

PROFESSIONAL STAFF CONGRESS/CUNY
FINANCIAL STATEMENTS with SUPPLEMENTAL INFORMATION
AUGUST 31, 2019 and 2018

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Independent Auditor's Report

To the Executive Board of Professional Staff Congress of the City University of New York

We have audited the accompanying financial statements of the Professional Staff Congress of the City University of New York (PSC/CUNY), which comprise the statements of financial position as of August 31, 2019 and 2018, and the related statements of activities, functional expenses, 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 audit to obtain reasonable assurance about whether the financial statements are free from 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 PSC/CUNY'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 PSC/CUNY'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 the Professional Staff Congress of the City University of New York as of August 31, 2019 and 2018, and the changes in its net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle: As discussed in Note 12 to the financial statements, PSC/CUNY adopted new accounting guidance, ASU 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. Our opinion is not modified with respect to this matter.

Report on Supplemental Information: Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental Schedules of Expenses by Category are presented for purposes of additional analysis and are not a required part of the financial statements. Supplemental information is the responsibility of the PSC/CUNY's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional 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 our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

NOVAK FRANCELLA, LLC
New York, New York, February 19, 2020

STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2019 AND 2018

	2019	2018
Assets		
Cash and cash equivalents	\$ 711,649	\$ 2,667,313
Investments – at fair value		
Certificates of deposit	992,000	992,000
Mutual funds	10,849,343	9,071,114
Investments – other		
Certificate of deposit	992,000	992,000
Total investments	11,841,343	10,063,114
Receivables		
Dues	125,000	357,000
Due from related entities	617,400	338,000
Due from other	90,000	-
Total receivables	832,400	695,000
Property and equipment		
Equipment	702,649	684,544
Leasehold improvements	531,860	529,641
Furniture and fixtures	341,405	340,407
	1,575,914	1,554,592
Less: accumulated depreciation	(1,416,898)	(1,366,771)
Net property and equipment	159,016	187,821
Total assets	\$ 13,544,408	\$ 13,613,248
Liabilities and Net Assets		
Current liabilities		
Accrued expenses	\$ 273,379	\$ 321,803
Accrued compensated balances	697,814	602,033
Due to related entities	1,620,215	2,140,517
Total current liabilities	2,591,408	3,064,353
Long-term liabilities		
Deferred rent	\$ 567,227	\$ 696,220
Unfunded projected pension benefit obligation	4,071,885	3,103,465
Total long-term liabilities	4,639,112	3,799,685
Total liabilities	7,230,520	6,864,038
Net assets without donor restrictions	6,313,888	6,749,210
Total liabilities and net assets	\$ 13,544,408	\$ 13,613,248

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENT
AUGUST 31, 2019 AND 2018

NOTE 1. ORGANIZATION AND TAX STATUS

The Professional Staff Congress of the City University of New York (PSC/CUNY) was created by a merger of the Legislative Conference of The City University of New York and the United Federation of College Teachers. It was created to be the collective bargaining representative of the instructional staff of the City University of New York (CUNY). The Professional Staff Congress of the City University of New York is a Local (Local 2334) of the American Federation of Teachers (AFT). Through the AFT, PSC/CUNY is affiliated with New York State United Teachers (NYSUT) and The American Federation of Labor and Congress of Industrial Organizations (AFL-CIO).

The purpose of PSC/CUNY is to advance and secure the professional and economic interest of the instructional staff of the CUNY and other members of the bargaining units of PSC/CUNY. The objectives of PSC/CUNY are to negotiate and administer collective bargaining agreements; to improve the quality of education, research and scholarship at the CUNY; to cooperate with other educational, professional, and labor organizations in order to enhance the quality of education in the nation and to promote the professional and economic interests and the welfare of all workers; to serve as the public representative of the instructional staff of the CUNY and other members of the bargaining units of the Professional Staff Congress; and to cooperate with other CUNY employee and academic organizations and student bodies in order to advance the interests of the faculty, staff and students of the CUNY and the community it serves. The benefits members receive are paid for by contributions from the employer, CUNY, which are negotiated during bargaining as part of members' compensation. PSC/CUNY and its affiliated organizations have arranged for various special economic benefits for its members.

Supplemental health and welfare benefits are paid from a separate trust fund and are not included in these financial statements.

PSC/CUNY is exempt from Federal income taxes under Section 501(c)(5) of the Internal Revenue Code under a blanket exemption of the AFT.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by PSC/CUNY and recognize a tax liability if PSC/CUNY has taken an uncertain position that, more likely than not, would not be sustained upon examination by the

Federal, state, or local taxing authorities. PSC/CUNY is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Typically, tax years will remain open for three years; however, this may differ depending upon the circumstances of PSC/CUNY.

NOTE 2. SUMMARY OF SIGNIFICANT

ACCOUNTING POLICIES

Method of Accounting - The accompanying financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) for non-profit organizations. Net assets are classified as net assets without donor restrictions and with donor restrictions. Net assets are generally reported as net assets without donor restrictions unless assets are received from donors

with explicit stipulations that limit the use of the asset. PSC/CUNY does not have any net assets with donor restrictions.

Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of PSC/CUNY. These net assets may be used at the discretion of PSC/CUNY's management and the Board of Directors. Net assets without donor restrictions totaled \$6,313,888 and \$6,749,210 for the years ended August 31, 2019 and 2018, respectively.

Cash and Cash Equivalents - PSC/CUNY considers all cash and highly liquid investments, including certificates of deposit with initial maturities of three months or less, to be cash equivalents.

Investments - Investments are carried at fair value which generally represents quoted market prices, or the net asset value of the mutual funds, as of the last business day of the fiscal year as provided by the custodian or investment manager. Certificates of deposit held for investment that are not debt securities are classified as Investments - other and are carried at cost.

Property and Equipment - Property and equipment are recorded at cost. Major additions are capitalized while replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are expensed currently. Depreciation is computed over the assets' estimated useful lives, three to thirty years, by the straight line method. Depreciation expense was \$50,127 for the year ended August 31, 2019 and \$69,670 for 2018.

Accrued Compensated Balances - Future employee absences that have been earned but not yet taken are accrued within the contract limits. The accrued compensated balances were \$697,814 for the year ended August 31, 2019 and \$602,033 for 2018.

Membership Dues and Dues Receivable - Membership dues are recognized as revenue over the membership period. Dues come from members through payroll deductions and direct payments. Dues receivable are recorded as revenues are recognized. PSC/CUNY has determined that no allowance for doubtful accounts for receivables is necessary as of August 31, 2019 and 2018.

Deferred Rent - Operating leases are recognized on a straight-line basis over the term of the lease. Deferred rent has been recorded for the difference between the fixed payment and the rent expense. Deferred rent was \$567,227 for the year ended August 31, 2019 and \$696,220 for 2018.

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 reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

NOTE 3. CONCENTRATION OF CASH

PSC/CUNY places its cash and certificates of deposit with financial institutions deemed to be creditworthy. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash balances and certificates of deposits may at times exceed the insured deposit limits. As of August 31, 2019, PSC/CUNY's cash and certificates of deposit in excess of FDIC coverage totaled \$461,650 and \$742,000, respectively.

NOTE 4. AVAILABILITY AND LIQUIDITY

The following represents PSC/CUNY's financial assets available within one year of the statements of financial position date for general expenditure at August 31, 2019 and 2018:

	2019	2018
Financial assets available within one year:		
Cash & cash equivalents	\$ 711,649	\$ 2,667,313
Investments	11,841,343	10,063,114
Receivables	832,400	695,000
Total financial assets	13,385,392	13,425,427
Less investments maturing greater than one year	(794,000)	(793,000)
Financial assets available to meet general expenditures within one year	\$12,591,392	\$12,632,427

As part of PSC/CUNY's liquidity plan, excess cash is maintained in checking and money market accounts, and certificates of deposit.

NOTE 5. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Basis of Fair Value Measurement:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the PSC/CUNY has the ability to access.

Level 2 - Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

For the years ended August 31, 2019 and 2018, there were no transfers in or out of levels 1, 2, or 3.

The following tables set forth, by level within the fair value hierarchy, the major categories of invest-

STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED AUGUST 31, 2019 AND 2018

	2019			2018		
	Total	Member Services	Support Services	Total	Member Services	Support Services
Affiliation fees	\$ 9,934,737	\$ 9,934,737	\$ -	\$ 11,036,031	\$ 11,036,031	\$ -
Salaries, employee benefits and payroll taxes	5,519,277	2,298,823	3,220,454	5,477,311	2,182,086	3,295,225
Representational and governance	146,542	146,542	-	192,898	192,898	-
Public relations	154,877	154,877	-	167,447	167,447	-
Building expenses	1,401,783	583,843	817,940	1,404,396	559,511	844,885
Administrative, office and general	420,801	124,297	296,504	430,749	120,541	310,208
Professional fees	461,140	461,140	-	610,768	610,768	-
Contract and budget campaigns	759,168	759,168	-	112,855	112,855	-
Stipends and reassigned time	505,851	505,851	-	511,272	511,272	-
Depreciation expense	50,127	-	50,127	69,670	-	69,670
Membership campaign	31,707	31,707	-	106,302	106,302	-
Total expenses	\$ 19,386,010	\$ 15,000,985	\$ 4,385,025	\$ 20,119,699	\$ 15,599,711	\$ 4,519,988

STATEMENTS OF ACTIVITIES
YEARS ENDED AUGUST 31, 2019 AND 2018

	2019	2018
Revenue		
Membership dues	\$ 15,109,810	\$ 16,257,484
Organizing assistance	3,546,488	4,035,091
Investment income, net	802,753	241,411
Rental income	260,616	238,914
Total revenue	19,719,667	20,772,900
Expenses		
Affiliation fees	9,934,737	11,036,031
Salaries, employee benefits, and payroll taxes	5,519,277	5,477,311
Representational and governance	146,542	192,898
Public relations	154,877	167,447
Building expenses	1,401,783	1,404,396
Administrative, office and general	420,801	430,749
Professional fees	461,140	610,768
Contract & budget campaigns	759,168	112,855
Stipends and reassigned time	505,851	511,272
Depreciation expense	50,127	69,670
Membership campaign	31,707	106,302
Total expenses	19,386,010	20,119,699
Net increase in net assets	333,657	653,201
Net assets without donor restrictions		
Beginning of year	6,749,210	5,824,266
Adjustment to pension liability funded status	(768,979)	271,743
End of year	\$ 6,313,888	\$ 6,749,210

See accompanying notes to financial statements.

STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2019 AND 2018

	2019	2018
Cash flows from operating activities		
Change in net assets	\$ 333,657	653,201
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	(502,569)	(27,265)
Net realized and unrealized (gains) losses	(27,265)	(110,071)
Pension liability funded status	(768,979)	271,743
Decrease (increase) in assets:		
Dues receivable	232,000	367,000
Due from related entities	(279,400)	189,884
Increase (decrease) in liabilities:		
Accrued expenses	(48,424)	(7,187)
Accrued compensated absences	95,781	(29,803)
Due to related entities	(520,302)	355,467
Unfunded pension liability	968,420	(60,784)
Deferred rent	(128,993)	(104,495)
Net cash provided by (used for) operating activities	(658,682)	1,677,431
Cash flows from investing activities		
Purchase of property and equipment	(21,322)	(1,516)
Purchase of certificates of deposit	(298,000)	(198,000)
Liquidation of certificates of deposit	298,000	198,000
Sale of investments	23,699	21,651
Purchase of investments	(1,299,359)	(1,215,126)
Net cash used for investing activities	(1,296,982)	(1,194,991)
Net (decrease) increase in cash	(1,955,664)	482,440
Cash and cash equivalents		
Beginning of year	2,667,313	2,184,873
End of year	\$ 711,649	2,667,313

See accompanying notes to financial statements.

ments measured at fair value at August 31, 2019 and 2018:

Fair Value Measurements at August 31, 2019				
	Total	Level 1	Level 2	Level 3
Mutual funds	\$ 10,849,343	\$ 10,849,343	\$ -	\$ -
Investments at fair value	\$ 10,849,343	\$ 10,849,343	\$ -	\$ -

Fair Value Measurements at August 31, 2018				
	Total	Level 1	Level 2	Level 3
Mutual funds	\$ 9,071,114	\$ 9,071,114	\$ -	\$ -
Investments at fair value	\$ 9,071,114	\$ 9,071,114	\$ -	\$ -

* PSC/CUNY has corrected the presentation of certificates of deposits within its portfolio investment fair value classification disclosure for 2018. The certificates of deposit were previously presented as Level 1 investments and now have been presented as investment- other.

PSC/CUNY contributes to the Professional Staff Congress/CUNY Pension Plan (the Plan), a single employer plan covering professional and management employees who meet age and service requirements. Contributions are actuarially determined.

NOTE 6. SINGLE-EMPLOYER PENSION PLAN

The Professional Staff Congress of the City University of New York Pension Plan is a defined benefit plan paying 2.2% of Final Average Compensation for each year of service, up to 25 years. Final Average Compensation is the average compensation over the last highest 5 consecutive years (or highest 60 months) of service. Plan assets do not include any securities of the employer or related entities. No amount of future annual benefits of plan participants is covered by insurance contracts. There were no significant transactions between the PSC/CUNY or related parties and the Plan during the years ended August 31, 2019 and 2018.

The following are the balances as of or for the years ended August 31, 2019 and 2018 as provided by the Plan's actuary:

	2019	2018
Projected benefit obligation	\$ (9,038,340)	\$ (7,413,308)
Fair value of plan assets	4,966,455	4,309,843
Funded status	\$ (4,071,885)	\$ (3,103,465)
Accumulated benefit obligation	\$ (1,797,367)	\$ (1,597,926)
Amounts recognized in the statement of financial position:		
Noncurrent liabilities	\$ (4,071,885)	\$ (3,103,465)
Amounts in net assets not recognized as components of net periodic benefit cost:		
Accumulated net gain or (loss)	(2,274,518)	(1,505,539)
Weighted-average assumptions:		
Discount rate (to discount plan benefit obligations)	2.85%	4.00%
Discount rate (to measure net periodic pension cost)	4.00%	3.60%
Expected return on plan assets	7.00%	7.00%
Rate of compensation increase	4.00%	4.00%
Employer contributions	\$ 431,047	\$ 388,000
Benefits paid	\$ 60,355	\$ 112,653
Net periodic pension cost	\$ 584,418	\$ 550,574

The change in unfunded pension benefit obligations consists of the following:

	2019	2018
Net periodic pension cost	\$ 584,418	\$ 550,574
Add: Administrative expenses	46,070	48,385
Less: Employer remittances	(431,047)	(388,000)
	199,441	210,959
Increase (decrease) in unrecognized accumulated net gain or loss	\$ (768,979)	\$ (271,743)
	\$ (968,420)	\$ (60,784)

In 2019 and 2018, PSC/CUNY has recorded a loss of \$768,979 and a gain of \$271,743, respectively, to its net assets for the additional change in accrued pension payable beyond the current-year pension expense.

The Plan's expected long-term rate of return on assets assumption is 7.00%. This assumption represents the rate of return on Plan assets reflecting the average rate of earnings expected on the funds invested or to be invested to provide for the benefits included in the benefit obligation.

The assumption has been determined by reflecting expectations regarding future rates of return for the investment portfolio, with consideration given to the distribution of investments by asset class and historical rates of return for each individual asset class.

For the years ended August 31, 2019 and 2018, there were no transfers in or out of levels 1, 2 and 3.

The following tables set forth, by level within the fair value hierarchy, the major categories of Plan investments measured at fair value and the allocation of the Plan's net assets available for benefits at August 31, 2019 and 2018: SEE TABLE 1

PSC/CUNY's investment policies are designed to ensure that adequate plan assets are available to provide future payments of pension benefits to eligible participants. Taking into account the expected long-term rate of return on plan assets, PSC/CUNY formulates the investment portfolio composed of the optimal combination of cash and cash equivalents, equities, fixed income and mutual funds.

Future Cash Flows

The projected contribution for next fiscal year is \$420,000.

The following benefit payments, which reflect expected future service, are expected to be paid as follows:

TABLE 1 Fair Value Measurements at August 31, 2019					
	Total	Level 1	Level 2	Level 3	
Cash & cash equivalents	3.77%	\$ 187,311	\$ 187,311	\$ -	\$ -
Equities	38.83%	1,928,229	1,928,229	-	-
U.S. Government & Government Agency obligations	35.62%	1,769,203	1,684,280	84,923	-
Mutual funds	21.78%	1,081,712	1,081,712	-	-
	100.00%	\$ 4,966,455	\$ 4,881,532	\$ 84,923	\$ -
Fair Value Measurements at August 31, 2018					
	Total	Level 1	Level 2	Level 3	
Cash & cash equivalents	5.78%	\$ 249,143	\$ 249,143	\$ -	\$ -
Equities	44.71%	1,926,828	1,926,828	-	-
U.S. Government & Government Agency obligations	27.87%	1,201,126	1,106,839	94,287	-
Mutual funds	21.64%	932,746	932,746	-	-
	100.00%	\$ 4,309,843	\$ 4,215,556	\$ 94,287	\$ -

2020	\$ 162,179
2021	186,212
2022	183,360
2023	181,066
2024	179,397
2025 - 2029	944,128

NOTE 7. MULTIEMPLOYER DEFINED BENEFIT PENSION PLAN

PSC/CUNY participates in the Office and Professional Employees International Union, Local 153 Pension Fund, a multiemployer defined benefit pension plan, under the terms of a collective bargaining agreement that covers its union-represented employees who meet age and service requirements. The risks of participating in multiemployer defined benefit pension plans are different from single-employer plans in the following aspects:

- Assets contributed to the multiemployer defined benefit pension plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the multiemployer defined benefit pension plan, the unfunded obligations of the multiemployer defined benefit pension plan may be borne by the remaining participating employers.
- If the Plan chooses to stop participating in the multiemployer defined benefit pension plan, the Plan may be required to pay the multiemployer defined benefit pension plan an amount based on the unfunded status of the multiemployer defined benefit pension plan, referred to as a withdrawal liability.

PSC/CUNY's participation in the multiemployer defined benefit pension plan for the annual periods ended August 31, 2019 and 2018, is outlined in the table below. The zone status is based on information that PSC/CUNY received from the multiemployer defined benefit pension plan and is certified by the multiemployer defined benefit pension plan's actuary. Among other factors, pension plans in the red zone are generally less than 65 percent funded, pension plans in the yellow zone are less than 80 percent funded, and pension plans in the green zone are at least 80 percent funded.

SEE TABLE 2

* PSC/CUNY participates in the Local 153 Pension Fund through a collective bargaining agreement between PSC/CUNY and the Office & Professional Employees International Union, Local 153 AFL-CIO (Local 153). The collective bargaining agreement has a three year term of October 1, 2018 through September 30, 2021.

SEE TABLE 3

* The employer contribution rate of the Pension Plan was \$267 per week per employee effective June 1, 2019, and \$260 effective June 1, 2018.

SEE TABLE 4

NOTE 8. MULTIEMPLOYER PLAN THAT PROVIDES POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

PSC/CUNY contributed to one multiemployer defined benefit health and welfare plan during the years ended August 31, 2018 and 2017 that provides postretirement benefits for its full-time support staff employees. PSC/CUNY's contributions to the welfare plan on behalf of its full-time support staff employees, contribution rates, and number of employees covered were as follows:

SEE TABLE 5

*Under a collective bargaining agreement between Local 153 and PSC/CUNY, PSC/CUNY established coverage through an insured Preferred Provider Organization Plan to provide medical, dental and prescription benefits. PSC/CUNY contributed \$66 per month to Local 153 Health Fund per active employee and \$8 per month per retiree under a collective bargaining agreement between Local 153 and PSC/CUNY to provide supplement benefits for life insurance coverage and vision benefits.

NOTE 9. RELATED PARTY TRANSACTIONS

Identification of Related Organizations

PSC/CUNY has the following related entities:

- American Federation of Teachers (AFT)
- New York State United Teachers (NYSUT)
- Professional Staff Congress of the City University of New York Welfare Fund
- The American Association of University Professors (AAUP)

The entities listed above share common trustees, officers or affiliation with PSC/CUNY.

PSC/CUNY is affiliated with New York State United Teachers (NYSUT) and the American Federation of Teachers (AFT) through arrangements whereby PSC/CUNY pays dues to each entity in order for its members to participate in affiliated programs and, in turn, is reimbursed for various expenses, including reimbursements for meetings, organizing, legislative representation, training programs, and arbitration.

Dues paid to NYSUT for the years ended August 31, 2019 and 2018 were \$6,463,851 and \$7,177,294, respectively. As of August 31, 2019 and 2018, PSC/CUNY owed NYSUT \$1,069,000 and \$1,407,543, respectively for dues. Dues paid to AFT for the years ended August 31, 2019 and 2018 were \$3,147,839 and \$3,528,480, respectively. As of August 31, 2019 and 2018, PSC/CUNY owed AFT \$542,000 and \$724,924, respectively for dues.

Reimbursements from NYSUT for the years ended August 31, 2019 and 2018 were \$3,282,000 and \$3,749,590, respectively. As of August 31, 2019 and 2018, NYSUT owed PSC/CUNY \$521,000 and \$303,000, respectively. Reimbursements from AFT for the years ended August 31, 2019 and 2018 were \$264,398 and \$285,501, respectively. As of August 31, 2019 and 2018, AFT owed PSC/CUNY \$88,000 and \$35,000, respectively.

PSC/CUNY pays NYSUT a monthly fee for dues processing. Dues processing fees totaled \$72,600 for the years ended August 31, 2019 and 2018. As of August 31, 2019 and 2018, PSC/CUNY owed NYSUT \$6,050 for dues processing.

PSC/CUNY reimburses the Welfare Fund for shared computer services. PSC/CUNY's portion of shared computer expenses totaled \$38,978 and \$34,575 for the years ended August 31, 2019 and 2018, respectively. As of August 31, 2019 and 2018, PSC/CUNY owed the Welfare Fund \$3,165 and \$2,000, respectively for shared computer services. As of August 31, 2019, the Welfare Fund owed PSC/CUNY \$5,400 in consulting fees related to office construction.

Office Space Leases

PSC/CUNY leases office space from 61 Broadway Owner, LLC (the Realty Corp). On September 30, 2005, PSC/CUNY entered into a sixteen year lease with the Realty Corp for Suites 1500 and 1615 of the 61 Broadway building. The lease was amended on August 4, 2009 and May 17, 2012 to include Suites 1630 and 1610, respectively. The leases, all which expire on August 31, 2022, are classified as operating leases and provide for minimum annual rentals, plus certain additional expense escalations and utility charges. Per the agreement, PSC/CUNY is also responsible for its portion of real estate taxes.

The minimum annual future rental payments under the three leases are summarized as follows: Year ending August 31,

2020	\$ 1,247,967
2021	1,282,830
2022	1,309,149
Total	\$ 3,839,946

Rent including utilities and maintenance was \$1,189,874 for the year ended August 31, 2019 and \$1,182,644 for 2018.

PSC/CUNY subleases office space to the Professional Staff Congress of the City University of New York Welfare Fund, a related party. The Welfare Fund pays PSC/CUNY a sum equal to 23.90% of the lease of Suite 1500. The sublease expires on August 31, 2022.

The minimum annual future rental income under the sublease with the related party is summarized as follows: Year ending August 31,

2020	\$ 212,300
2021	216,546
2022	220,877
Total	\$ 649,723

Total rental income for the years ended August 31, 2018 and 2017 was \$238,914 and \$237,402, respectively.

NOTE 10. LITIGATION

Certain claims, suits, and complaints arising in the ordinary course of business have been filed or are pending against PSC/CUNY.

On October 24, 2018, a non-member filed a lawsuit against PSC/CUNY along with several of its affiliates, as a class action suit. The claim arises from PSC/CUNY's collection of agency fees of which the non-member is seeking an order from the court directing a refund, along with interest, damages, and reasonable attorney fees and costs. The complaint does not specify a dollar amount sought. The plaintiffs filed an amended complaint of April 12, 2019. PSC/CUNY and its affiliates in the suit are parties to a joint defense agreement and moved to dismiss the claim. In an Opinion and Order dated January 3, 2020, the Judge granted the motion to dismiss and issued a judgment dismissing the case on January 10, 2020. The plaintiffs filed a notice of appeal with the U.S. Court of Appeals for the Second Circuit on February 5, 2020. The appeal has been assigned docket number 10-460.

NOTE 11. CHANGE IN ACCOUNTING PRINCIPLE

In August 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and avail-

TABLE 2

Legal Name of Pension Plan	Pension Plan's Employer Identification Number	Pension Plan's Plan Number	Pension Protection Act Zone Status				Expiration Date of Collective Bargaining Agreement
			Zone Status	Extended Amortization Provisions Used?	Zone Status	Extended Amortization Provisions Used?	
Local 153 Pension Fund	13-2864289	001	Red as of 01/01/19	No	Red as of 01/01/18	No	*

TABLE 3

Legal Name of Pension Plan	Contributions paid by the Plan directly to the Pension Plan		Contributions to the Pension Plan greater than 5% of total Pension Plan contributions (Plan year ending)		Employer Contribution Rate of the Pension Plan		Number of Employees Covered by the Pension Plan for which the Plan contributes directly to the Pension Plan	
	8/31/2019	8/31/2018	8/31/2019	8/31/2018	8/31/2019	8/31/2018	8/31/2019	8/31/2018
Local 153 Pension Fund	\$ 126,844	\$ 128,412	No, Plan year ending 8/31/19.	No, Plan year ending 8/31/18.	*	*	10	10

TABLE 4

Legal Name of Pension Plan	Funding Improvement Plan or Rehabilitation Plan Implemented or Pending?	Surcharge paid to Pension Plan by the Benefit Funds?	Minimum contributions required in future by CBA, statutory requirements, or other contractual requirements?	
			No?	If yes, description
Local 153 Pension Fund	Rehabilitation Plan Implemented	Yes	No	N/A

TABLE 5

Legal Name of Plan providing postretirement benefits other than pension	Contributions to Plan		Employer contribution rates		Number of employees covered by Plan	
	8/31/2019	8/31/2018	8/31/2019	8/31/2018	8/31/2019	8/31/2018
Local 153 Health Fund	\$ 9,440	\$ 10,246	*	*	16	17

ability of resources, and the lack of consistency in the type of information provided about expenses and investment return. PSC/CUNY has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively.

NOTE 12. SUBSEQUENT EVENTS

PSC/CUNY has evaluated subsequent events through February 19, 2020, the date the financial statements were available to be issued, and they have been evaluated in accordance with relevant accounting standards.

SUPPLEMENTAL INFORMATION SCHEDULES OF EXPENSES BY CATEGORY YEARS ENDED AUGUST 31, 2019 AND 2018

	2019	2018
Affiliation fees		
New York State United Teachers	\$ 6,463,851	\$ 7,177,294
American Federation of Teachers	3,147,839	3,528,480
The American Association of University Professors	256,333	260,500
Municipal Labor Committee	36,464	33,220
Other	30,250	36,537
	9,934,737	11,036,031
Salaries, employee benefits, and payroll taxes		
Salaries	3,512,710	3,586,257
Payroll taxes	264,845	279,832
Health benefit expense	937,222	845,657
Pension benefit expense	757,332	727,371
Other	47,168	38,194
	5,519,277	5,477,311
Representational and governance		
Conferences and conventions	112,429	105,773
Elections	27,572	82,723
Committees	6,541	4,402
	146,542	192,898
Public relations		
Mobilization and outreach	123,648	129,589
Community relations	26,851	32,306
Cultural activities	4,378	5,552
	154,877	167,447
Building expenses		
Rent and services	1,189,874	1,182,644
Real estate taxes	126,794	120,935
Repairs and maintenance	85,115	100,817
	1,401,783	1,404,396
Administrative, office and general		
Office	\$ 262,870	\$ 264,331
Postage	30,542	31,498
Insurance	49,769	55,585
Dues processing	72,600	72,600
Other	5,020	6,735
	420,801	430,749
Contract and budget campaigns	759,168	112,855
Stipends and reassigned time	505,851	511,272
Depreciation expense	50,127	69,670
Membership campaign	31,707	106,302
Total expenses	\$ 19,386,010	\$ 20,119,699

See accompanying notes to financial statements.