



**RECEIVE**

**RECORD**

**RECONCILE**

**REPORT**

**MNA<sup>SM</sup>**

**FINANCIAL OFFICER MANUAL**



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# TREASURER'S/FINANCIAL OFFICER'S DUTIES

## A. Role of the Treasurer

The Treasurer is the chief financial officer for the unit. In general, the Treasurer's duties include:

- Keep financial records of the unit
- Receive dues money and other income for the union
- Deposit money in the union's bank account
- Write and sign checks as authorized
- Reconcile the unit's bank account
- Prepare regular reports for the membership
- File required financial documents with appropriate government agencies in a timely and accurate manner

These duties of the Treasurer are usually listed (along with the duties of the other elected unit officers) in the Bylaws of the unit. Some lists are more specific and extensive than others. See some examples of MNA Bylaws below.

The LMRDA's Title 5 "Safeguards for Labor Organizations" spells out some rules that govern union officers. They are:

- Officers have a duty to manage the funds and property of the union solely for the benefit of the union in accordance with its constitution and bylaws.
- A union officer or employee who embezzles or otherwise misappropriates union funds or other assets commits a Federal crime punishable by a fine and/or imprisonment.
- Officials who handle union funds or property must be bonded to provide protection against any losses. The MNA provides the bonding for local units and regional councils.
- A union may not have outstanding loans to any one officer or employee that in total exceeds \$2,000.
- A union or employee may not pay the fine of any officer or employee convicted of any willful violation of the LMRDA.
- Persons convicted of certain crimes may not hold union office or employment for up to 13 years after conviction or after the end of imprisonment.

**MNA By Law Provisions:****Article IV – Officers and Duties****Section 3 – Duties of Officers**

(D) The duties of the Treasurer shall be:

1. to receive dues through MNA collection of all local dues, and all other funds of the Chapter
2. to pay such bills as have been approved by the Committee
3. to keep an itemized account of all receipts and disbursements
4. to provide a written report for all regular meetings of the Bargaining Unit
5. to transact such other duties as are usual to the office of treasurer that may be required of him/her by the chapter

*- Brigham and Women's Hospital Bylaws*

**Section 4. Functions of Officers**

(e) The Treasurer shall be accountable for the fiscal affairs of the MNA and shall provide reports and interpretation of the MNA's financial condition at the annual business meeting, at meetings of the Board of Directors, and at such times as may be required by the MNA or the Board of Directors. The treasurer acts as the chair of the Finance Committee.

*- Massachusetts Nurses Association Bylaws*

**Article IV, Section 7.**

The duties of the Treasurer shall include:

- A. Receive Bargaining Unit (BU) dues and other funds of the BU
- B. Create and or maintain a BU bank account
- C. Prepare an annual budget for BU expenses
- D. Keeping accurate records of all BU income and expenditures to be reported at monthly meetings
- E. Paying BU expenses only as approved by the Executive Board
- F. Submit an annual report of BU finances at the annual meeting
- G. Act as a member of the Negotiating Committee and other committees as needed
- H. Establish and maintain current membership data

*- UMass Memorial Health Care/University Campus Bylaws*

## **B. EIN and Filing Initial Reports**

### **The Employer Identification Number**

Before you can do anything else, you will need to get an Employer Identification Number for the bargaining unit. An Employer Identification Number (EIN) is a nine-digit number (in the form of 12-3456789 unlike a Social Security formatted number) assigned to sole proprietors, corporations, partnerships, estates, trusts, and other entities for tax filing and reporting purposes by the Internal Revenue Service. Labor unions must also apply and have an EIN. Having this number does not mean that you are necessarily an employer. It is just a way of identifying your local unit as an entity for tax purposes. When you open your bank account for your local unit, you will do so using the EIN in place of your individual social security number. By doing so, you will avoid being taxed for the income received by your local unit.

Use Form SS-4 to apply for an Employer Identification Number (EIN). It is a very simple one page form, with instructions included. The information you provide on this form will establish your business tax account.

Note: Assigning an Employer Identification Number (EIN) does not grant tax-exempt status to non-profit organizations. Any organization, other than a private foundation, having gross annual receipts normally of \$5,000 or less is exempt by statute if it meets the Internal Revenue Code Requirements.

### **Relevant Internal Revenue Service Forms:**

***SS-4 - Application for Employer Identification Number***

***1024 - Application for Recognition of Exemption Under Section 501(a)***

***8718 - User Fee for Exempt Organization Determination Letter Request***

***990 or 990EZ - Return of Organization Exempt from Income Tax***

### **Filing Initial Reports**

Labor unions must also register and file initial forms with either the U. S. Department of Labor/Office of Labor-Management Standards (OLMS) for private sector units, or with the Massachusetts Labor Relations Commission for public sector units. The forms are called Form LM-1 and Form 1 respectively.

**Form LM-1** - A Department of Labor form that is only filed once when the Local is first chartered, or when it becomes a private sector Local for the first time. It must be filed within 90 days after the date on which the union first became subject to the LMRDA. The form includes basic identifying information, including: the union's name; affiliation; mailing address; membership fees and dues; and, constitution and bylaw provisions governing specific aspects of its activities. Copies of the union's constitution and bylaws are to be filed also with Form LM-1.

A union updates its initial Form LM-1 report by filing an amended Form LM-1 as necessary with its annual financial report (LM-2, LM-s or LM-4) to record changes in the practices or procedures which are not contained in the union's constitution and bylaws. A union must also file copies of any amended constitution and bylaws.

**Form 1**- This is a Massachusetts state form that must be filled out by any union that represents public employees. It is also called an Employee Organization Information Report. The form requires the basic organizational information, including: name of organization; date of organization; fiscal year dates; names and addresses of officers; dues and agency fees. This form must be updated whenever an employee organization changes its name or affiliation, or elects or appoints new officers.

### Opening a Bank Account

Once the unit has an EIN, then you can open a bank account for the unit. Choose a bank that is convenient and open a checking/savings account for the unit. Each authorized co-signer must accept responsibility for making sure that checks are completely filled out before they are signed and have support documentation that identifies the purpose of the transaction. Usually, the local unit's treasurer and chairperson are designated as co-signers of union checks and the bank account. Both co-signers need to go to the bank together to open the bank account.

### Getting Tax Exempt Status

The local unit is eligible to receive tax-exempt status as a 501(c) (5) organization (labor, agricultural and horticultural organizations). The local will not be taxed on its income as a result. Plus there are other related incidental benefits, such as:

- Public recognition of tax exempt status
- Exemption from certain federal/state income taxes
- Advance assurance to donors of deductibility of contributions (in certain cases)
- Non-profit mailing privileges, etc.

For units with annual receipts over \$5,000, fill out IRS 1024 "Application for Recognition Under Section 501 (a) and IRS 8718 "User Fee for Exempt Organization

Determination Letter Request”. (The law requires payment of a user fee with each application for a determination letter.) Read the instructions carefully accompanying the forms before filling them out. Once the IRS makes its determination on your local unit’s tax status, you will receive a letter from the IRS. The wait time for this letter often is long.

Retain your IRS determination letter in a safe place. You may have to produce it at a later date.

### **SOME HELPFUL HINTS FOR THE 1024**

**As a labor organization you only have to fill out Part 1, Part 2, Part 3 and Schedule C. Don’t submit parts that you don’t have to fill out.**

**Pay careful attention to the requirements of Part 1. Part 1 requires the submission of your “organizing documents”. Unit bylaws are not sufficient to satisfy this requirement – you must send both your local unit’s bylaws and a copy of the MNA constitution.**

**Pay careful attention to the requirements of Part 3. Part 3 requires the submission of financial information. If you are applying for the current year and future years only, you need to give financial data for the current year and proposed budgets for the next 2 years.**

**Form 8718 must be submitted with your 1024. Note that the form requires payment for applying. The amount depends on your unit’s past or expected dues income.**



### **C. Labor Reporting Forms and Government Agencies**

Once a union has filed the necessary initial forms as indicated above, additional forms must be filed on an annual basis. The following forms must be filed with the following agencies.

#### **Internal Revenue Service**

If the annual gross receipts of the unit are normally:	File form:
- less than \$25,000	Don't file, none required
- between \$25,000 and \$100,000 And the total assets at the end of the year are less than \$250,000	990EZ
- \$100,000 or over	990

Forms can be downloaded at: [www.irs.gov/charities/index.html](http://www.irs.gov/charities/index.html)

These forms must be filed by the 15<sup>th</sup> day of the 5<sup>th</sup> month after the end of the union's fiscal year. If the regular due date falls on a Saturday, Sunday, or legal holiday, then forms are due on the next business day.

#### **U. S. Department of Labor**

If the annual gross receipts for the year were:	File form:
- less than \$10,000	LM-4
- between \$10,000 and \$250,000	LM-3
- \$250,000 or over	LM-2

The cut-off between LM-3 and LM-2 is \$200,000 for fiscal years beginning before July 1, 2004

Forms can be downloaded at: [www.dol.gov/esa/olm\\_org.html](http://www.dol.gov/esa/olm_org.html)

These forms are due within 90 days after the end of the union's fiscal year. Form LM-2, LM-3, or LM-4 must be signed by the president and treasurer or corresponding principal officers of the reporting union.

If the unit's →

**Fiscal Year ends on:**

December 31  
 March 31  
 June 30  
 September 30

**LM's must be filed by:**

March 31  
 June 29  
 September 28  
 December 29

**Form LM-2** is the most detailed annual financial report requiring completion of 24 information items, 50 financial items, and 15 supporting schedules. This 12-page annual report must be filed by unions with total annual receipts of \$250,000 or more and those in trusteeship. Information to be reported includes:

- whether the union has any subsidiary organizations
- whether the union has a political action committee (PAC)
- whether the union discovered any loss or shortage of funds
- number of members
- rates of dues and fees
- 7 asset categories such as cash and investments
- 4 liability categories such as accounts payable and mortgages payable
- 16 receipt categories such as dues and interest
- 18 disbursement categories such as payments to officers and repayment of loans obtained
- a schedule of payments to officers
- a schedule of payments to employees
- a schedule of office and administrative expense
- a schedule of loans payable

**Form LM-3** is less detailed, requiring the completion of 23 information and 32 financial items. This simplified 4-page annual report may be filed by unions with total annual receipts of less than \$250,000 if not in trusteeship. Information to be reported includes:

- whether the union has any subsidiary organizations
- whether the union has a PAC
- whether the union discovered any loss or shortage of funds
- number of members
- rates of dues and fees
- payments to officers
- 6 asset categories and 4 liability categories
- 6 receipt categories
- 10 disbursement categories

**Form LM-4** is the least detailed annual financial report, requiring completion of 13 information and 5 financial items. This abbreviated 2-page annual report may be

filed by unions with less than \$10,000 in total annual receipts if not in trusteeship. Information to be reported includes:

- whether the union changed its rates of dues and fees
- whether the union discovered any loss or shortage of funds
- number of members
- total value of assets
- total liabilities
- total receipts
- total disbursements
- total amount of payments to officers and employees

The instructions for the LM forms state that you must use the mailing address specific to the LM-2, LM-3 or LM-4. Please reference the booklet accompanying the form.

**Form 2** is the Massachusetts state form that must be filed if the bargaining unit includes any public sector workers. Unlike the private sector, there is only one form that covers all public sector unions. A copy of the form is included below.

### Massachusetts Labor Relations Commission (MLRC)

If the bargaining unit includes any public employees → File Form 2

If the unit does not have any public employees → Do not file

Forms can be downloaded at: [www.mass.gov/lrc/forms.html](http://www.mass.gov/lrc/forms.html)

These forms are due within 60 days after the end of the union's fiscal year.

Commonwealth of Massachusetts  
 Labor Relations Commission  
 399 Washington Street, 4th Floor  
 Boston, Massachusetts 02108

**EMPLOYEE ORGANIZATION  
 FINANCIAL REPORT**  
 (Form 2)

Period covered by this report:  
 From: \_\_\_\_\_  
 To: \_\_\_\_\_

Pursuant to M.G.L. c. 150E, §14, within sixty days after the end of its fiscal year, all employee organizations must file a detailed written financial report in the form of a balance sheet and operating statement.

- 1a. Full legal name of employee organization, including any local or district designation and any affiliation →
- 1b. Name and address of secretary or other officer to whom notices may be mailed →
- Is this a new address?  
 Yes  No


Since filing the last Employee Organization Information Report (Form 1):

- 2a. Has there been a change in officers?  Yes  No
- 2b. Have there been other changes?  Yes  No
- If you answered "Yes" to either question 2a or 2b, you are required to file an updated Employee Organizational Information Report (Form 1).

2c. Current No. of Members

--

Are records kept at the address listed in question No. 1b?  
 Yes  No

If "No," please list the address where records are kept in question No. 34.

During the reporting period, did your organization directly or indirectly:

- |  | Yes                      | No                       |
|--|--------------------------|--------------------------|
| 3. Make any loans to a business enterprise?<br>Pay any employee a total of salary, allowances and any other expenses, which, together with                       | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. payments from any organization affiliated with it or its national amounted to more than \$10,000?   | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Dispose of any assets other than by sales?<br>Create or participate in the administering of a trust or other fund or organization, whose primary              | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. purpose is to provide benefits for members or their beneficiaries?<br>If you answered "yes" to any of the above questions, please explain in question No. 34. | <input type="checkbox"/> | <input type="checkbox"/> |

BALANCE SHEET					
ASSETS			LIABILITIES		
Description	Start of Reporting Period	End of Reporting Period	Description	Start of Reporting Period	End of Reporting Period
7. Cash on hand and in banks			14. Accounts and bills payable		
8. Loans and notes receivable			15. Loans and notes payable		
9. U.S. Government bonds			16. Mortgages payable		
10. Land and buildings			17. Other liabilities		
11. Other investments					
12. Other assets					
13. Total Assets (add lines 7-12)			18. Total Liabilities (add lines 14-17)		



## Fact Sheet: LMRDA Recordkeeping Requirements for Unions

The following questions and answers provide guidance on complying with the recordkeeping requirements of the Labor-Management Reporting and Disclosure Act (LMRDA). These requirements pertain to two types of records: those related to reports and elections.

### **What are the LMRDA recordkeeping requirements relating to reports?**

Unions must maintain financial records and other related records that clarify or verify any report filed with the Office of Labor-Management Standards (OLMS).

### **Who is responsible for maintaining these records?**

The president and treasurer, or the corresponding principal officers, must ensure that unions maintain adequate records.

### **How long do I have to keep these records?**

Records must be retained for 7 years after a report is filed.

### **What kinds of records do I have to keep?**

Because of the wide diversity of recordkeeping systems used by international and national unions and their affiliates, it is not possible for OLMS to precisely define what records must be maintained by every union. Generally, you should retain all types of records used in the normal course of doing business. Examples of records you should retain include receipts and disbursement journals, cancelled checks and check stubs, bank statements, dues collection receipts, employer check-off statements, per capita tax reports, vendor invoices, payroll records, etc. Most unions do retain such records but often fail to keep other records that help explain or clarify financial transactions. Here are some examples of other records you should keep:

- Credit card statements and itemized receipts for each credit card charge
- Member ledger cards for former members
- Union copies of bank deposit slips
- Bank debit and credit memos
- Vouchers for union expenditures
- Internal union financial reports and statements
- Minutes of all membership and executive board meetings
- Accountants' working papers used to prepare financial statements and reports filed with OLMS
- Fixed assets inventory

If you are not sure, keep the record or seek advice from your nearest OLMS field office.

**Must I retain electronic documents?**

Yes. You must retain any electronic documents, including recordkeeping software, used to complete, read, and file the report.

**Must I only retain the records that my union chooses to create, or is my union required to create certain records?**

A union must create and retain adequate backup records that will verify the reports filed with OLMS. Likewise, a union must obtain adequate backup records such as receipts and vouchers from parties with whom the union engages in financial transactions.

**What records relating to elections of union officers must be retained?**

All election records, including membership and eligibility lists, copies of nomination and election notices, voting instructions, all return envelopes, marked, challenged, and unused ballots, and tally sheets must be preserved for 1 year by the election official designated in the constitution and bylaws or, if none is designated, by the union secretary.

**How can I get more information?**

Additional information about OLMS, including key personnel and telephone numbers, how to obtain LM reports, compliance assistance materials, and the text of the LMRDA, is available on the Internet at [www.olms.dol.gov](http://www.olms.dol.gov).

**The LMRDA requires every labor organization to:**

**make available to all of its members information contained in all reports which must be filed with OLMS;**

**and permit members, for just cause, to examine any books, records, and accounts necessary to verify such reports.**

**Members must file suit in state or Federal court to enforce these requirements.**

## **LMRDA Compliance Tip** **Retention of Union Records**

Section 206 of the Labor-Management Reporting and Disclosure Act (LMRDA) outlines general recordkeeping requirements for unions. A study by the Office of Labor-Management Standards (OLMS) found that about twenty-five percent of the labor unions audited by OLMS failed to maintain adequate records. The overwhelming majority of these violations were unintentional; the responsible union officials often did not understand what specific records had to be kept for the required five-year period. However, because of the wide diversity of recordkeeping systems used by international and national unions and their affiliates, it is not possible for OLMS to precisely define what records must be maintained by every union.

As a general rule, all types of records used in the normal course of doing union business must be maintained by unions for seven years. This includes such financial records as receipt and disbursement journals, cancelled checks and stubs, bank statements, dues collection receipts, per capita reports, vendor invoices, and payroll records. OLMS has found that, for the most part, unions do maintain these types of basic financial records but often fail to keep other records which help explain or clarify financial transactions. Such records include:

- payment receipts for all union expenditures,
- credit card slips and itemized receipts for each credit card charge,
- membership ledger cards for former members,
- the union's copy of bank deposit slips,
- bank debit and credit memos,
- internal union financial reports and statements,
- accountant's work papers and other internal worksheets used to prepare financial statements, and
- minutes of all membership and Executive Board meetings.

As you can see, all types of financial records and other related records that clarify or verify financial transactions must be maintained for five years. If union officers have any questions about their recordkeeping responsibilities, we suggest that the union records in question be retained or that officers seek advice from the nearest OLMS field office.

*Developed by the Office of Labor-Management Standards (OLMS)*



## **D. Bonding Requirements**

Section 502(a) of the Labor-Management Reporting and Disclosure Act of 1959, as amended (LMRDA) establish bonding requirements for certain officers and employees of labor organizations. Every union covered by the LMRDA is subject to the bonding requirements except for unions whose property and annual receipts do not exceed \$5,000 in value.

The required bonds are a type of insurance agreement which guarantees reimbursement to the union for any financial losses caused by fraudulent or dishonest acts by officers or employees, such as theft, embezzlement, or forgery. The bonding requirements are not based on the idea that particular individuals or organizations are inherently dishonest. Rather, bonding is required because experience has shown that when people are entrusted with the money or property of another, there will be instances when individuals will cause a loss through fraud or dishonesty. Bonding is therefore required to insure the union against such a loss.

The law provides that any person who "handles" union funds or property must be bonded for at least 10% of the funds handled during the union's preceding fiscal year up to a maximum of \$500,000. An individual is considered to be "handling" union funds if his/her duties or authority provide access to union funds resulting in a significant risk of loss of funds if that person engages in fraudulent or dishonest acts. For example, a person who receives dues, fees, etc., from members is clearly "handling" union funds and therefore must be bonded. Also, however, any officer or employee who has authority to sign checks on the union's account is "handling" union funds and must be bonded even if he/she has no physical contact with the funds. Individuals who typically must be bonded include union officers (both elected and non-elected), employees such as business agents, trustees, key administrative and professional staff, and clerical personnel.

### **Blanket bonding by the MNA**

Blanket bonding of local bargaining units and regional councils is provided by the MNA. Local bargaining units are bonded for \$50,000, and regional councils are bonded for \$200,000.

## **E. Budgets**

It is critical that every bargaining unit that has a treasury (any money) also have a budget. The budget is a planning document as well as a statement of the union's goals. It illustrates the direction that the bargaining unit wants to move towards, and in that aspect it also is a political document (similar to the national budget and its expenditures reflecting a political direction). Budgets therefore, must involve an orderly planning process of open discussion and debate among the members and the elected officers. In the course of formulating a budget, many decisions must be made, such as, should the union purchase a new laptop in the coming year, or should it look to rent office space.

### **Steps in Making a Budget**

Choose an accounting method →

***Cash Basis:*** revenue and expenditures are recognized when the checks are issued or payment is received and made.

***Accrual Basis:*** expenditures are recognized when incurred, even if not yet paid, and income is recognized when earned, even if not yet received.

***Modified Cash Basis:*** is a system of anything between. For example, one might use an accounts payable and accounts receivable to indicate unpaid bills or money owed.

It is important to use the same method when creating a budget, keeping records and making reports.

### **Using a Chart of Accounts**

The MNA has a chart of accounts – a list of budget categories and tracking numbers that it uses and that Regions use. Bargaining units may want to use the same chart of accounts also.

#### **Typical Chart of Accounts Items:**

##### Revenue

- Payroll dues
- Program service income
- Interest income
- Miscellaneous
- Contributions – PAC
- Contributions – Other

## Expenditures

- Computer
- Office supplies
- Printing and supplies
- Professional dues/member fees
- Telephone/internet
- CE reimbursements/education expenses
- Photocopy
- Miscellaneous
- Collective bargaining support
- Bank fees
- Newsletter
- Convention expenses
- Postage
- Travel
- Contributions – political
- Contributions – non-political

## Budget Cycles

A two-year planning and budget cycle helps the unit to plan ahead, without being unrealistic. Budgeting still often happens yearly. Reasonable and conservative assumptions are best used when developing a budget. However, being too conservative could limit the unit's ability to meet important priorities.

## Establishing Budget Priorities

The budget should reflect the bargaining unit's priorities, which are established by the union leadership at the state and unit level. For example, the local unit may set education of its leadership or participation in area labor movements as priorities, or if bargaining is about to begin, and the local wants to budget for contract support activities. Such budgetary items and commitments begin to reflect the priorities of the local unit.

## Creating the Budget

1. Draft proposals for budget items. This is done by the union leadership and reflects work that the unit wants to undertake. For example: a contract campaign requires a commitment to a budget line item to spend for – buttons, t-shirts, signs, advertising, copying, etc.
2. Calculate revenue and fixed expenses. Begin with the status quo – the budget from the last year. Consider which expenses may no longer be needed and what expenses will continue to be incurred, or may increase (rent, utilities, telephone,

internet, office supplies,...)

3. Add new budget items with best estimate of costs. What new programs and their associated costs must be accounted for and included in the budget? (cost of a new computer, storage facility, new office space...)
4. Review and refine. Estimated expenditures must stay under estimated revenue. This may require periodically revisiting unit proposals for programs and expenditures.

### Approval of Budget

A process must be in place for a full discussion and review of the proposed budget, with the approval of the bargaining unit's leadership.

### Managing the Budget

Monthly comparisons between actual revenues and expenditures and the budget are necessary to track the financial health of the unit. On a budget report form these will appear in a column marked "year to date". The comparisons will indicate how the unit is doing in its projections and actual experience.

If any major changes occur that were not planned for when the budget was written and approved, revisions should be made.

## Sample Budget

### Revenue

Dues	<b>\$7,200.00</b>
Interest	<b>185.00</b>
Loans	-----
Workshops	<b>2,100.00</b>
Fundraiser	<b>1,700.00</b>
Donations	<b>250.00</b>
Other (specify)	<b>200.00</b>
<b>Total Revenue</b>	<b>\$11,653.00</b>

### Expenditure

Format 1 – Functional- All expenditures of a particular type are budgeted for the year, regardless of the program activity to which they apply. Recommended format.

Printing	<b>\$750.00</b>
Meeting Expenses	<b>2,500.00</b>
Donations	<b>800.00</b>
Scholarships	<b>1,500.00</b>
Educational Programs	<b>3,000.00</b>
Stipends	<b>300.00</b>
Other (describe)	<b>500.00</b>
<b>Total Expenditure</b>	<b>\$9,350.00</b>

### Expenditure

Format 2 – Program- Expenditures are grouped according to their intended purpose.

Officers	<b>\$500.00</b>
Workshop/Educational Programs	<b>3,000.00</b>
Newsletter/Public Relations	<b>550.00</b>
Donations/Scholarships	<b>2,300.00</b>
Social/Meetings	<b>2,700.00</b>
Other (specify)	<b>300.00</b>
<b>Total Expenditure</b>	<b>\$9,350.00</b>

### Cash Receipts/Income:

Cash receipts are any revenue the local unit receives including cash, dues received by cash or check, interest on the bank account, gifts, etc.

Make deposits as soon as possible. Keep a duplicate of the deposit slip.

Note category of income in ledger (dues, sale, contribution...)

File supporting documents (e.g. registration forms for a workshop, applications for CE credits, etc) for all non-dues income. Make a copy of the check received. Keep files in as safe and accessible place.

Indicate the date on all supporting documents.

### Cash Disbursements/Expenditures:

Cash disbursements are any expenditures of money, whether by cash, credit, debit card or automatic bank charges.

Never make any checks out to "Cash". Okay to write a check for petty cash (keep receipts).

Don't pre-sign checks.

Don't use union dues for anything other than union purposes – even if the money will be repaid.

Don't make contributions to political candidates without checking with the MNA first. There are special rules for political contributions.

File supporting documentation for all expenditures (receipts, invoices, authorizing resolutions, minutes from meetings where expenditures are authorized). Anything regarding finances should be put into the minutes, with a record of who authorized the expenditure and for what purpose.

Indicate the check number and date on all supporting documents. Use sequential numbers and keep voided checks, if any.

Record the date, payee, and check number in the monthly cash disbursement journal.

Keep canceled checks with the monthly bank statements. This makes it easier to reconcile bank statements to the cash balance.

### Balancing the Books and Bank Reconciliation

Each month it is necessary to “balance the books”. This means reconciling the balance shown by the bank with the monthly journals of receipts and disbursements. Reconciling the books is a way of keeping track of those checks and deposits that have not yet cleared. Also, examining the bank statement helps to make sure that all activity has been entered into the monthly journals, and is a reminder to enter bank service charges into the cash disbursement journal.

The following is a useful procedure to follow:

- Check off all cleared checks and deposits on the cash receipts and cash disbursements journals. Make sure that the amounts are entered accurately into the journals under both amount columns and the appropriate category columns.
- Enter any bank service charges into the cash disbursements journal.
- Total cash receipts and cash disbursements journal. This is called “cross-footing.” If the total in the amount column does not equal the total of the category columns, check to make sure that the same amounts have been entered in the amount column and category column for each entry.
- List and total outstanding deposits.
- List and total outstanding checks.
- Reconcile

Balance on bank statement			
Add: Outstanding deposits	+		
Subtotal			
Subtract outstanding checks	-		
CASH BALANCE			

- Enter bank service charges into your check register if you are using one.

The unit’s bank statement should be reconciled as soon as possible to avoid any checkbook errors.

### Monthly Financial Statements

At the end of each month, the Treasurer should draw up a financial statement showing the state of the local unit's finances. A financial statement shows each month's activity in relation to what the unit has spent and received during the year to date and what had been budgeted to date.

Preparing a monthly financial statement is another tool to help the unit stay within its budget and fill out the required annual IRS and DOL forms.

#### How to Prepare a Monthly Statement:

1. Total each column in the cash receipts and cash disbursements journals.
2. Transfer the column totals to the appropriate places in the financial statement.
3. To check the accuracy of the statement, note the following relationship:

Previous month's cash balance				
Add: Receipts	+			
Subtotal				
Subtract: Disbursements	-			
TOTAL CASH BALANCE				
AT THE END OF THE MONTH				

The total should equal the current balance as determined by reconciling the books with the bank statement.



## Sample Monthly Financial Statement

### Revenue

	April	Actual Year to Date	Budget Year to Date
Dues	\$560.00	\$2,130.00	\$2,000.00
Interest	34.87	67.40	100.00
Loans	0.00	0.00	2,000.00
Workshops	347.50	347.50	333.33
Fundraiser	0.00	75.20	83.33
Other	13.00	40.00	33.33
<b>Total Revenue</b>	<b>\$955.37</b>	<b>\$2,660.10</b>	<b>\$33.33</b>

### Expenditure

	April	Actual Year to Date	Budget Year to Date
Printing	\$33.22	\$120.22	\$150.00
Meeting Expenses	50.00	500.00	500.00
Donations	25.00	200.00	125.00
Scholarships	100.00	400.75	600.00
Ed. Programs	533.00	1,050.00	3,000.33
Stipends	25.00	100.00	100.00
<b>Total Expenditure</b>	<b>\$766.22</b>	<b>\$2,370.97</b>	<b>\$4,475.33</b>

Revenue Less Expenditure	\$189.15	\$289.13	\$74.66
Beginning Cash Amount	\$2,242.04		
Ending Cash Amount	\$2,431.19		



This amount or “book balance” must be reconciled to the bank statement.

### Check Authorization

A good practice is to have all checks authorized/signed by two people (e.g. Treasurer and President). This is not required however by law but it is a prudent arrangement. When new officers are elected, the old officer's names should be removed from the bank account immediately and the new officer's names recorded.

### Record Keeping

All records of all receipts (revenues) and disbursements (expenditures) should be kept on monthly journal forms. These journal forms can take many forms:

Written ledgers

Journals kept on a computer using certain software

Accounting software such as QuickBooks or Quicken, which automates the accounting process

The types of journals, using the cash basis accounting method, that will be kept simultaneously are:

1. ***Monthly Cash Receipts Journal***. This journal records all money that comes into the local unit dues fund each month.

2. ***Year-End Summary of Cash Receipts***. This journal records all money that comes into the local unit dues fund each year. At the end of each month, transfer income totals to this journal.

3. ***Monthly Cash Disbursements Journal***. This journal records all money that the local unit spends each month.

4. ***Year-End Summary of Cash Disbursements***. This journal records all money that the local unit spends each year. At the end of each month, transfer disbursement totals to this journal.

Monthly record keeping is a necessary component of the Treasurer's job as a local unit officer. They should be kept up to date. Accurate monthly records assist the Treasurer in completing required annual financial statements and in reconciling the cash balance to bank standards.

### **Helpful Hints on Recordkeeping**

- Be consistent when classifying receipts (revenue) and disbursements (expenditures)
- File supporting documentation so that it is easy to find. Indicate the check

number on all invoices and attach all supporting documentation.

- Retain supporting documentation for seven years. This includes payment receipts for all expenditures, credit card slips, and itemized receipts for each charge, membership ledger cards for former members, the union's copy of the deposit slips, bank debit and credit memos, minutes of all membership and officer meetings. Keep journals and financial statements indefinitely. Include any work papers and internal worksheets used to prepare financial statements. These documents have legal significance.
- In the event that the local unit decides to stop collecting local unit dues, forward the records to the MNA for permanent storage.
- Plan for an orderly transition of treasurers by:
  - Transferring records
  - Changing authorized check signers at the bank. Keep copies of all changes to bank check signature cards in a permanent file.
  - Train the new treasurer on the unit's system of recordkeeping.
- Local units should have an annual audit of the books arranged through the MNA's Director of Finance.
- Local units should consider establishing an internal audit committee to conduct periodic examination of the books and records.

### Petty Cash Funds

Often it is impossible to make all payments directly to the payee by check. Therefore, it is a good idea to set up a petty cash fund to manage and account for expenditures related to small items.

To set up a petty cash fund, here are some steps that should be followed:

- The local unit should determine the amount of the fund and appoint a petty cash custodian.
- The petty cash fund is established by writing a check payable to cash or the petty cash custodian.
- The unit should establish guidelines for the authorized use of petty cash.
- The custodian should always require suitable evidence of the expense- such as a receipt. If the member cannot obtain a receipt at the time of the purchase, the member then should sign a receipt for the money indicating what the money was used for.

- Every withdrawal from the fund must be supported by some paperwork showing the date, purpose and person spending the money. A standardized form may be developed for this purpose.
- The petty cash custodian should be able to account for the fund at all times.
- The petty cash fund is replenished when the funds become low. The petty cash receipts are presented to the officer having authority to order the fund be reimbursed.
- The total cash on hand and the receipts paid should always equal the original amount of the cash fund.

### Political Donations

Federal law prohibits political donations by unions unless the money comes from a special political action committee fund. A unit may use its local unit dues to make a contribution to a cause, as long as it does not go directly to a political candidate.

## MNA Treasurer's Glossary of Terms

**Access** - A database package that comes with Microsoft Office

**accrual basis accounting** - A method of accounting where income is recognized when earned, even if not yet received, and expenses are recognized when incurred, even if not yet paid.

**AccuMail** - Software that compares your addresses against the US Post Office National Database of every street and deciphers inaccuracies or incomplete addresses, corrects misspelled street names, cities, or states, and inaccurate zip codes.

**Address Change Service** - A service provided by the Post Office to send you corrected addresses that you can electronically input into your database.

**agency fee payer** - A term that refers to an individual who is covered by a collective bargaining agreement who dissents to paying the portion of the full dues that are used to finance certain nonrepresentational activities of the union.

**APR** - Annual Percentage Rate – How lenders state the interest rate on a loan. The lower the APR, the lower the amount of interest you'll pay.

**APY** - Annual Percentage Yield – How credit unions and banks tell you how much money you'll earn on your savings if you leave a lump sum in your account for one full year. Use it to compare what institution gives you the best return on your money.

**assets**- The items on a balance sheet showing the book value of property owned.

**audit** - A review of the operating, administrative, and financial activities of an organization for conformance with all legal and administrative requirements and conformance with the principles of economy and efficiency.

**authorization** - This refers to the process by which a union approves of the expenditure of a particular disbursement. The unit's Constitution and Bylaws determines which officer or elected body each expenditure is to be approved.

**authorization cards** - A written authorization signed by the member to allow for dues deductions to be made from his/her paycheck. An additional separate authorization card is required if a member agrees to have voluntary political contributions deducted.

**balance** - The amount of money you have in a checking or savings account. With a checking account, it is important to figure out (or "balance") exactly how much money you have by comparing your check register to your statement.

**balance sheet** - A balance sheet is a statement of the book value of a business or other organization or person at a particular date, usually at the end of its "fiscal year," as distinct from an income statement, also known as a statement of profit and loss (P&L), which records revenue and expenses over a specified period of time. A balance sheet is often described as a "snapshot" of the company's financial condition on a given date. Of the four basic financial statements, the

balance sheet is the only statement which applies to a single point in time, instead of a period of time. The balance sheet has two parts: assets on the left-hand ("debit") side or at the top and liabilities on the right-hand ("credit") side or at the bottom.

**baseline budgeting** - A method of budgeting that starts with the status quo and then adds to it or subtracts from it based on proposed changes.

**bonds** - This is a type of investment that represents corporate or government debt. In essence, a bond is a loan from the purchaser to the company or government agency that issued it. Bonds are not federally insured, though bonds issued by the U.S. Government are considered free of repayment risk.

**budget**- A budget is a statement of the financial position of the union for a definite period of time (fiscal year) based on estimates of expenditures during the period and proposals for financing them. It also is a plan for the coordination of resources and expenditures and reflects the values and goals of the organization.

**budget cycle** - The period of time that a budget covers, usually not less than two years and not more than four.

**budget principles** - A set of statements to provide context for budgeting that communicates the organization's values and priorities.

**bylaws** - Union bylaws are a set of internal rules and regulations adopted by the organization for the running of the organization and the regulation of its affairs including the management and handling of election and finances. A union's bylaws must be submitted and attached to IRS Form 1024 when applying for tax-exempt status.

**calendar year** - An accounting and tax period of one year that ends on December 31.

**car allowances** - Generally refers to the practice of giving a flat dollar amount to an employee to cover business use of a personal vehicle. If the allowance is not documented by receipts or mileage logs it should be reported as taxable income.

**cash basis accounting** - A method of accounting where income is recognized when received and expenses are recognized when paid.

**certificate** - An account where you deposit money for a specific amount of time. The amount that you earn on a certificate is greater than what you earn in other types of saving accounts, but there is a penalty or fee for taking your money out early.

**certified audit statement** - A statement of assets and liabilities (Balance Sheet) and a statement of receipts and disbursements (Income and Expense Statement) prepared by a Certified Public Accountant (CPA).

**chart of accounts** - These are the names you establish for the different categories of assets, liabilities, income and expenses that you want to group transactions. A chart of accounts may include the following: rent, utilities, telephone, cash, dues income, and accounts payable.

**check-off sheets** - Lists of members and dues payments submitted by employers where dues deductions from members paychecks have been negotiated.

**compensation** - Wages, bonuses, overtime and certain expense allowances deemed taxable by the Internal Revenue Service.

**COPE** - COPE stands for Committee on Political Education which is the separate political committee and fund (known as a Political Action Committee or PAC in the MNA) established for making contributions and expenditures in connection with federal elections and state elections where only voluntary money can be used.

**corporate credit card** - This is a card issued by the credit card company in the name of the individual union officer or employee and on which the union has guaranteed payment.

**CPA** - Certified Public Accountant, an accountant certified by the

**deficit** - An amount by which expenditures exceed income.

**defined benefit** - Refers to a pension plan where the benefits are formula based rather than related to the contribution rate paid.

**Department of Labor** - (DOL) The United States Department of Labor administers a variety of Federal labor laws including those that guarantee workers' rights to safe and healthful working conditions; a minimum hourly wage and overtime pay; freedom from employment discrimination; and, unemployment insurance. The Office of Labor-Management Standards is a part of the DOL and it oversees the financial reporting for private sector unions.

**division method** - A method of calculating per capita tax where the amount of money received is divided by the dues rate to determine the number of payments received.

**documentation** - This refers to the union records that must be kept with respect to every union expenditure showing that the expenditure was made, that it was properly authorized, and that it was spent for a proper union purpose.

**double-entry book-keeping** - is the standard accounting practice for recording financial transactions. The system is based on the concept that a business or organization can be described by a number of different variables or accounts, each describing an aspect of the business in monetary terms. Every transaction has a 'dual effect'. For instance: in buying an asset - 1) the amount of fixed assets in the business or organization increases and 2) the amount of cash is reduced.

**dues posting** - Refers to the practice of recording dues payments by member in order to verify good standing.

**Employer Identification Number** – (EIN) A nine-digit identification number that all Local Unions must obtain from the Internal Revenue Service by filing IRS Form SS-4. An EIN is required in order to apply for tax-exempt status.

**exempt function expenditures** - This is a term used by the federal Internal Revenue Code for expenditures by a nonprofit organization, such as a labor union, for candidate contributions or other purposes in connection with any government elections or appointment to a government office. It does not include expenditures for legislative activities, lobbying activities or ballot initiatives.

**expense voucher** - This is a form which the union uses to authorize the expenditure of union funds for a specific purpose. It sets forth the nature of expenditure and the amount of the expenditure and is signed by the person or persons who are required to authorize the expenditure under the union's Constitution and Bylaws.

**expenses directly billed** - This term refers to expenses that are incurred by union officers or employees in conducting union business and which are billed directly to the union. For example, charges on a union credit card or a restaurant tab in the name of the union would be considered a directly billed expense.

**Federal Election Campaign Act** - This is the federal law that governs the way that money is raised and spent in connection with federal elections and thus regulates how unions raise, handle and spend money in connection with federal elections. It is often referred to by its acronym "FECA."

**Federal Election Commission** - The Federal Election Commission is the federal agency which is responsible for enforcing the Federal Election Campaign Act which governs the way that money is raised and spent in connection with federal elections. It is often referred to by its acronym "FEC."

**fideli ty bond** - Protects against loss of funds in the event of theft by officers and staff of a union. Unions that represent members in the private sector are required by Department of Labor regulations to obtain bonding coverage in an amount equal to ten (10) percent of the liquid assets plus one year's gross receipts.

**fiscal transparency**- Fiscal transparency is defined as the public disclosure of all relevant fiscal information on a systematic and timely basis. Unions can ensure such transparency in numerous ways, including: regular financial reports to the membership; access to financial records; open discussion and debate on decisions involving the use of union funds, among others.

**fiscal year** – (FY) An accounting and tax period of one year that may end on the last day of any month (March 31, April 30). The MNA's fiscal year runs from July 1 through June 30.

**flat rate dues** - Dues that are not variable and are paid in the same amount each month for all members or entire bargaining units of members. Locals may have one or more flat rate dues for different types of workers.

**Form 1**- This is a Massachusetts state form that must be filled out by any union that represents public employees. It is also called an Employee Organization Information Report. The form requires the basic organizational information, including: name of organization; date of organization; fiscal year dates; names and addresses of officers; dues and agency fees. This form must be updated whenever an employee organization changes its name or affiliation, or elects or appoints new officers.



**Form 2-** This is an annual financial report that must be filled out by any union that represents public employees within sixty days after the end of its fiscal year. The form requires a detailed written financial report in the form of a balance sheet and operating statement. It is a Massachusetts state form.

**Form 990** - An Internal Revenue Service form that must be filed by all unions with annual gross receipts in excess of \$100,000.

**Form 990-EZ** - An Internal Revenue Service form that must be filed by unions that have annual gross receipts of less than \$100,000, and total assets at the end of the year of less than \$250,000.

**Form 990-N (e-Postcard)** - Small tax-exempt units whose gross receipts are normally \$25,000 or less may be required to electronically submit Form 990-N, also known as the e-Postcard. The Pension Protection Act of 2006 added this filing requirement to ensure that the IRS and potential donors have current information about your organization.

**Form 990-T** - An internal Revenue Service form that must be filed by tax exempt organizations that have \$1,000 or more in gross income from an unrelated business.

**Form LM-1** - A Department of Labor form that is only filed once when the Local is first chartered, or when it becomes a private sector Local for the first time.

**Form LM-1A** - A Department of Labor form that is filed when a private sector Local makes changes to its Constitutions and Bylaws

**Form LM-2** - A Department of Labor report that Local Unions with total annual gross receipts of \$200,000 or more must file if they represent workers in the private sector.

**Form LM-3** - Department of Labor report that Local Unions with annual income of less than \$200,000 but more than \$10,000 must file if they represent members in the private sector.

**Form LM-4** - Department of Labor report that Local Unions with annual gross receipts of less than \$10,000 must file if they represent members in the private sector.

**frequency** - The number of payments in which dues are remitted. Payment frequencies include monthly, weekly, biweekly and semimonthly.

**group tax-exemption number** - In order to avoid individual filings for tax exemption status, some organizations file for recognition for a group.

**income and expense statement** - A financial statement whose purpose is to show the results of an organization's operations, i.e., whether or not the business or organization has earned a profit for a specific period of time. The statement of income lists the various revenue and expenses of the business along with related net income.

**Internal Revenue Code** - This is the law that imposes federal taxes on individuals, corporations and organizations. Although unions are generally tax exempt, they may incur a tax liability depending on how their political funds are handled.

**invoice** - An invoice is a written record of a transaction, often submitted to a customer or client when requesting payment. Invoices are sometimes called bills or statements.

**IRS** - The United States Internal Revenue Service. Unions have to file with the IRS to obtain an Employer Identification Number and for tax exempt status. If a union's annual gross receipts are \$25,000 or greater, it would also have to file either a Form 990EZ or Form 990 with the IRS.

**IRS Form 1024** - This is an Internal Revenue Service form that a union must file to apply for recognition as a tax exempt organization.

**IRS Form 1120** - This is the federal Internal Revenue Service tax return form which must be filed by a union or its separate political account if it makes contributions to candidates of more than \$100 and has investment income of more than \$100 in any tax year.

**IRS Form 8718** - An Internal Revenue Service user fee form filed with the application for determination as a tax exempt organization.

**IRS Form 8871** - This is the federal Internal Revenue Service's form which a union must use to register its separate political account if that account has annual gross receipts of more than \$25,000 in a year.

**IRS Form 8872** - This is the federal Internal Revenue Service's tax return form which a union must file for its political action account if that account has annual gross receipts of more than \$25,000 in a year.

**IRS Form SS-4** - This is an Internal Revenue Service form that is an application for an Employer Identification Number (EIN).

**liabilities** - The items on a balance sheet showing debts or pecuniary obligations.

**ledger** - A ledger is a physical collection of related financial information, such as revenues, expenditures, accounts receivable, and accounts payable. Ledgers used to be kept in books preprinted with lined ledger paper -- which explains why a business's financial info is often referred to as the "books" -- but are now commonly kept in computer files that can be printed out.

**Labor-Management Reporting and Disclosure Act of 1959** (LMRDA), also known as the Landrum-Griffin Act, grants certain rights to union members and protects their interests by promoting democratic procedures within labor organizations. The LMRDA was enacted to ensure basic standards of democracy and fiscal responsibility in private sector labor organizations. The LMRDA establishes the following:

- Bill of Rights for union members
- Reporting requirements for labor organizations, union officers and employees, employers, labor-relations consultants, and surety companies
- Standards for the regular election of union officers
- Safeguards for protecting labor organization funds and assets

**LM2** - A Department of Labor form that must be filed by all labor organizations that represent members in the private sector. An abbreviated LM3 may be filed by smaller organizations depending on their annual gross receipts. (see also Form LM-2, Form LM-3 and Form LM-4)

**Massachusetts Labor Relations Commissions (MLRC)** - The Labor Relations Commission is a quasi-judicial agency whose mission is to ensure the prompt, peaceful, and fair resolution of labor disputes by enforcing the Commonwealth's labor laws. The MLRC is the state counterpart to the National Labor Relations Board. It administers the Public Employee Collective Bargaining Law, Chapter 150 (e). Contact information is:

*Commonwealth of Massachusetts*  
*Labor Relations Commission*  
*399 Washington Street, 4th Floor*  
Boston, MA 02108  
617-727-3505

**Massachusetts Nurses Association PAC** - The MNA's Political Action Committee.

**MNA Direct** – A means of paying for dues directly to the MNA, thereby avoiding relying on the employer to collect dues through a dues check off system.

**mileage** - Mileage refers to the miles which a union employee or officer drives using his or her own automobile on union business and for which he or she is authorized to receive reimbursement from the union.

**modified cash basis accounting** - A method of accounting that incorporates some aspects of Cash Basis accounting and some aspects of Accrual Basis accounting.

**multiplier** - Refers to a factor by which the number of payments is multiplied in order to determine the number of full dues equivalents.

**mutual fund** - A mutual fund is a type of investment where a group of investors collectively own shares of stocks or bonds. You buy shares of a mutual fund as you would stock. Mutual funds are not federally insured.

**National Change of Address Service (NCOA)** - A service provided by the Post Office used to identify bad addresses and provide you with new ones.

**negative or reverse check-off** - A negative or reverse check-off is a check-off system or payroll deduction which is mandatory for the employees but where the employee may request a refund of the amounts checked-off. It is sometimes used as a means of raising political money. Receipts from a negative check-off for political funds do not qualify as voluntary political funds.

**non-exempt function expenditures** - This is a term used by the federal Internal Revenue Code for expenditures by a nonprofit organization, such as a labor union, for non-political activities. If a union has set up a Separate Political Account, these are the expenses that should be paid for from the general fund and not be made from the Separate Political Account. Non-Exempt expenditures include normal expenses for representing or organizing members, as well as expenditures for legislative activities, lobbying, and ballot initiatives.

**Office of Labor-Management Standards** - (OLMS) The Office of Labor-Management Standards (OLMS) of the U.S. Department of Labor's Employment Standards Administration administers and enforces most provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). The LMRDA was enacted primarily to ensure basic standards of democracy and fiscal responsibility in labor organizations representing employees in private

industry.

**organizing committee member** - A member that is not yet covered under a collective bargaining agreement who pays a reduced dues amount and is an employee of an employer that is the target of an organizing drive. These members can include those who have not yet won the Union as their exclusive bargaining representative as well as those who have but are not yet covered by a first contract.

**per capita tax** - A per-head charge required to be paid to a central labor council (or in cases of larger unions- to the central union) on all monthly dues payments received by a local union during any given month.

**petty cash** - A petty cash fund is defined as a small working cash fund maintained by an organization for use in purchasing incidental supplies of an unpredictable nature. Establishment of petty cash funds is not encouraged and approved only when it is deemed essential for daily operations of the union. The union's Bylaws usually will define and limit the cash amount available in a petty cash fund. Expenditures beyond such amount would be subject to the internal approval processes outlined in the Bylaws.

**political action committee (PAC)** - Some PAC's are Federally-registered and are allowed to participate in Federal Elections. Other PAC's (sometimes referred to as non-federal PAC's) must register and operate under state and/or local election regulations and may not contribute to or spend funds in connection with Federal elections.

**political fundraising event** - A fundraising event is an event such as a raffle, sale of merchandise, concert, or dinner where money is raised for the union, with the stated purpose to benefit its political committee or fund.

**political funds** - any funds raised or spent in connection with activity attempting to influence the election or appointment of a person to public office. Political funds may be either voluntary contributions or Treasury Funds.

**receipt** - This refers to the documentation for a union expenditure produced by an outside vendor showing that a certain amount was spent by the union for a particular item or service.

**reconciliation** -When you "reconcile" or "balance" your checking account, you are using your monthly statement to determine the exact amount you have available in your account. It's important to do this each month to prevent overdrafts (and any resulting fees).

**reimbursed expenses** - This refers to expenses incurred by a union employee or officer in conducting union business and for which he or she is authorized to receive reimbursement from the union.

**Request for Proposal (RFP)** - An RFP is a document that describes products or services in sufficient detail to solicit competitive bids.

**retired member** - A retired member that is no longer covered by a collective bargaining agreement who elects to continue to pay a reduced dues rate in order to remain a member of his/her Local Union.

**seasonal dues** - Dues that are paid for less than twelve months of the year. Members who may pay dues on a seasonal basis include school employees, race track or stadium workers.

**Section 527** - Section 527 refers to the section of the federal Internal Revenue Code which imposes a tax on nonprofit organizations such as unions if they make political contributions to candidates using money earned from investments.

**separate political account** - This is another way of saying the union's separate segregated political fund or account. A separate political account subject to the provisions of Section 527 is often referred to as a "Section 527 Committee".

**separate segregated political fund or account** - This is a bank account separate from the union's other bank accounts established by the union for its political money to be used to make candidate contributions or other expenditures in connection with government elections. It is often referred to as the union's political action account, political action committee, or PAC.

**spreadsheet** - A computer program such as Microsoft Excel that performs mathematical and financial functions.

**statement** - This is a paper record of your account transactions over a set period of time. Your statement is an essential tool in reconciling your account balances.

**stock** - Stock is a type of investment. A share of stock represents a share of ownership in a company. You can make money on stock in two ways – dividends and increases in the price. Stock dividends represent the method companies may use to distribute earnings to their owners (the shareholders). Stocks that don't pay dividends are often called *growth stocks* – earnings come solely from price growth. Most Internet technology company stock is considered growth stock.

**surplus** - An amount by which income exceeds expenditures.

**tax exempt status** - A union may apply to the IRS for tax exempt status using IRS Forms 1024 and 8718.

**treasurer's check** - Also can be called Bank Checks or Cashier's Checks. The difference between a Treasurer's Check and a regular check is that a Treasurer's Check is a guaranteed check.

**treasury funds** - are union funds derived from dues, initiation fees, investment earnings and any other funds not qualified as voluntary.

**union-owned automobiles** - This refers to automobiles purchased and owned by the union itself as opposed to vehicles personally owned by individual officers and employees and used in conducting union business.

**variable dues** - Dues that are based on a percentage of pay or multiple of hourly pay so that the amount paid by most member is different.

**voluntary contributions** - Voluntary contributions are political contributions that are truly voluntary. This means that they cannot be required as a condition of membership in the union or employment with the employer. Other requirements must also be met for a contribution to be

considered voluntary. They are often contrasted with non-voluntary money such as money derived from dues and earnings on investments using money derived from dues.

**voluntary political check-off** - A check-off is a voluntary check-off or payroll deduction for voluntary political contributions. Signing up for a voluntary political check-off may not be a condition of membership in the union or of employment with the employer.

**W-2** - An annual IRS form that is used to report taxable wages and withholding taxes to an employee.

**year to date** – (YTD) often appears on financial documents indicating income and expenses for a certain point in the year in a budget cycle. It is a very useful tool to measure actual numbers against those projected.