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LONGY FACULTY UNION

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

STATEMENT OF LONGY FACULTY UNION

STATEMENT OF FINANCIAL POSITION

EXPLANATORY INFORMATION

Statement of Expenses and Allocation

Between Chargeable Expenses and

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INDEPENDENT AUDITOR'S REPORT

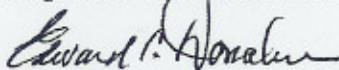
To the Executive Board
Longy Faculty Union

I have audited the accompanying statement of financial position of Longy Faculty Union (a nonprofit organization) as of June 30, 2011, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above, present in all material respects, the financial position of Longy Faculty Union as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of expenses and allocation between chargeable expenses and non-chargeable expenses on page 6 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information was subjected to the auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects, in relation to the financial statements as a whole.



Cambridge, MA 02138
September 9, 2011

LONGY FACULTY UNION
STATEMENT OF FINANCIAL POSITION
June 30, 2011

ASSETS

Cash	\$	4,746
Accounts receivable		6,266
		<hr/>
TOTAL ASSETS	\$	11,012
		<hr/>

LIABILITIES

Accounts payable	\$	1,732
Accrued expenses		3,500
Reserve for defense & militancy fund		124
		<hr/>
TOTAL LIABILITIES		5,356

NET ASSETS - UNRESTRICTED		5,656
		<hr/>
TOTAL LIABILITIES AND NET ASSETS	\$	11,012
		<hr/>

LONGY FACULTY UNION
STATEMENT OF ACTIVITIES
Year Ended June 30, 2011

%

REVENUES, GAINS, AND OTHER SUPPORT

Membership dues	\$ 9,491	76.8
Initiation fees	1,500	12.1
Scholarship donations	1,370	11.1
Interest income	1	
	<hr/>	
TOTAL REVENUES, GAINS AND OTHER SUPPORT	12,362	100.0

EXPENSES

Per Capita-AFT/National	1,142	9.2
Per Capita-AFT/MA	1,628	13.2
Per Capita-AFL-CIO/MA	105	0.8
Per Capita-Liability insurance	43	0.3
American Arbitration Assoc.	225	1.8
Greater Boston Labor Council	16	0.1
Accountant fee	3,500	28.3
Bank fees	47	0.4
	<hr/>	
TOTAL EXPENSES	6,706	54.2

INCREASE IN NET ASSETS	5,656	45.8
NET ASSETS AT BEGINNING OF YEAR	-0-	0.00
	<hr/>	
NET ASSETS AT END OF YEAR	\$ 5,656	45.8

LONGY FACULTY UNION
CASH FLOW STATEMENT
Year Ended June 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in net assets	\$ 5,656
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
(Increase) decrease in accounts receivable	(6,266)
Increase (decrease) in accounts payable	1,732
Increase (decrease) in accrued liabilities	3,500
Increase (decrease) in other Liabilities	124
Total adjustments	(910)
NET CASH PROVIDED BY OPERATING ACTIVITIES	4,746
NET INCREASE IN CASH	4,746
BEGINNING CASH	-0-
ENDING CASH	\$ 4,746

See Auditor's Report and Notes to Financial Statements.

LONGY FACULTY UNION
NOTES TO FINANCIAL STATEMENTS
(See Auditor's Report)

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Longy Faculty Union, herein known as the "Union" is a nonprofit organization formed in Boston, Massachusetts in February, 2010. It is affiliated with the American Federation of Teachers (AFT), AFT Massachusetts, the American Federation of Labor-Congress of Industrial Organizations (AFL-CIO) Massachusetts, and the Greater Boston Labor Council. In part, its objectives are to negotiate terms and conditions of employment for union members; raise the standards of the teaching profession; and, create and maintain an environment that recognizes the unique characteristics of musicians as lifelong learners, encouraging them in this process by honoring those self-referential qualities that lead toward their continued development as professionals, colleagues, and teachers.

Contributed Services

No amounts have been reflected in the financial statements for donated services. The Union generally pays for services requiring specific expertise. However, some individuals volunteer their time and perform a variety of tasks that assist the Union, but these services do not meet the criteria for recognition as contributed services.

Income Taxes

The Union is a nonprofit organization exempt from income taxes under the provisions of Section 501(c)(5) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Accordingly, neither Federal nor Massachusetts taxes are paid by the Union.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts could differ from those estimates.

LONGY FACULTY UNION
NOTES TO FINANCIAL STATEMENTS
(See Auditor's Report)

NOTE B - RESERVE FOR DEFENSE AND MILITANCY FUND

The Union sets aside one dollar per member per month to be used as a militancy and defense fund. The Executive Board exercises control over the fund.

NOTE C - DEFINITIONS

Chargeable Expenses

Chargeable expenses are those incurred by the Union that reflect the share of the cost of operations of Longy Faculty Union which are considered necessarily and reasonably incurred for the purpose of assisting the Union in the performance of their 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; activities and undertakings normally and reasonably employed to implement the duties of the local union or council as representative of the employees in the bargaining unit; and, the maintenance of the Union's associational assistance. The following are examples of expenditures classified as chargeable: preparation for and negotiations of collective bargaining agreements; contract administration, including investigation and research in connection with problems of employees; communications with community organizations, civic groups, government agencies and the media regarding the Union position on work related matters; maintaining membership; employee group programs; and providing legal, economical and technical expertise on behalf of employees on all work related matters.

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. The term "political" is defined as support for or against candidates of a 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.

The following expenses are classified as non-chargeable:
lobbying, electoral or political activities outside the limited

LONGY FACULTY UNION
NOTES TO FINANCIAL STATEMENTS
(See Auditor's Report)

context of contract ratification or implementation; litigation expense that do not concern the objecting employees' bargaining unit; and public relations efforts designed to enhance the reputation of the teaching profession.

NOTE D - SIGNIFICANT FACTORS AND ASSUMPTIONS USED IN THE ALLOCATION OF
EXPENSES BETWEEN CHARGEABLE AND NON-CHARGEABLE

(1) PER CAPITA-AFT

Based on the American Federation of Teachers published report of chargeable expenses estimated at 69.10% and therefore, non-chargeable expenses of 30.90%.

(2) PER CAPITA-AFT/MA

Based on the American Federation of Teachers Massachusetts memorandum of chargeable expenses to be 78.44% and therefore, non-chargeable expenses of 21.56%.

(3) PER CAPITA-AFL-CIO/MA, LIABILITY INSURANCE, AND GREATER BOSTON

LABOR COUNCIL

Activities related to the AFL-CIO/MA, liability insurance and the Greater Boston Labor Council are considered to be 100% non-chargeable.

(4) AMERICAN ARBITRATION ASSOCIATION, ACCOUNTANT AND BANK FEES

American Arbitration Association, accountant and bank fees are considered to be 100% chargeable.

LONGY FACULTY UNION
STATEMENT OF EXPENSES AND ALLOCATION BETWEEN CHARGEABLE
EXPENSES AND NON-CHARGEABLE EXPENSES
Year Ended June 30, 2011

	<u>Column A</u>	<u>Column B</u>	<u>Column C</u>	
	<u>Total</u>	<u>Chargeable</u>	<u>Non-</u>	
	<u>Expenses</u>	<u>Expenses</u>	<u>Chargeable</u>	<u>Notes</u>
			<u>Expenses</u>	
<u>DIRECT EXPENSES</u>				
Per Capita – A.F.T.	\$1,142	\$789	\$353	D(1)
Per Capita – A.F.T./MA	1,628	1,277	351	D(2)
Per Capita – AFL-CIO/MA	105		105	D(3)
Per Capita – Liability Insurance	43		43	D(3)
American Arbitration Association	225	225		D(4)
Greater Boston Labor Council	<u>16</u>		<u>16</u>	D(3)
Total direct expenses	<u>3,159</u>	<u>2,291</u>	<u>868</u>	
 <u>GENERAL, ADMINISTRATIVE, AND OPERATING EXPENSES</u>				
Accountant's Fee	3,500	3,500		D(4)
Bank Fee	47	47		D(4)
Total general, administrative and operating expenses	<u>3,547</u>	<u>3,547</u>		
Total expenses	<u>\$6,706</u>	<u>\$5,838</u>	<u>\$868</u>	
	<u>100.00%</u>	<u>87.06%</u>	<u>12.94%</u>	