

LONGY FACULTY UNION

Financial Statements

June 30, 2013 and 2012

LONGY FACULTY UNION

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Independent Auditor's Report

**To the Executive Board
Longy Faculty Union
Boston, Massachusetts**

We have audited the accompanying statements of Longy Faculty Union (the Union) (a nonprofit organization), which comprises the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Longy Faculty Union as of June 30, 2013 and 2012, and the 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.

Dedham, Massachusetts
September 18, 2013

**LONGY FACULTY UNION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 22,429	\$ 27,849
Dues Income Receivable	467	994
TOTAL ASSETS	<u><u>\$ 22,896</u></u>	<u><u>\$ 28,843</u></u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 1,750	\$ 152
Accrued Expenses	6,300	5,000
TOTAL CURRENT LIABILITIES	<u>8,050</u>	<u>5,152</u>
NET ASSETS - UNRESTRICTED (NOTE 1)	<u>14,846</u>	<u>23,691</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 22,896</u></u>	<u><u>\$ 28,843</u></u>

**The Independent Auditor's Report and Accompanying Notes
are an Integral Part of these Financial Statements.**

**LONGY FACULTY UNION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
SUPPORT		
Dues Income	43,470	46,853
Initiation Fees	60	140
Donations	200	-
Interest Income	1	1
	<u>43,731</u>	<u>46,994</u>
 EXPENSES		
Arbitration	21,771	-
Conferences, Conventions and Meetings	334	300
Gifts and Donations	71	59
Insurance - Teacher's Liability	288	282
Insurance - Fidelity Bond	60	60
Office	204	312
Per Capita - American Federation of Teachers	9,411	9,134
Per Capita - AFT Massachusetts	12,703	12,924
Per Capita - Massachusetts AFL-CIO	728	686
Per Capita - Greater Boston Labor Council	206	202
Professional Fees	6,800	5,000
	<u>52,576</u>	<u>28,959</u>
 INCREASE (DECREASE) IN NET ASSETS	 (8,845)	 18,035
 NET ASSETS, BEGINNING OF YEAR	 <u>23,691</u>	 <u>5,656</u>
 NET ASSETS, END OF YEAR	 <u>\$ 14,846</u>	 <u>\$ 23,691</u>

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**LONGY FACULTY UNION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ (8,845)	\$ 18,035
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities		
(Increase) Decrease In		
Dues Income Receivable	527	5,272
Increase (Decrease) In		
Accounts Payable	1,598	(1,580)
Accrued Expenses	1,300	1,500
Reserve for Defense Fund	-	(124)
	(5,420)	23,103
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
	(5,420)	23,103
NET INCREASE (DECREASE) IN CASH		
	27,849	4,746
CASH, BEGINNING		
	22,429	27,849
CASH, ENDING	\$ 22,429	\$ 27,849

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**LONGY FACULTY UNION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Method of Accounting

The financial statements of Longy Faculty Union are prepared on the accrual method of accounting.

Financial Statement Preparation

The Union has presented its financial statements in accordance with generally accepted accounting principles for not-for-profit organizations. Under this guidance, the Union is required to report information regarding financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Union is required to present a statement of cash flows.

Contributions

Under generally accepted accounting principles for not-for-profit organizations, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. For the years ended June 30, 2013 and 2012, Longy Faculty Union did not receive any contributions with donor-imposed restrictions that would result in temporarily or permanently restricted net assets.

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.

Accounting standards provide detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in an organization's financial statements. Under these accounting standards, the Union is required to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination. Management has evaluated its significant tax positions against the criteria established by these accounting standards and believes there are no such tax positions requiring accounting recognition.

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**LONGY FACULTY UNION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax (Continued)

The Union's Form 990-EZ, Return of Organization Exempt from Income Tax, for the years ending June 30, 2011 and 2012 and Form 990-N, Electronic Notice (e-Postcard) for Tax-Exempt Organization Not Required to File Form 990 or 990-EZ, for the year ending June 30, 2013 are subject to examination by the IRS, generally for three years after they were filed.

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 and the disclosure of contingent 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.

2. EVALUATION OF SUBSEQUENT EVENTS

The Union has evaluated subsequent events through September 18, 2013, the date which the financial statements were available to be issued. On July 17, 2013, the Union was successful in an arbitration case against Longy School of Music (the employer) regarding a violation of the collective bargaining agreement. The Union received a final bill of \$9,100 for this case by the arbitrator and the Union has applied for a defense fund grant of approximately \$9,000 from the American Federation of Teachers to help fund the costs of this case. As a result of the Union's success in this arbitration, the Union is expected to prevail in a separate arbitration case involving related violations of the collective bargaining agreement with respect to the same union member. Additional arbitration costs are expected in the fiscal year ended June 30, 2014 for this separate arbitration case.

On March 6, 2012, Longy School of Music announced the closure of the Community Program effective August 31, 2013 which resulted in many union members, including union officers, being laid off. As a result, the number of Longy Faculty Union members has declined by approximately 25%.

See Independent Auditor's Report.