



Coalition of Graduate Employees
AFT Local 6069

(a not-for-profit organization)

Statement of Expenses and Allocation between Chargeable Expenses
and Non-chargeable Expenses – Modified Cash Basis
Year ended June 30, 2016

Prepared By:

LaukaMcGuire & Associates | CERTIFIED PUBLIC ACCOUNTANTS

Coalition of Graduate Employees
AFT Local 6069 *(a not-for-profit organization)*

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Independent Auditor's Report

To the Board of Directors
Coalition of Graduate Employees AFT Local 6069
Corvallis, Oregon

Report on the Statement

We have audited the accompanying Statement of Expenses and Allocation between Chargeable Expenses and Non-chargeable Expenses – Modified Cash Basis of the Coalition of Graduate Employees AFT Local 6069 for the year ended June 30, 2016, and the related notes to the statement.

Management's Responsibility for the Statement

Management is responsible for the preparation and fair presentation of this statement in accordance with the basis of accounting described in Note 1, 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 the statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement, 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 statement 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 statement.

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 statement referred to above presents fairly, in all material respects, the total expenses of the Coalition of Graduate Employees AFT Local 6069 as of June 30, 2016, in accordance with the basis of accounting described in Note 1, and the allocated expenses between chargeable and non-chargeable on the basis of the definitions and significant factors and assumptions described in Notes 2 and 3.

Basis of Accounting

The statement was prepared by the Coalition of Graduate Employees AFT Local 6069 with the basis of accounting described in Note 1, 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, 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.

Restriction on Use

This report is intended solely for the information and use of the Executive Council, Management, and Fair Share Fee Payers of the Coalition of Graduate Employees AFT Local 6069, and is not intended to be and should not be used by anyone other than these specified parties.



Portland, Oregon
January 30, 2017

Coalition of Graduate Employees

AFT Local 6069 (a not-for-profit organization)

Statement of Expenses and Allocation between Chargeable Expenses and Non-chargeable Expenses - Modified Cash Basis

For the year ended June 30, 2016

(See Accompanying Notes)

	<u>Total General Fund Expenses</u>	<u>Chargeable Expenses</u>	<u>Non- chargeable Expenses</u>
Salaries, payroll taxes, and benefits	\$ 106,596	\$ 104,986	\$ 1,610
Affiliation fees:			
AFT	143,053	89,437	53,616
AFT-Oregon	228,750	179,592	49,158
AFL-CIO	11,993	-	11,993
Office operations	18,605	18,324	281
Bargaining unit activities	13,373	7,414	5,959
Conventions, conferences, and training	12,982	9,642	3,340
Meetings	6,745	6,745	-
Legal, audit and professional fees	8,303	7,316	987
Arbitration - fair share	5,346	5,346	-
Contributions and outreach	556	150	406
Publications and communications	511	511	-
Direct bargaining expense	437	437	-
Depreciation	3,066	3,020	46
Total Expenses	<u>\$ 560,316</u>	<u>\$ 432,920</u>	<u>\$ 127,396</u>
 Percentage	 100.00%	 77.26%	 22.74%

Coalition of Graduate Employees

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Notes to the Statement of Expenses and Allocation between Chargeable Expenses and Non-chargeable Expenses – Modified Cash Basis

For the year ended June 30, **Error! Unknown document property name.**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying statement was prepared for the purpose of determining the fair share cost of services rendered by the Coalition of Graduate Employees AFT Local 6069 (CGE) for employees represented by, but not members of, CGE. The accompanying statement is not intended to be a complete presentation of CGE's financial position, nor its changes in net assets or cash flows in accordance with the modified cash basis of accounting. Under the modified cash basis of accounting, expenses except depreciation and payroll withholdings, are recognized when cash is distributed rather than when the obligation is incurred.

Income Taxes

CGE is an unincorporated association exempt from federal and state income taxes to the extent of non-political deductions and on net income from unrelated business activities under Section 501(c)(5) of the Internal Revenue Service Code. Accordingly, the financial statements do not reflect a provision for income taxes.

Depreciation

Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Lease

CGE leases office space on a monthly basis for \$850 per month. Rental expense was \$10,200 for the year ended June 30, 2016. The lease term is month-to-month.

Use of Estimates

The preparation of this statement requires management to make estimates and assumptions that affect the reported expenses during the reporting period and allocation of expenses between chargeable and non-chargeable. Actual results could differ from those estimates.

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Notes to the Statement of Expenses and Allocation between Chargeable Expenses and Non-chargeable Expenses – Modified Cash Basis

For the year ended June 30, **Error! Unknown document property name.**

NOTE 2 DEFINITIONS

The following definitions of chargeable and non-chargeable expenses are based on existing law and CGE's interpretation of court cases.

Chargeable Expenses

Chargeable expenses are those incurred by CGE that reflect the share of the costs of operations of CGE which are considered necessarily and reasonably incurred for the purpose of assisting in the performance of CGE's 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 as representative of the employees in the bargaining unit; and the maintenance of the local union's associational existence.

The following are examples of expenditures classified as chargeable: preparation for and negotiation of collective bargaining agreements; contract administration including investigation and processing of 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 respecting CGE's position on work-related matters; maintaining membership; employee group programs; and providing legal, economic and technical expertise on behalf of employees in all work-related matters.

Non-chargeable Expenses

Non-chargeable expenses are those of an ideological or political nature and those not germane to work-related interests of employees.

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.

The following are examples of non-chargeable expenses: lobbying, electoral or political activities outside the limited context of contract ratification or implementation; litigation expenses that do not concern the objecting employees' bargaining unit; and public relations efforts designed to enhance the reputation of the professions and occupations represented by CGE.

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Notes to the Statement of Expenses and Allocation between Chargeable Expenses and Non-chargeable Expenses – Modified Cash Basis

For the year ended June 30, **Error! Unknown document property name.**

NOTE 3 SIGNIFICANT FACTORS AND ASSUMPTIONS USED IN THE ALLOCATION OF EXPENSES BETWEEN CHARGEABLE AND NON-CHARGEABLE

Salaries, payroll taxes, and benefits

Salaries expense have been allocated between chargeable and non-chargeable expenses based on the time spent on those activities. Payroll taxes, benefits and training are allocated using the same percentage.

AFT and AFT-Oregon per capita

Dues and membership fees to the American Federation of Teachers and the American Federation of Teachers – Oregon are allocated according to their separate computation of the Agency Fee based upon their accountants' verification.

All other affiliation fees

Dues, donations, and affiliation fees to all other organizations are considered 100% non-chargeable.

Bargaining unit activities and meetings

Promotional items for members only are 100% non-chargeable. Activities for members only are considered to be 100% non-chargeable. Activities benefiting the entire bargaining unit are 100% chargeable.

Conventions, conferences, and training

Expenses related to CGE's conventions and conferences and affiliates are considered 100% chargeable. All other conventions and meetings expenses are considered 100% non-chargeable.

Training programs and conferences are for local staff and are to enhance staff skills in collective bargaining, grievance handling, and contract administration. These training programs and conferences are considered 100% chargeable, except that items of a political or public relations nature contained within the programs are non-chargeable.

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Notes to the Statement of Expenses and Allocation between Chargeable Expenses and Non-chargeable Expenses – Modified Cash Basis

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NOTE 3 SIGNIFICANT FACTORS AND ASSUMPTIONS USED IN THE ALLOCATION OF EXPENSES BETWEEN CHARGEABLE AND NON-CHARGEABLE, continued

Arbitration and direct bargaining expense

Arbitration and direct expenditures of negotiation and representation are considered 100% chargeable including expenses of organizing, collective bargaining, grievance handling, contract administration, etc.

Contributions and outreach

Contributions and outreach expenditures are considered 100% non-chargeable.

Publications and communications

The direct costs of printing, copying, postage, shipping, and publishing are allocated based on the specific content of the communication.

Office and depreciation expense

Office and depreciation expenses have been allocated to chargeable and non-chargeable expenses based on the same ratio as employee salaries.

Legal, audit and professional fees

Legal, audit and professional fees paid to outside lawyers and accountants directly relating to agency shop matters are 100% chargeable. Legal, audit, and professional fees related to non-chargeable activities are considered 100% non-chargeable. Professional fees related to employee costs are allocated to chargeable and non-chargeable expenses based on the same ratio as employee salaries.

NOTE 4 MANAGEMENT'S REVIEW and EVALUATION OF SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 30, 2017, which is the date the statement was available to be issued. This review and evaluation revealed no new material event or transaction which would require an additional adjustment to or disclosure in the accompanying statement