

LM (Labor Management) REPORTS

DEADLINE: December 29th

(Which is 90 days after the fiscal year ends)

(FISCAL YEAR RUNS OCTOBER 1ST THRU SEPTEMBER 30TH)

DEPARTMENT OF LABOR (DOL) — LABOR-MANAGEMENT (LM) REPORTS

Every labor organization subject to the Labor-Management Reporting and Disclosure Act (LMRDA) of 1959, as amended, must file a Financial Report, Form LM-2, LM-3, or LM-4 each year with the Office of Labor-Management Standards (OLMS) of the DOL.

Reporting Requirements

- If total annual receipts are **less than \$10,000**, Locals may use the Form LM-4.
- If total annual receipts are **less than \$250,000**, Locals may use the Form LM-3.
- If total annual receipts are **more than \$250,000**, Locals must use the online Form LM-2.

Go to the following links for more info:

LM-2 - <http://cwafiles.org/for-locals/LM-2.doc>

LM-3 - <http://cwafiles.org/for-locals/LM-3.doc>

LM-4 - <http://cwafiles.org/for-locals/LM-4.doc>

Exclusion from Filing LM Reports

Only those Locals comprised entirely of public employees (state, county or municipal employees) are excluded from filing an LM financial report.

IRS 990 Returns –

DEADLINE: February 15th of each year

(Which is the 15th day of the 5th month after the fiscal year ends)

(FISCAL YEAR RUNS OCTOBER 1ST THRU SEPTEMBER 30TH)

E-Postcard (Form 990-N) -

Organizations with Gross Receipts of \$50,000 OR LESS

Filing Requirement: e-Postcard (Form 990-N) For more information, go to: <http://www.irs.gov/Charities-&-Non-Profits/Annual-Electronic-Filing-Requirement-for-Small-Exempt-Organizations-Form-990-N-%28e-Postcard%29>

Information Needed to File e-Postcard

Completing the e-Postcard requires the eight items listed below:

1. [Employer identification number](#) (EIN), also known as a Taxpayer Identification Number (TIN).
2. [Tax year](#)
3. Legal name and mailing address
4. Any other names the organization uses
5. Name and address of a principal officer
6. Web site address if the organization has one
7. Confirmation that the organization's annual [gross receipts](#) are \$50,000 or less
8. If applicable, a statement that the organization has terminated or is terminating (going out of business)

Organizations with Gross Receipts of MORE than \$50,000

Filing Requirement: Form 990 or 990EZ. For more information, Go to: <http://www.irs.gov/uac/Current-Form-990-Series-Forms-and-Instructions>

LABOR ORGANIZATION BOND

Specific attention should be given to the questions on the reporting forms concerning the Labor Organization Bond. The LMRDA requires that individuals handling union funds be bonded. This requirement covers both CWA Locals and CWA Councils.

The Labor-Management Reporting and Disclosure Act requires that individuals handling union funds must be bonded in an amount not less than 10% of the funds handled. (Sec.502 (a) of the Act). When calculating your bond coverage requirements, the Department of Labor offers the following quick formula for computing the approximate amount of required bonding coverage:

Liquid Assets + Total Receipts x 10% = Amount of Coverage Required

Go to the following link for more bonding information:

<http://cwafiles.org/for-locals/LABOR-BOND.doc>

LOCAL AUDIT (COMPILATION OR REVIEW) DEPENDING ON THE FINANCES AND NUMBER OF MEMBERS OF THE LOCAL.

DEADLINE: December 31st

(Which should cover the fiscal year of October 1st and ending September 30th)

The CWA Constitution requires every Local to have an audit at least annually of its financial records. ARTICLE XIII-LOCALS sec. 9(m). The audit serves as a review of the Local's financial transactions.

There are two types of audits:

Compilation Audit

Required when there is less than 100 Members or Less than \$60,000 in the bank.

This is the most basic level of service CPAs provide with respect to financial statements. In a compilation, the CPA must comply with certain basic requirements of professional standards, such as having a knowledge of the client's industry and applicable accounting principles, having a clear understanding with the client as to the services to be provided, and reading the financial statements to determine whether there are any obvious departures from generally accepted accounting principles (or, in some cases, another comprehensive basis of accounting used by the entity). It may be necessary for the CPA to perform "other accounting services" - such as creating your general ledger, or assisting you with adjusting entries for your books - before the financial statements can be prepared. Upon completion, a report on the financial statements is issued that states a compilation was performed in accordance with AICPA professional standards, but no assurance is expressed that the statements are in conformity with generally accepted accounting principles. This is known as the expression of "no assurance." Compiled financial statements are often prepared for privately held entities that do not need a higher level of assurance expressed by the CPA.

Review Audit

Required when there are more than 100 members and/or more than \$60,000 in the bank.

The CPA performs inquiries and analytical procedures in addition to the procedures described above for a compilation. Upon completion, a report is issued stating that a review has been performed in accordance with AICPA professional standards, that a review is less in scope than an audit, and that the CPA did not become aware of any material modifications that should be made in order for the statements to be in conformity with generally accepted accounting principles, or if applicable, another comprehensive basis of accounting. This is known as the expression of "limited assurance." Reviewed financial statements are often prepared for entities that have bank loans, outside investors, or trade creditors, but those third parties do not require audited statements

A Local does not have to have an accountant do the audit. It can be performed by a qualified person, outside of the Local Union as determined by the local Executive Board.

Annual Audit Can ALSO Be Done By A Committee

The purpose of an independent audit of a local's books is to be able to assure the membership that their dues money is being spent appropriately. Whether that happens with a finance committee made up of members other than the leadership or with an outside CPA, it's really the independence that counts.

Many locals have outside CPAs review their books and prepare their LMs and 990s. Usually those folks prepare a report with a cover letter that vouches for the soundness of the local's books. A copy of that report would fulfill the audit requirement.

The audit serves as a review of the Local's financial transactions. Members of the Local's executive board may serve on the committee; however, the committee should include other members who demonstrate a sincere interest in the financial affairs of the Local.

Usually a committee of three to five members can do an effective review. Ideally, a couple of committee members should be rotated off each year, thereby providing some continually and experience for future meetings.

Here is a link to the DOL website that shows how a Trustee would conduct a 10-step audit.

<http://www.dol.gov/olms/regs/compliance/smunion/smallunions.pdf>

Here is a site with a sample audit for a non-profit.

<http://thenon-profittoolbox.com/SusanH-Financials-Short.pdf>

The important difference between an audit and the LM-3 is that the audit shows that there was a review of your local's books by an independent eye - someone other than the people who write the checks. That lets your members know that their dues are being spent as they expect them to be spent.

While some locals do, you don't have to have an outside accountant or CPA do a year-end report. A review of the books by the members of your finance committee or trustees committee will serve the same purpose. If you have an internal committee perform the audit, a letter to the membership stating their findings is sufficient to show that an audit has been done.

THE LOCAL SECRETARY-TREASURER

Should make the Local records available and be prepared to answer any questions from the committee members. Upon concluding their work, the committee should make a report to the Local. Some Locals publish an annual financial summary for distribution to the membership.

LOCAL UNION CREDIT CARDS – BEWARE!

Credit Cards are the leading cause of Locals getting into financial and legal difficulties. A Local significantly increases its financial and legal exposure by issuing credit cards to officers in the name of the Local.

Our experience confirms that the possibility for problems increases in proportion to the number of officers and/or executive board members given Local credit cards or access to them. A local union credit card can present an irresistible temptation for some, especially if they are experiencing financial or marital difficulties, or have children with drug or alcohol problems, or cannot qualify themselves for a personal credit card.

The Local can avoid many of these problems by establishing a policy whereby officers secure cards in their own name and the Local pays for the card's basic annual fee (if any). The officer then submits the credit card charges associated with authorized union activity and the Local reimburses the officer. Any additional expenses charged to the card, plus the payment of the credit card bill, remain the responsibility of the officer, not the Local's obligation.

CWA uses this exact procedure for the union's full-time staff. This arrangement works satisfactorily and avoids the Union becoming liable and responsible in situations where expenses may be charged that do not qualify for reimbursement or in cases where staff members use the card for personal purchases.

For those Locals who currently issue credit cards in the Local's name and who are not convinced by our comments to change that policy, we recommend the following steps to protect the Local and yourself.

1. Issue cards only to those officers who have extensive travel responsibilities or are responsible for purchasing goods, services or bills that cannot be handled through the Local's normal voucher procedure.
2. Inform Local officers on the proper use of the Local's credit card. Ask each officer to read and sign the "Local Union Credit Proper Use Statement" and file a signed copy.
3. Do not activate the cash-withdrawing feature of the credit card (usually with PIN).
4. Require officers to submit monthly credit card expense reports.
5. Set up an audit committee, which knows how to spend time reviewing credit card statements, payments and monthly credit card expense reports.
6. Locals that maintain credit cards for their officers should consider increasing their blanket fiduciary bonding coverage beyond the required 10% of the Local's assets. It has been our experience that Local Union credit card fraud often exceeds the normal bonding requirements.

Local Union Credit Cards Proper Use Statement

1. I understand that the Local Union Credit Card, which has been issued to me, is to be used ONLY for official, authorized Union expenses.
2. I understand that my Local Union Credit Card is not to be used for any personal expenses or purchases. This includes personal meals, transportation and purchases at stores or through catalogues.
3. I understand that my Local Union Credit Card is not to be used to pay for any expenses associated with a personal vacation or trip. If I am away on Union business and choose to stay extra days, I will make other payment arrangements for the extra days.
4. I understand that I cannot use my Local Union Credit Card to pay for personal expenses, even if I promise to repay the Local promptly when the statement arrives.

I have read the four items above and agree to abide by them when using the Local Union Credit Card. I understand that I hold a position of trust in relation to the Union and its members as stated in the Labor-Management Reporting and Disclosure Act (LMRDA) and that I am required by law and the CWA Constitution to hold the Union's money and property solely for the benefit of the Union and its members

Signature

Date

Please print your name and Local Position

Monthly Credit Card Expense Report

The use of Local Union credit cards does not necessarily provide for an “accountable” business expense plan under the IRS guidelines. When a plan is not “accountable,” disbursements made under that plan must be included on the employees’ W-2 Form as reportable, taxable income.

The Monthly Credit Card Expense Report form will assist you in ensuring that the Local’s business expense plan is accountable under IRS guidelines. The form should be used by each Officer submitting expenses for payment to the credit card company. The form will accompany the monthly statement, and should be reviewed by those Local Officers responsible for reviewing all credit card activity for the Local.

The Monthly Credit Card Expense Report form can be found in CWA’s U.O.P.M. in Section 3.1A <http://files.cwa-union.org/for-locals/uopm/section3.pdf>



LOCAL # _____ – City

GENERAL _____

Executive Board _____

Date _____

MEETING CALLED TO ORDER AT (Time) _____

PRESENT AT MEETING:

WELCOME NEW MEMBERS:

FAREWELL TO:

PRESIDENT'S REPORT:

SEC/TREASURER'S REORT:

NEW BUSINESS:

OLD BUSINESS:

STATION REPORTS:

DATE OF NEXT MEETING:

Monthly Financial expenditures:

Motion (item money will be spent on)

Amount of money _____

Maker of Motion (Name) _____

Second (Name) _____

Yes votes _____ **No votes** _____ **Motion Adopted Y/N** _____

Motion (item money will be spent on)

Amount of money _____

Maker of Motion (Name) _____

Second (Name) _____

Yes votes _____ **No votes** _____ **Motion Adopted Y/N** _____

Motion (item money will be spent on)

Amount of money _____

Maker of Motion (Name) _____

Second (Name) _____

Yes votes _____ **No votes** _____ **Motion Adopted Y/N** _____

It is CWA's policy that Locals forward the items listed below every year to the NABET-CWA Headquarters, which in turn will send a copy to the Secretary-Treasurer's office the following:

***** A copy of the Local's LM-2, LM-3, or LM-4 report.***

*****A copy of your IRS Form 990.***

*****A copy of your Local's financial report/audit.***

*****A copy of the bonding coverage is required to be supplied to our office.***

*****A copy of the Local audit.***

*****A copy of all local General and Executive Board minutes.***