                 |                      |
|---------------------------------|----------------------|
| Servicing and organizing Locals | \$ 16,186,765        |
| Legal fees and expenses         | 4,449,789            |
| Promotional materials           | 1,744,063            |
| Transit negotiations            | 367,787              |
| Airline negotiations            | 1,113,146            |
| Railroad negotiations           | 142,031              |
| General negotiations            | <u>293,447</u>       |
| Total                           | <u>\$ 24,297,028</u> |

See independent auditors' report.

**TRANSPORT WORKERS UNION OF AMERICA**

**SCHEDULE OF AFFILIATIONS  
(MODIFIED CASH BASIS)**

**JULY 1, 2021 TO JUNE 30, 2025**

|                                                         |                     |
|---------------------------------------------------------|---------------------|
| AFL-CIO                                                 | \$ 2,956,500        |
| Department of Transportation Trades                     | 1,334,600           |
| Department of Transportation Trades Rail Labor Division | 19,124              |
| International Transport Workers Federation              | 769,410             |
| Miscellaneous affiliations                              | <u>27,885</u>       |
| Total                                                   | <u>\$ 5,107,519</u> |

See independent auditors' report.