

MID-STATE CENTRAL LABOR COUNCIL

Ithaca, New York

**Financial Report
For the Years Ended
December 31, 1998 and 1997**



Ciaschi • Dietershagen • Little • Mickelson, LLP

Certified Public Accountants and Consultants

MID-STATE CENTRAL LABOR COUNCIL

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**Financial Report
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MID-STATE CENTRAL LABOR COUNCIL

DECEMBER 31, 1998 and 1997

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Certified Public Accountants and Consultants

Steering Committee
Mid-State Central Labor Council
Ithaca, New York

We have audited the accompanying statements of assets, liabilities and net assets - cash basis of the Mid-State Central Labor Council as of December 31, 1998, and the related statements of support, revenue, expenses, and changes in net assets - cash basis, and cash flows - cash basis for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of the Mid-State Central Labor Council as of December 31, 1998, and its support, revenue, expenses, and changes in net assets for the year then ended, on the basis of accounting described in Note 1.

The 1997 financial statements were reviewed by us, and our report thereon, dated July 30, 1998, stated we were not aware of any material modifications that should be made to those statements for them to be in conformity with the basis of accounting described in Note 1. However, a review is substantially less in scope than an audit and does not provide a basis for expression of an opinion on the financial statements taken as a whole.

Glaschi, Dietershagen, Little • Mickelson, LLP

February 25, 1999
Ithaca, New York

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MID-STATE CENTRAL LABOR COUNCIL
STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - CASH BASIS
DECEMBER 31,

ASSETS

	General Fund	Health & Safety Fund	Cortland Area Workers Rights	1998 Total	1997 Restated
Current Assets					
Cash - Checking	\$ 2,138	\$ 150	\$ 442	\$ 2,730	\$ 9,028
Total Assets	\$ 2,138	\$ 150	\$ 442	\$ 2,730	\$ 9,028

LIABILITIES AND NET ASSETS

Current Liabilities					
Due to (from) other funds	\$ (4,020)	\$ 4,020	\$ -0-	\$ -0-	\$ -0-
Total Current Liabilities	(4,020)	4,020	-0-	-0-	-0-
Unrestricted net assets	6,158	-0-	442	6,600	9,587
Restricted net assets	-0-	(3,870)	-0-	(3,870)	(559)
Total Net Assets	6,158	(3,870)	442	2,730	9,028
Total Liabilities and Net Assets	\$ 2,138	\$ 150	\$ 442	\$ 2,730	\$ 9,028

See Independent Auditors' Report and Notes to Financial Statements

MID-STATE CENTRAL LABOR COUNCIL
STATEMENTS OF SUPPORT, REVENUE, EXPENSES, AND CHANGES IN NET ASSETS - CASH BASIS
FOR THE YEARS ENDED DECEMBER 31.

	General Fund	Health & Safety Fund	Cortland Area Workers Rights	1998 Total	1997 Restated
Support					
City of Ithaca	\$ 10,000	\$	\$	\$ 10,000	\$ 13,375
UAW Outreach	11,821			11,821	17,316
New York State Department of Labor		104,681		104,681	24,369
Unrestricted Donations	1,424		1,970	3,394	1,978
Total Support	<u>23,245</u>	<u>104,681</u>	<u>1,970</u>	<u>129,896</u>	<u>57,038</u>
Revenue					
Membership dues	7,424			7,424	7,507
Newspaper and advertisements				-0-	50
Rent	4,200		2,200	6,400	-0-
Consulting and other	253			253	2,396
Interest income	51			51	152
Total Revenue	<u>11,928</u>	<u>-0-</u>	<u>2,200</u>	<u>14,128</u>	<u>10,105</u>
Total Support and Revenue	<u>35,173</u>	<u>104,681</u>	<u>4,170</u>	<u>144,024</u>	<u>67,143</u>
Expenses					
Payroll	14,609	69,457		84,066	58,002
Payroll taxes	1,199	5,705		6,904	4,890
Insurance	914	6,960		7,874	6,052
Rent	3,163	2,363	6,000	11,526	300
Printing	2,744	5,771		8,515	403
Phone	1,232	1,698	680	3,610	2,521
Supplies	520	1,329	90	1,939	536
Postage	1,000	2,018		3,018	1,161
Contract services	1,309	7,043		8,352	6,492
Equipment		3,180		3,180	-0-
Travel and meetings	1,682	1,626		3,308	1,578
Entertainment	466			466	-0-
Professional services	975			975	750
C.I.V.I.T.A.S.				-0-	-0-
Educational materials	5	793		798	137
Seminar				-0-	100
Dues				-0-	446
Donations	766			766	-0-
Other	4,867	49	109	5,025	1,875
Total Expenses	<u>35,451</u>	<u>107,992</u>	<u>6,879</u>	<u>150,322</u>	<u>85,243</u>
EXCESS OF (EXPENSES) OVER SUPPORT AND REVENUE	(278)	(3,311)	(2,709)	(6,298)	(18,100)
Transfers	(1,750)	-0-	1,750	-0-	-0-
Net Assets, January 1,	<u>8,186</u>	<u>(559)</u>	<u>1,401</u>	<u>9,028</u>	<u>27,128</u>
Net Assets, December 31,	\$ <u>6,158</u>	\$ <u>(3,870)</u>	\$ <u>442</u>	\$ <u>2,730</u>	\$ <u>9,028</u>

See Independent Auditors' Report and Notes to Financial Statements

MID-STATE CENTRAL LABOR COUNCIL
STATEMENTS OF CASH FLOWS - CASH BASIS
FOR THE YEARS ENDED DECEMBER 31.

	General Fund	Health & Safety Fund	Cortland Area Workers Rights	1998 Total	1997 Restated
Cash Flows from Operating Activities:					
Excess of (expenses) over support and revenue	\$ (278)	\$ (3,311)	\$ (2,709)	\$ (6,298)	\$ (18,100)
Adjustments to reconcile excess of (expenses) over support and revenue to net cash (used) by operating activities:					
Transfers	(1,750)	-0-	1,750	-0-	-0-
Increase (decrease) in liabilities:					
Due to other funds	(1,330)	1,330	-0-	-0-	-0-
Due to UAW Local 2300	-0-	-0-	-0-	-0-	(2,000)
Net Cash (Used) by Operating Activities	(3,358)	(1,981)	(959)	(6,298)	(20,100)
Cash Flows from Investing Activities	-0-	-0-	-0-	-0-	-0-
Cash Flows from Financing Activities	-0-	-0-	-0-	-0-	-0-
NET DECREASE IN CASH	(3,358)	(1,981)	(959)	(6,298)	(20,100)
Cash balance, January 1,	5,496	2,131	1,401	9,028	29,128
Cash balance, December 31,	\$ 2,138	\$ 150	\$ 442	\$ 2,730	\$ 9,028

See Independent Auditors' Report and Notes to Financial Statements

MID-STATE CENTRAL LABOR COUNCIL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1998 and 1997

Note 1 - Summary of Significant Accounting Policies

Activity

The Labor Council is an affiliated and chartered union with the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO). The Labor Council is organized as an unincorporated association and operated as a not-for-profit organization to support local member unions through educational and informational programs. Membership in the Labor Council is open to affiliated local unions, councils, joint boards, district councils, and other organizations supporting the goals of the Labor Council.

Basis of Accounting

The Labor Council's policy is to prepare its financial statements on the cash basis of accounting; consequently, revenues are recognized when received rather than when earned, and expenses are recognized when cash is disbursed rather than when the obligation is incurred.

Fund Accounting

To ensure observance of limitations and restrictions placed on the use of resources available to the Labor Council, the accounts of the Council are maintained in accordance with the principles of fund accounting. That is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund.

The assets, liabilities, and net assets of the Council are reported in three self-balancing fund groups as follows:

- The General Fund, also known as the Operating Fund, represents the portion of expendable funds that are available for support of the various unions.
- The Health & Safety Fund accounts for the New York State Department of Labor Grant.
- The Cortland Area Workers Rights Fund is a spin-off organization supporting union workers in Cortland County.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash Equivalents

For purposes of the Statements of Cash Flows, the Labor Council considers all short-term instruments purchased with a maturity of three months or less to be cash equivalents. There were no cash equivalents at December 31, 1998 and 1997.

Tax Exemption

The Labor Council is exempt from income taxes under Section 501 (c)(5) of the Internal Revenue Code.

MID-STATE CENTRAL LABOR COUNCIL
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
DECEMBER 31, 1998 and 1997

Note 2 - Related Party Transactions

The Labor Council leases office space under an operating lease from a member, the UAW Local 2300, for \$387.50 per month. The Council receives \$ 137.50 per month from the AFL-CIO for use of a portion of the space.

The Labor Council also shares a copier, copier supplies, a postage meter, a fax telephone line, a drinking fountain and bookkeeping services. The Council shares the cost of some of these expenses with the UAW and the Council receives donated services/supplies for some of these items.

Note 3 - Subsequent Events

The Labor Council was placed into trusteeship by the President of the AFL-CIO on January 27, 1999. The Council is currently being managed by the appointed Trustee, Roger Clayman, AFL-CIO Field Representative.

Note 4 - 1997 Restated Financial Statements

The 1997 Financial Statements have been restated to include the Cortland Area Workers Rights Board and the payroll tax liabilities have been eliminated to reflect the cash basis of accounting.

Note 5 - Concentrations

The Labor Council receives its primary support from the New York State Department of Labor and the City of Ithaca. The Department of Labor has conducted an annual audit of their contract with the Council.