

LONGY FACULTY UNION

**Statement of Expenses and Allocation
Between Chargeable Expenses and
Non-Chargeable Expenses**

**For the Year Ended
June 30, 2014**

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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Independent Auditor's Report

To the Executive Board
Longy Faculty Union
Boston, Massachusetts

I have audited the accompanying statements of expenses and allocation between chargeable expenses and non-chargeable expenses of Longy Faculty Union (the Union) (a nonprofit organization) for the year ended June 30, 2014 and the related notes to the statement.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this statement, and the allocated expenses between chargeable and non-chargeable expenses, on the basis of the definitions and significant factors and assumptions described in Notes 2 and 3; 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the statement is 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 judgement, 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the statement referred to above presents fairly, in all material respects, the expenses of Longy Faculty Union for the year ended June 30, 2014, and the allocated expenses between chargeable and non-chargeable expenses, on the basis of the definitions and significant factors and assumptions described in Notes 2 and 3.

Other Matters

The total expenses reflected in Column A are based on the expenses of the Union for the year ended June 30, 2014. The allocation of expenses between chargeable (Column B) and non-chargeable (column C) is based on 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.

Shrewsbury, Massachusetts
October 2, 2014

David Aronson CPA P.C.

**LONGY FACULTY UNION
STATEMENT OF EXPENSES AND ALLOCATION BETWEEN
CHARGEABLE EXPENSES AND NON-CHARGEABLE EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014**

	<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>
EXPENSES				
Arbitration	20,571	20,571		3a
Bad Debts	266	266		3b
Conferences, Conventions and Meetings	888	888		3c
Insurance - Teachers Liability	198	198		3d
Insurance - Fidelity Bond	60	60		3e
Office Expense	185	185		3f
Per Capita - American Federation of Teachers	6,667	4,965	1,702	3g
Per Capita - AFT Massachusetts	8,806	7,102	1,704	3h
Per Capita - Massachusetts AFL-CIO	517	496	21	3i
Per Capita - Greater Boston Labor Council	175	175		3j
Professional Fees	5,210	5,210		3k
	<u>43,543</u>	<u>40,116</u>	<u>3,427</u>	
	<u>100.00%</u>	<u>92.13%</u>	<u>7.87%</u>	

See Independent Auditor's Report and Accompanying Notes.

LONGY FACULTY UNION
NOTES TO STATEMENT OF EXPENSES AND ALLOCATION BETWEEN
CHARGEABLE EXPENSES AND NON-CHARGEABLE EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014

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 for members regarding labor issues. Support is primarily derived from union member dues.

(b) Method of Accounting -The financial statements of Longy Faculty Union are prepared on the accrual basis 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.

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 financial positions against the criteria established by these accounting standards and believes there are no such tax positions requiring accounting recognition.

The Union's Form 990-EZ, Return of Organization Exempt from Income Tax, for the years June 30, 2012 and 2013 and Form 990-N, Electronic Notice 9 E- Postcard) for Tax –Exempt Organizations Not Required to File Form 990 or 990-EZ, for the year ending June 30, 2014 are subject to examination by the IRS, generally for three years after they were filed.

(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 employees represented by, but not members of, the Union. The accompanying statement is not intended to be a complete presentation of the Union's financial position, changes in its net assets, or its cash flows in accordance with generally accepted accounting principles.

(e) Use of Estimates in the Preparation of Financial Statements -The preparation of financial statements in conformity with generally accepted accounting principles 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.

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LONGY FACULTY UNION
NOTES TO STATEMENT OF EXPENSES AND ALLOCATION BETWEEN
CHARGEABLE EXPENSES AND NON-CHARGEABLE EXPENSES
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

Note 2- Definitions

(a) Chargeable Expenses – Chargeable expenses are those incurred by the Union that reflect 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.

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) Non-Chargeable Expenses – Non-chargeable expenses are those of an ideological or political nature and those that are not germane to work-related interest 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 Non-chargeable

(a) Arbitration – Expenses of grievances and contract administration are 100% chargeable.

(b) Bad Debts – are considered to be 100% chargeable.

(c) 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.

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LONGY FACULTY UNION
NOTES TO STATEMENT OF EXPENSES AND ALLOCATION BETWEEN
CHARGEABLE EXPENSES AND NON-CHARGEABLE EXPENSES
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

- (d) Insurance – Teachers Liability** - This is professional liability insurance provided for dues payers. It is 100% chargeable.
- (e) 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.
- (f) Office** – Supplies and related expenses have been considered to be 100% chargeable.
- (g) Per Capita- American Federation of Teachers** – Based on A.F.T.'s own published report of non-chargeable which is 25.53%.
- (h) Per Capita – AFT Massachusetts** - Based on AFT Massachusetts own published report of on-chargeable which is 19.35%.
- (i) Per Capita – Massachusetts AFL-CIO** – Based on Massachusetts AFL-CIO's own published report of non-chargeable which is 4.02%.
- (j) Per Capita – Greater Boston Labor Council** – 100% chargeable. The Greater Boston Labor Council does not allocate any costs as non-chargeable.
- (k) Professional Fees** – 100% chargeable.

Note 4 – EVALUATION OF SUBSEQUENT EVENTS

The Union has evaluated subsequent events through October 2, 2014, the date which the financial statements were available to be issued.

See Independent Auditor's Report