

LONGY FACULTY UNION

**Statement of Expenses and Allocation
Between Chargeable and Nonchargeable**

**For the Year Ended
June 30, 2012**

LONGY FACULTY UNION

TABLE OF CONTENTS

	Page No.
INDEPENDENT AUDITOR'S REPORT	1
STATEMENT OF EXPENSES AND ALLOCATION BETWEEN CHARGEABLE EXPENSES AND NON-CHARGEABLE EXPENSES	2
NOTES TO STATEMENT OF EXPENSES AND ALLOCATION BETWEEN CHARGEABLE EXPENSES AND NON-CHARGEABLE EXPENSES	3-5



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To the Executive Board of
Longy Faculty Union
Boston, Massachusetts

Independent Auditor's Report

We have audited the accompanying statement of expenses and allocation between chargeable and nonchargeable of Longy Faculty Union (the Union) (a not-for-profit organization) for the year ended June 30, 2012. This statement is the responsibility of the Union's management. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement is free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by the Union's management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The total expenses reflected in Column A are based on the expenses of the Union for the year ended June 30, 2012. The allocation of expenses between Chargeable (Column B) and Nonchargeable (Column C) is based on the definitions and significant factors and assumptions described in Notes 2 and 3.

In our opinion, the statement referred to above presents fairly, in all material respects, the expenses of Longy Faculty Union for the year ended June 30, 2012 and the allocated expenses between chargeable and nonchargeable expenses, on the basis of the definitions and significant factors and assumptions described in Notes 2 and 3.

This report is intended solely for the information and use of Longy Faculty Union and its agency fee payers and is not intended to be and should not be used by anyone other than these specified parties.

Joseph B. Cohan & Associates P.C.

Dedham, Massachusetts
August 7, 2012

**LONGY FACULTY UNION
STATEMENT OF EXPENSES AND ALLOCATION BETWEEN
CHARGEABLE AND NONCHARGEABLE
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>COLUMN A</u>	<u>COLUMN B</u>	<u>COLUMN C</u>	
	<u>TOTAL EXPENSES</u>	<u>CHARGEABLE EXPENSES</u>	<u>NON CHARGEABLE EXPENSES</u>	<u>NOTES</u>
<u>EXPENSES</u>				
Conferences, Conventions and Meetings	\$ 300	\$ 300	\$ -	3 (a)
Gifts and Donations	59	-	59	3 (b)
Insurance - Fidelity Bond	60	60	-	3 (c)
Insurance - Teachers Liability	282	282	-	3 (d)
Office	312	312	-	3 (e)
Per Capita - AFT Massachusetts	12,924	10,679	2,245	3 (f)
Per Capita - American Federation of Teachers	9,134	6,940	2,194	3 (g)
Per Capita - Greater Boston Labor Council	202	202	-	3 (h)
Per Capita - Massachusetts AFL-CIO	686	625	61	3 (i)
Professional Fees	5,000	5,000	-	3 (j)
	<u>\$ 28,959</u>	<u>\$ 24,400</u>	<u>\$ 4,559</u>	
	<u>100.00%</u>	<u>84.26%</u>	<u>15.74%</u>	

See Independent Auditor's Report and Accompanying Notes.

LONGY FACULTY UNION
NOTES TO STATEMENT OF EXPENSES AND ALLOCATION
BETWEEN CHARGEABLE AND NONCHARGEABLE
FOR THE YEAR ENDED JUNE 30, 2012

Note 1 - Summary of Significant Accounting Policies

- (a) **Nature of Activities** – Longy Faculty Union (the Union) is a not-for-profit educational labor union formed in Boston, Massachusetts in February 2010 which provides support services to members regarding labor issues. Support is primarily derived from union member dues.
- (b) **Basis of Accounting** – The financial statements of Longy Faculty Union are prepared on the accrual method of accounting.
- (c) **Income Tax** – The Union is a not-for-profit organization that is exempt from income taxes under Section 501(c)(5) of the Internal Revenue Code.
- (d) **Basis of Presentation** – The accompanying statement was prepared for the purpose of determining the fair share cost of services rendered by Longy Faculty Union for members of the Union. The accompanying statement is not intended to be a complete presentation of the Union's financial position, results of operations, or changes in financial position in accordance with generally accepted accounting principles.
- (e) **Use of Estimates in the Preparation of Financial Statements** – The preparation of financial statements requires management to make estimates and assumptions that affect the reported expenses during the reporting period and the allocation of expenses between chargeable and non-chargeable. Actual results could differ from those estimates.

Note 2 - Definitions

- (a) **Chargeable Expenses** – Chargeable expenses are those incurred by the Union that reflect the share of the costs of operations of the Union which are considered necessarily and reasonably incurred for the purpose of performing duties as a representative of the employees in dealing with the employer on labor management issues, including the costs of: negotiating and administering the collective bargaining contract; settling grievances and disputes by mutual agreement, or in arbitration, court or otherwise.

Continued-

LONGY FACULTY UNION
NOTES TO STATEMENT OF EXPENSES AND ALLOCATION
BETWEEN CHARGEABLE AND NONCHARGEABLE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012

Note 2 - Definitions (Continued)

The following are examples of expenditures classified as chargeable: preparation for and negotiations of collective bargaining agreements; contract administration including investigation and processing grievances; meetings, conferences, administrative, arbitral and court proceedings and pertinent investigation and research in connection with work-related subjects and issues; handling work-related problems of employees; communications with community organizations, civic groups, government agencies and the media regarding the Union's position on work-related matters; lobbying and legislative activities with respect to matters concerning employees' work-related issues; maintaining membership and recruitment of members; employee group programs; and providing legal, economic and technical expertise on behalf of employees in all work-related matters.

- (b) **Nonchargeable Expenses** – Nonchargeable expenses are those of an ideological or political nature and those that are not germane to work-related interests of employees, such as lobbying and legislative activities.

The term "political" is defined as support for or against candidates for political office of any level of government and any office in the union structure. The term "ideological" is defined as support for or against certain positions that the union may take which are not work-related.

Note 3 - Significant Factors and Assumptions Used in the Allocation of Expenses Between Chargeable and Nonchargeable

- (a) **Conferences, Conventions and Meetings** are 100% chargeable as they support the governance of the Union and are necessary to maintain the Union's associational existence.
- (b) **Gifts and Donations** have been considered to be 100% nonchargeable.
- (c) **Insurance – Fidelity Bond** – This is insurance purchased through the American Federation of Teachers to insure the Union against officer dishonesty. It is considered to be 100% chargeable.
- (d) **Insurance – Teachers Liability** – This is professional liability insurance provided for dues payers. It is 100% chargeable.
- (e) **Office** supplies and related expenses have been considered to be 100% chargeable.

Continued-

LONGY FACULTY UNION
NOTES TO STATEMENT OF EXPENSES AND ALLOCATION
BETWEEN CHARGEABLE AND NONCHARGEABLE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012

Note 3 - Significant Factors and Assumptions Used in the Allocation of Expenses Between Chargeable and Nonchargeable (Continued)

- (f) **Per Capita – AFT Massachusetts** – Based on AFT Massachusetts own published report of nonchargeable which is 17.37%.
- (g) **Per Capita – American Federation of Teachers** – Based on A.F.T.'s own published report of nonchargeable which is 24.02%.
- (h) **Per Capita – Greater Boston Labor Council** - 100% chargeable. The Greater Boston Labor Council does not allocate any costs as non-chargeable.
- (i) **Per Capita – Massachusetts AFL-CIO** – Based on Massachusetts AFL-CIO's own published report of nonchargeable which is 8.84%.
- (j) **Professional Fees** – 100% chargeable.

Note 4 - Evaluation of Subsequent Events

The Union has evaluated subsequent events through August 7, 2012, the date which the financial statements were available to be issued.