

PROFESSIONAL STAFF CONGRESS/CUNY

**STATEMENT OF EXPENSES AND
ALLOCATION BETWEEN
CHARGEABLE EXPENSES AND
NONCHARGEABLE EXPENSES**

YEAR ENDED AUGUST 31, 2013

PROFESSIONAL STAFF CONGRESS/CUNY

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Independent Accountant's Examination Report

Executive Council Professional Staff Congress/CUNY

We have examined the accompanying statement of expenses and allocation between chargeable and nonchargeable expenses of Professional Staff Congress/CUNY for the year ended August 31, 2013. This statement is the responsibility of the organization's management. Our responsibility is to express an opinion on this statement based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the allocation of expenses between chargeable and nonchargeable expenses and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the statement referred to above presents, in all material respects, the expenses and the allocation of expenses between chargeable and nonchargeable expenses on the basis of the definitions and significant factors and assumptions described in Notes 2 and 3 for Professional Staff Congress/CUNY for the year ended August 31, 2013.

This report is intended solely for the information and use of the management and the Executive Council of Professional Staff Congress/CUNY and its agency fee payers, and is not intended to be and should not be used by anyone other than these specified parties.

Loeb + Troper LLP

April 1, 2014

PROFESSIONAL STAFF CONGRESS/CUNY

**STATEMENT OF EXPENSES AND ALLOCATION
BETWEEN CHARGEABLE EXPENSES AND
NONCHARGEABLE EXPENSES**

YEAR ENDED AUGUST 31, 2013

	<u>Total Expenses</u>	<u>Chargeable Expenses</u>	<u>Nonchargeable Expenses</u>
Expenses			
Salaries, stipends and reassigned time	\$ 3,624,744	\$ 3,046,110	\$ 578,634
Fringe benefits	1,746,278	1,438,933	307,345
Occupancy	1,202,544	990,896	211,648
Depreciation and amortization	79,867	65,810	14,057
Dues to affiliated organizations	9,278,647	7,932,491	1,346,156
Conferences and meetings	182,606	124,172	58,434
Repairs and maintenance	146,152	132,588	13,564
Office supplies, telephone and publishing	327,501	224,349	103,152
Postage and delivery	54,252	45,572	8,680
Professional fees	554,244	489,408	64,836
Contract and budget campaigns	364,828	15,048	349,780
Insurance	34,033	28,043	5,990
Mobilization, outreach and community relations	187,154	119,779	67,375
Other expenses	<u>100,791</u>	<u>55,983</u>	<u>44,808</u>
Total expenses	17,883,641	14,709,182	3,174,459
Less			
NYSUT and AFT per capita payments	<u>9,022,978</u>	<u>7,821,656</u>	<u>1,201,322</u>
	\$ <u>8,860,663</u>	\$ <u>6,887,526</u>	\$ <u>1,973,137</u>
	<u>100%</u>	<u>78%</u>	<u>22%</u>

See independent accountant's examination report.

The accompanying notes are an integral part of this statement.

PROFESSIONAL STAFF CONGRESS/CUNY

**NOTES TO STATEMENT OF EXPENSES AND ALLOCATION
BETWEEN CHARGEABLE EXPENSES AND
NONCHARGEABLE EXPENSES**

YEAR ENDED AUGUST 31, 2013

**NOTE 1 - NATURE OF STATEMENT AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES**

Purpose of the report - The statement of expenses and allocation between chargeable and nonchargeable expenses (statement) was prepared for the purpose of determining the fair share cost of services rendered by Professional Staff Congress/CUNY ("PSC-CUNY") on behalf of members of PSC-CUNY and its affiliated unions (organization created to represent workers for the purpose of collective bargaining and also maintaining and improving workers' rights). The statement is not intended to be a complete presentation of PSC-CUNY's financial position, changes in net assets, or its cash flows in accordance with accounting principles generally accepted in the United States of America.

Income taxes - PSC-CUNY is exempt from federal income tax under Section 501(c)(5) of the Internal Revenue Code.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

Basis of accounting - The statement is prepared on the accrual basis of accounting.

Subsequent events - Subsequent events (after August 31, 2013) have been evaluated through April 1, 2014, which is the date the statement of expenses and allocation between chargeable expenses and nonchargeable expenses was available to be issued.

NOTE 2 - DEFINITIONS

Chargeable expenses - Chargeable expenses are those incurred by PSC-CUNY which reflect the costs of operations of PSC-CUNY, necessarily and reasonably incurred in the performance of its duties on behalf of members of PSC-CUNY, including collective bargaining, administration of the collective bargaining contract, processing and settling grievances, addressing collective bargaining agreement-related problems, handling arbitral and court proceedings, research in connection with collective bargaining agreement-related subjects and issues, sponsoring and attending collective bargaining agreement-related conferences, activities with respect to matters concerning contractual terms and conditions of employment, maintaining membership and recruiting members, and providing legal, economic and technical expertise on behalf of employees in all work-related matters.

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PROFESSIONAL STAFF CONGRESS/CUNY

**NOTES TO STATEMENT OF EXPENSES AND ALLOCATION
BETWEEN CHARGEABLE EXPENSES AND
NONCHARGEABLE EXPENSES**

YEAR ENDED AUGUST 31, 2013

NOTE 2 - DEFINITIONS (continued)

Nonchargeable expenses - Nonchargeable expenses are those of an ideological or political nature only incidentally related to terms and conditions of employment. The term "political" is defined as support for or against candidates for political office of any level of government and any legislative activities and lobbying. The term "ideological" is defined as positions PSC-CUNY may take in support or in opposition, which are not directly concerned with contractual terms and conditions of employment and includes work with community organizations, civic groups, government agencies and the media in connection with funding for City University of New York (CUNY) not related to the collective bargaining agreement (CBA) and pedagogical issues.

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

Salaries, stipends and reassigned time - Payroll expenses have been allocated to chargeable and nonchargeable based upon all work activities of each employee for the year ended August 31, 2013 (payroll expense allocation). Similarly, reassigned time/stipends were deemed nonchargeable if the work related to legislative and cultural activities of PSC-CUNY.

Fringe benefits - Fringe benefits are allocated on the basis of the payroll expense allocation described above.

Occupancy - Occupancy expenses have been allocated on the basis of the payroll expense allocation described above.

Depreciation and amortization - Depreciation and amortization of furniture, equipment and leasehold improvements are allocated on the basis of the payroll expense allocation described above. Depreciation is recorded on the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of the term of the lease or the estimated useful life of the improvements.

Dues to affiliated organizations - Dues paid to New York State United Teachers ("NYSUT") and American Federation of Teachers ("AFT") are per capita payments and are excluded from the calculation based upon the chargeable/nonchargeable amounts as published by NYSUT and AFT. Monies to be rebated based on the portion of the agency fee paid to NYSUT and AFT are calculated separately. American Association of University Professors ("AAUP") dues are 51.5% nonchargeable as per the AAUP-published report for 2012. Dues to the Municipal Labor Committee are 50% chargeable.

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PROFESSIONAL STAFF CONGRESS/CUNY

NOTES TO STATEMENT OF EXPENSES AND ALLOCATION
BETWEEN CHARGEABLE EXPENSES AND
NONCHARGEABLE EXPENSES

YEAR ENDED AUGUST 31, 2013

NOTE 3 - SIGNIFICANT FACTORS AND ASSUMPTIONS USED IN THE ALLOCATION
OF EXPENSES BETWEEN CHARGEABLE AND NONCHARGEABLE
(continued)

Conferences and meetings - Conferences and meetings are considered chargeable, except for items of a political or ideological nature on meeting agendas. The portion identified as nonchargeable was 32%.

Repairs and maintenance - Computer expenses related to NYSUT processing of payroll data were deemed 100% chargeable; the remaining computer expenses were allocated using the payroll expense allocation. Photocopy maintenance expenses were allocated based on the content of print jobs and were deemed 16% nonchargeable.

Office supplies, telephone and publishing - Office supplies and telephone expenses are allocated using the payroll expense allocation. Expenses for publishing of the Clarion newspaper were allocated based on the content of articles. Articles considered political or ideological in nature, 35.1%, are nonchargeable.

Postage and delivery - Postage and delivery were allocated based on review of the printed and delivered materials. 16% of expenses in this category are considered nonchargeable.

Professional fees - Legal consultants' expenses are largely collective-bargaining-related. The other general consultants' category is 38% nonchargeable because of charges related to lobbying and solidarity work. The ratio of nonchargeable staff salaries was applied to computer consultants who maintain the PSC-CUNY office computer system. Consultant fees for accounting, auditing and grievance/arbitration are 100% chargeable.

Contract and budget campaigns - Expenses for CUNY budget campaigns are 100% nonchargeable. The contract campaign is 96% chargeable.

Insurance - Insurance expenses are allocated on the basis of the payroll expense allocation described above.

Mobilization, outreach and community relations - Expenses for organizing, chapter budgets, and health and safety are 82%, 98% and 98% chargeable, respectively. Expenses for community relations are 100% nonchargeable.

Other expenses - Other expenses related to the Belle Zeller Professorship, union elections, union cultural activities, committees and dues and refunds are nonchargeable. The library acquisition was allocated using the payroll expense allocation.