



October 18, 2011

The financial review was conducted by the Finance Committee of Local 337, Labor Donated. The period being reviewed was July 1, 2010 – June 30, 2011. Review was conducted by the “Audit Sub-Committee of the Finance Committee” and “Audit Sub-Committee Members” performed the financial review were:

1. Ms. Lorena Bencsik
2. Mr. Earl Newman
3. Mr. Ron Emeigh
4. Mr. Michael J. Trohimczyk

On July 24, 2011, union officers available to answer Audit Sub-Committee were:

1. Ms. Sherry Morgan, Financial Secretary A.F.T. Local 337
2. Dr. William Norris, Recording Secretary A.F.T. Local 337
3. Mr. William Breger, Treasurer A.F.T. Local 337

Also visiting was Ms. Mary Beck, President of A.F.T. Local 337

The finance committee conducted a financial review based on Guidelines provided by the American Federation of Teachers, A.F.T. ***This review was a financial review and not as thorough as an audit. This was not an audit.*** We have examined the financial records of the Henry Ford Community College Adjunct Faculty Organization, American Federation of Teachers Local 337, and found them to be in good order.

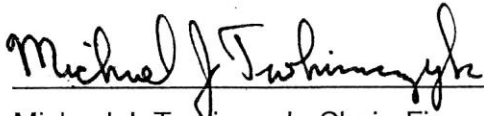
During the course of our examination we discovered that, while there was adequate documentation for all expenditures and income, that HFCC-AFO fiduciaries should act on the following recommendations as soon as practical:

1. At the start of the Financial Review, Dr. William Norris, passed out a DRAFT of the accounting manual that was recommended by the Audit Sub-Committee during last years’ financial review.
2. Mr. Ron Emeigh & Mr. Michael J. Trohimczyk, made note that check #685, for Mr. Thomas Frank, for \$28.11 was only written for \$21.11. A new check for \$7.00 should be issued to Mr. Thomas Frank for the actual amount of the reimbursement.
3. Ms. Lorena Bencsik & Mr. Michael Trohimczyk made a recommendation to set a minimum of \$1,000.00 on any purchase as the threshold for capitalizing an asset. Any amount less than \$1,000.00 should be expensed. Per Mr. William Breger it was verified that the only asset that is being depreciated is the new computer purchased by Mr. Thomas Anderson (who was

- reimbursed \$990.83 with Check #707 and by Ms. Sherry Morgan (who was reimbursed \$558.87 with Check #738). Mr. Breger verified that MACRS is being used for depreciation.
4. Mr. Earl Newman verified the accuracy of deposits and found no discrepancies to report. Mr. Earl Newman noted that there were no discrepancies between the dues collected by H.F.C.C. payroll department and the sums deposited by the College in the A.F.O. account.
 5. Ms. Lorena Bencsik verified that the Profit & Loss (P&L) ties to the Balance Sheet (BS). Totals on statements were verified using QuickBooks[®]. Account names pulled from Quickbooks.
 6. Ms. Lorena Bencsik verified Local 337 Federal Report Form 990 for Fiscal Year 2010. The amounts on the report 990 tie to the financial statements. Internal Revenue Service Guidelines and American Federation of Teachers Guidelines were followed.
 7. Per recommendation number 6 from 2010 financial review two signatures were needed on all checks. Only one check, check #778 for \$141.00 had one signature, Ms. Sherry Morgan. This check was made payable to Henry Ford Community College on June 6, 2011 for the AFO's June, 2011 rent payment. This check was still cashed by the bank with only one signature.
 8. Mr. Michael J. Trohimczyk noted that check #776 & Check #777 did not have any description in the MEMO field. The Finance Committee is recommending that a memo be included on ALL checks issued.
 9. Mr. Michael J. Trohimczyk verified with Ms. Sherry Morgan that the authorized signatures on the bank accounts are:
 1. Ms. Sherry Morgan
 2. Ms. Mary Beck
 3. Mr. William Breger
 4. Mr. Glenn O'Kray
 10. The finance committee verified that two CD's, each for \$10,000.00, were purchased at the Bank of Internet. Check #779 & Check #780 each for \$10,000.00 were written to fund the CD. The Finance Committee is making a recommendation stipulating the intent if the proceeds are for legal and / or audit fund. These funds are being set aside for events that could happen in the future, i.e. legal expenses, and / or an actual audit which will be used to pay to have an independent body review the work of AFT 337.
 11. Mr. Michael J. Trohimczyk was informed that Ms. Robin Adams became a temporary part-time employee during the middle of a semester. The Finance Committee is recommending that a revised report, i.e. an updated Excel[®] spreadsheet showing Ms. Adams as on the report as being reimbursed.
 12. The Finance Committee is recommending that the expense mileage reimbursement rate per I.R.S. guidelines be listed on each expense report.
 13. No fringe benefits exist for executive board members.
 14. It was recommended last year that no cell phones and or credit cards be issued to any members of Local 337. When reviewing the expense reports, personal credit cards were used for purchases of A.F.T. functions. Therefore, as requested by the Finance Committee, this policy was being followed.
 15. The Finance Committee reviewed the bank statements to the actual bank accounts to verify that this policy change from last year was followed.

16. Per Mr. Earl Newman, the P.A.C. monies account did not have much activity. The balance was \$502.60 in checking and \$7.34 in savings at June 30, 2011. Mr. Bill Breger is in the process of handling the filing of the various reports.

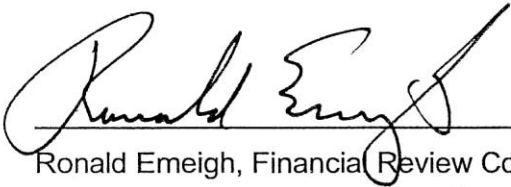
Sincerely,



Michael J. Trochimczyk, Chair, Financial Review Committee



Lorena Bencsik, Financial Review Committee



Ronald Emeigh, Financial Review Committee



Earl Newman, Financial Review Committee

HFCC Adjunct Faculty Organization
Balance Sheet
As of June 30, 2011

ASSETS

Current Assets

Checking/Savings

Cash

Audit Fund CD Bank of Internet	\$ 10,000.00
Checking	9,231.70
Legal Fund CD	10,128.76
Legal Fund Cd Bank of Internet	10,000.00
PAC Checking	502.60
PAC Savings	7.34
Savings	29,513.88

Total Cash

\$ 69,384.28

Total Current Assets

\$ 69,384.28

Fixed Assets

Computer & Equipment

Computer & Equipment - Other	\$ 1,650.70
Accumulated Depreciation C & E	(410.94)

Total Computer & Equipment

\$ 1,239.76

Office Furniture

770.67

Total Fixed Assets

\$ 2,010.43

Other Assets

Other Assets

Members & Fees Receivable	\$ 9,548.72
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Total Other Assets

\$ 9,548.72

TOTAL ASSETS

\$ 80,943.43

LIABILITIES & EQUITY

Liabilities

Other Current Liabilities

AFT Michigan Payable	\$ 1,725.08
AFT National Payable	1,082.01
Metro Detroit AFL-CIO Payable	90.30

Total Other Current Liabilities

\$ 2,897.39

Total Liabilities

\$ 2,897.39

Equity

HFCC-AFO Equity	\$ 823.00
Unrestricted Net Assets	33,144.46
Net Income	44,078.58

Total Equity

\$ 78,046.04

TOTAL LIABILITIES & EQUITY

\$ 80,943.43

HFCC Adjunct Faculty Organization Profit & Loss

July 2010 through June 2011

Ordinary Income/Expense		
Income		
Other Types of Income		
Interest-Members Focus	\$ 209.45	
Miscellaneous Income-Shirts	10.00	
PAC Donations	463.66	
Total Other Types of Income		\$ 683.11
Program Income		
Membership Dues	\$ 140,246.27	
Agency Fees	23,905.86	
Income 1650 Dues	5,232.30	
Income 1650 Fees	905.54	
Total Program Income		170,289.97
Total Income		\$ 170,973.08
Expense		
Business Expenses		
Accidental Death Ins Expense	\$ 309.80	
AFL-CIO-Metro Expense	1,858.80	
AFL-CIO-Michigan Expense	1,858.80	
AFT-Liability Ins. Expense	2,168.60	
AFT-Michigan Expense	34,578.89	
AFT-National Expense	15,776.35	
Total Business Expenses		\$ 56,551.24
Operations		
Adjunct Reimbursement Expense	\$ 428.41	
Banking Fees Expense	89.39	
Contributions Expense	4,335.00	
Depreciation Expense	410.94	
Fidelity Bond Expense	50.00	
Miscellaneous Expense	266.73	
Office Supplies Expense	392.07	
PAC Fund Expense	91.06	
Postage, Mailing Expense	416.20	
Printing and Copying Expense	212.00	
Rent Expense	1,990.00	
Total Operations		\$ 8,681.80
Payroll Expenses		
Executive Dir Payroll Taxes Exp	\$ 3,308.85	
Executive Director-Benefits Exp	2,114.76	
Executive Director-Salary Exp	34,218.06	
Fin. Rec. Secretary-Stipend Exp	3,257.57	
Grievance Officer-Stipend Exp	4,364.89	
President-Stipend Expense	4,364.89	
Treasurer-Stipend Expense	1,075.12	
Vice Pres. Stipend Expense	2,182.44	
Total Payroll Expenses		\$ 54,886.58
Travel and Meetings		
Conference, Convention, Meeting	\$ 320.00	
Travel	6,454.88	
Total Travel and Meetings		\$ 6,774.88
Total Expense		\$ 126,894.50
Net Ordinary Income		\$ 44,078.58
Net Income		\$ 44,078.58

Short Form Return of Organization Exempt From Income Tax

2010

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code
(except black lung benefit trust or private foundation)
▶ Sponsoring organizations of donor advised funds, organizations that operate one or more hospital facilities,
and certain controlling organizations as defined in section 512(b)(13) must file Form 990 (see instructions).
All other organizations with gross receipts less than \$200,000 and total assets less than \$500,000
at the end of the year may use this form.
▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2010 calendar year, or tax year beginning _____, 2010, and ending _____, 20

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization		D Employer identification number
	Number and street (or P.O. box, if mail is not delivered to street address)	Room/suite	E Telephone number
	City or town, state or country, and ZIP + 4		F Group Exemption Number ▶

G Accounting Method: Cash Accrual Other (specify) ▶ _____ **H** Check if the organization is **not** required to attach Schedule B (Form 990, 990-EZ, or 990-PF).

I Website: ▶ _____

J Tax-exempt status (check only one) – 501(c)(3) 501(c) () ◀ (insert no.) 4947(a)(1) or 527

K Check if the organization is not a section 509(a)(3) supporting organization **and** its gross receipts are normally **not** more than \$50,000. A Form 990-EZ or Form 990 return is not required though Form 990-N (e-postcard) may be required (see instructions). But if the organization chooses to file a return, be sure to file a complete return.

L Add lines 5b, 6c, and 7b, to line 9 to determine gross receipts. If gross receipts are \$200,000 or more, or if total assets (Part II, line 25, column (B) below) are \$500,000 or more, file Form 990 instead of Form 990-EZ ▶ \$

Part I **Revenue, Expenses, and Changes in Net Assets or Fund Balances** (see the instructions for Part I.)
Check if the organization used Schedule O to respond to any question in this Part I

Revenue	1	Contributions, gifts, grants, and similar amounts received	1	
	2	Program service revenue including government fees and contracts	2	
	3	Membership dues and assessments	3	
	4	Investment income	4	
	5a	Gross amount from sale of assets other than inventory	5a	
	b	Less: cost or other basis and sales expenses	5b	
	c	Gain or (loss) from sale of assets other than inventory (Subtract line 5b from line 5a)	5c	
	6	Gaming and fundraising events		
	a	Gross income from gaming (attach Schedule G if greater than \$15,000)	6a	
b	Gross income from fundraising events (not including \$ _____ of contributions from fundraising events reported on line 1) (attach Schedule G if the sum of such gross income and contributions exceeds \$15,000)	6b		
c	Less: direct expenses from gaming and fundraising events	6c		
d	Net income or (loss) from gaming and fundraising events (add lines 6a and 6b and subtract line 6c)	6d		
Revenue	7a	Gross sales of inventory, less returns and allowances	7a	
	b	Less: cost of goods sold	7b	
	c	Gross profit or (loss) from sales of inventory (Subtract line 7b from line 7a)	7c	
	8	Other revenue (describe in Schedule O)	8	
	9	Total revenue. Add lines 1, 2, 3, 4, 5c, 6d, 7c, and 8 ▶	9	
Expenses	10	Grants and similar amounts paid (list in Schedule O)	10	
	11	Benefits paid to or for members	11	
	12	Salaries, other compensation, and employee benefits	12	
	13	Professional fees and other payments to independent contractors	13	
	14	Occupancy, rent, utilities, and maintenance	14	
	15	Printing, publications, postage, and shipping	15	
	16	Other expenses (describe in Schedule O)	16	
	17	Total expenses. Add lines 10 through 16 ▶	17	
Net Assets	18	Excess or (deficit) for the year (Subtract line 17 from line 9)	18	
	19	Net assets or fund balances at beginning of year (from line 27, column (A)) (must agree with end-of-year figure reported on prior year's return)	19	
	20	Other changes in net assets or fund balances (explain in Schedule O)	20	
	21	Net assets or fund balances at end of year. Combine lines 18 through 20 ▶	21	

Part V Other Information (Note the statement requirements in the instructions for Part V.)

Check if the organization used Schedule O to respond to any question in this Part V

		Yes	No
33	Did the organization engage in any activity not previously reported to the IRS? If "Yes," provide a detailed description of each activity in Schedule O	33	
34	Were any significant changes made to the organizing or governing documents? If "Yes," attach a conformed copy of the amended documents if they reflect a change to the organization's name. Otherwise, explain the change on Schedule O (see instructions)	34	
35	If the organization had income from business activities, such as those reported on lines 2, 6a, and 7a (among others), but not reported on Form 990-T, explain in Schedule O why the organization did not report the income on Form 990-T.		
a	Did the organization have unrelated business gross income of \$1,000 or more or was it a section 501(c)(4), 501(c)(5), or 501(c)(6) organization subject to section 6033(e) notice, reporting, and proxy tax requirements?	35a	
b	If "Yes," has it filed a tax return on Form 990-T for this year (see instructions)?	35b	
36	Did the organization undergo a liquidation, dissolution, termination, or significant disposition of net assets during the year? If "Yes," complete applicable parts of Schedule N	36	
37a	Enter amount of political expenditures, direct or indirect, as described in the instructions. ▶ 37a		
b	Did the organization file Form 1120-POL for this year?	37b	
38a	Did the organization borrow from, or make any loans to, any officer, director, trustee, or key employee or were any such loans made in a prior year and still outstanding at the end of the tax year covered by this return?	38a	
b	If "Yes," complete Schedule L, Part II and enter the total amount involved	38b	
39	Section 501(c)(7) organizations. Enter:		
a	Initiation fees and capital contributions included on line 9	39a	
b	Gross receipts, included on line 9, for public use of club facilities	39b	
40a	Section 501(c)(3) organizations. Enter amount of tax imposed on the organization during the year under: section 4911 ▶ _____; section 4912 ▶ _____; section 4955 ▶ _____		
b	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year, or did it engage in an excess benefit transaction in a prior year that has not been reported on any of its prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I	40b	
c	Section 501(c)(3) and 501(c)(4) organizations. Enter amount of tax imposed on organization managers or disqualified persons during the year under sections 4912, 4955, and 4958		
d	Section 501(c)(3) and 501(c)(4) organizations. Enter amount of tax on line 40c reimbursed by the organization		
e	All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction? If "Yes," complete Form 8886-T.	40e	
41	List the states with which a copy of this return is filed. ▶ _____		
42a	The organization's books are in care of ▶ _____ Telephone no. ▶ _____ Located at ▶ _____ ZIP + 4 ▶ _____		
b	At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? If "Yes," enter the name of the foreign country: ▶ _____ See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts .	42b	
c	At any time during the calendar year, did the organization maintain an office outside of the U.S.? If "Yes," enter the name of the foreign country: ▶ _____	42c	
43	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-EZ in lieu of Form 1041 —Check here <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the tax year ▶ 43		
44a	Did the organization maintain any donor advised funds during the year? If "Yes," Form 990 must be completed instead of Form 990-EZ	44a	
b	Did the organization operate one or more hospital facilities during the year? If "Yes," Form 990 must be completed instead of Form 990-EZ	44b	
c	Did the organization receive any payments for indoor tanning services during the year?	44c	
d	If "Yes" to line 44c, has the organization filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	44d	

		Yes	No
45	Is any related organization a controlled entity of the organization within the meaning of section 512(b)(13)?	45	
a	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," Form 990 and Schedule R may need to be completed instead of Form 990-EZ (see instructions)	45a	
46	Did the organization engage, directly or indirectly, in political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I	46	

Part VI Section 501(c)(3) organizations and section 4947(a)(1) nonexempt charitable trusts only. All section 501(c)(3) organizations and section 4947(a)(1) nonexempt charitable trusts must answer questions 47-49b and 52, and complete the tables for lines 50 and 51.

Check if the organization used Schedule O to respond to any question in this Part VI

		Yes	No
47	Did the organization engage in lobbying activities? If "Yes," complete Schedule C, Part II	47	
48	Is the organization a school as described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	48	
49a	Did the organization make any transfers to an exempt non-charitable related organization?	49a	
b	If "Yes," was the related organization a section 527 organization?	49b	
50	Complete this table for the organization's five highest compensated employees (other than officers, directors, trustees and key employees) who each received more than \$100,000 of compensation from the organization. If there is none, enter "None."		

(a) Name and address of each employee paid more than \$100,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances

f Total number of other employees paid over \$100,000

51 Complete this table for the organization's five highest compensated independent contractors who each received more than \$100,000 of compensation from the organization. If there is none, enter "None."

(a) Name and address of each independent contractor paid more than \$100,000	(b) Type of service	(c) Compensation

d Total number of other independent contractors each receiving over \$100,000

52 Did the organization complete Schedule A? **Note:** All section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A **Yes** **No**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here	Signature of officer _____	Date _____
	Type or print name and title _____	

Paid Preparer Use Only	Print/Type preparer's name _____	Preparer's signature _____	Date _____	Check <input type="checkbox"/> if self-employed	PTIN _____
	Firm's name <input type="text"/>	Firm's EIN <input type="text"/>			
	Firm's address <input type="text"/>	Phone no. <input type="text"/>			

May the IRS discuss this return with the preparer shown above? See instructions **Yes** **No**

SCHEDULE O
(Form 990 or 990-EZ)

Supplemental Information to Form 990 or 990-EZ

OMB No. 1545-0047

2010

**Open to Public
Inspection**

Department of the Treasury
Internal Revenue Service

Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

Name of the organization

Henry Ford Community College Adjunct Faculty Organization

Employer identification number

26-4059598

Line 10: Per Capita Payments including American Federation of Teachers \$18,254, American Federation of Teachers-Michigan \$34,579,

AFL-CIO Michigan, \$1,859, and AFL-CIO Metro, \$1,859 for a total of \$56,551.

Line 16: Other Expenses including Adjunct Reimbursement Expense \$428, Banking Fees Expense \$89, Contributions Expense \$4,335,

Depreciation Expense \$411, Fidelity Bond Expense \$50, Miscellaneous Expense \$267, Office Supplies Expense \$392,

PAC Fund Expense \$91, Conference, Conventin, Meeting Expense \$320, and Travel Expense \$6,455 for a total of \$12,838.

Line 20: Other changes in net assets or fund balance: Two checks never cashed (void after 90 days) in the 2009-2010 fiscal year changed

the net assets to \$33,967 from \$33,871, a difference of \$96.

Line 24: Other Assets including Computer and Equipment \$2,010 and Member Dues and Fees Receivable \$9,549 for a total of \$11,559.

Line 26: Total Liabilities including AFT Michigan Payable \$1,725, AFT National Payable \$1,082 and Metro Detroit AFL-CIO Payable \$90 for

a total of \$2,897.

The HFCC Adjunct Faculty Organization, AFT Local 337, AFL-CIO

Schedule of Combined Expenses and Allocation between Chargeable and Non-Chargeable Expenses

For the Fiscal Year Ended June 30, 2011

	<u>Combined</u>	<u>Chargeable</u>	<u>Non-Chargeable</u>	Notes
Business Expenses (Per Capita Payments)	Expenses	Expenses	Expenses	
Accidental Death Insurance	\$ 309.80	\$ -	\$ 309.80	1
AFL-CIO Metro	\$ 1,858.80	\$ -	\$ 1,858.80	2
AFL-CIO Michigan Expense	\$ 1,858.80	\$ -	\$ 1,858.80	3
AFT Liability Insurance	\$ 2,168.60	\$ -	\$ 2,168.60	4
AFT-Michigan Per Capitas	\$ 34,578.89	\$ 32,600.66	\$ 1,978.23	5
AFT-National Per Capitas	\$ 15,776.35	\$ 15,776.35	\$ -	6
Total Business Expenses (Per Capita Payments)	\$ 56,551.24	\$ 48,377.01	\$ 8,174.23	
Operating Expenses				
Adjunct Reimbursement Expense	\$ 428.41	\$ 428.41	\$ -	7
Banking Fees	\$ 89.39	\$ 89.39	\$ -	8
Contributions	\$ 4,335.00	\$ -	\$ 4,335.00	9
Depreciation Expense	\$ 410.94	\$ 410.94	\$ -	10
Fidelity Bond Expense	\$ 50.00	\$ 50.00	\$ -	11
Miscellaneous (refreshments for membership meetings)	\$ 266.73	\$ 266.73	\$ -	12
Office Supplies	\$ 392.07	\$ 392.07	\$ -	13
PAC Fund Expense	\$ 91.06	\$ -	\$ 91.06	14
Postage, Mailing	\$ 416.20	\$ 416.20	\$ -	15
Printing and Copying	\$ 212.00	\$ 212.00	\$ -	16
Rent	\$ 1,990.00	\$ 1,990.00	\$ -	17
Total Operating Expenses	\$ 8,681.80	\$ 4,255.74	\$ 4,426.06	
Payroll Expenses				
Financial Records Secretary's Stipend	\$ 3,257.57	\$ 3,257.57	\$ -	18
Grievance Officer's Stipend	\$ 4,364.89	\$ 4,364.89	\$ -	19
President's Stipend	\$ 4,364.89	\$ 3,928.40	\$ 436.49	20
Executive Director Payroll Taxes	\$ 3,308.85	\$ 3,308.85	\$ -	21
Executive Director Benefits	\$ 2,114.76	\$ 2,114.76	\$ -	22
Executive Director Salary	\$ 34,218.06	\$ 34,218.06	\$ -	23
Treasurer's Stipend	\$ 1,075.12	\$ 1,075.12	\$ -	24
Vice-President's Stipend	\$ 2,182.44	\$ 1,091.22	\$ 1,091.22	25
Total Payroll Expenses	\$ 54,886.58	\$ 53,358.87	\$ 1,527.71	
Travel and Meeting Expenses				
Conferences, Conventions, Meetings	\$ 320.00	\$ 320.00	\$ -	26
Travel	\$ 6,454.88	\$ 6,454.88	\$ -	27
Total Travel and Meeting Expenses	\$ 6,774.88	\$ 6,774.88	\$ -	
TOTAL EXPENSES	\$ 126,894.50	\$ 112,766.50	\$ 14,128.00	
Less Contribution Expenses	\$ (4,426.06)	\$ -	\$ (4,426.06)	
	\$ 122,468.44	\$ 112,766.50	\$ 9,701.94	
	100.0%	92.1%	7.9%	

The HFCC Adjunct Faculty Organization, AFT Local 337, AFL-CIO

Footnotes to Schedule of Combined Expenses and

Allocation between Chargeable and Non-Chargeable Expenses

For the Fiscal Year Ended June 30, 2011

1. The Henry Ford Community College Adjunct Faculty Organization (AFO) purchases a \$5,000 accidental death and dismemberment insurance policy through the American Federation of Teachers (AFT) for members at a cost of \$0.05 per member per month. This insurance is purchased for members only. Accordingly, one hundred percent (100%) of the cost of the insurance (\$309.80) is considered non-chargeable to non-member agency fee payers covered by the AFO contract.
2. The AFO pays per capita payments to the Metro Detroit Council of the American Federation of Labor – Council of Industrial Organizations (AFL-CIO) equal to \$0.30 per member per month. The total for AFL-CIO Metro per capita payments was \$1,858.80. These payments do not contribute to the negotiation or enforcement of the contract between the AFO and Henry Ford Community College. Accordingly, one hundred percent (100%) of the cost of these per capita payments to the Metro Detroit AFL-CIO Council is considered non-chargeable.
3. The AFO pays per capita payments to the AFT that are forwarded to the State (Michigan) Council of the AFL-CIO equal to \$0.30 per member per month. The total for AFL-CIO Michigan per capita payments was \$1,858.80. These payments do not contribute to the negotiation or enforcement of the contract between the AFO and Henry Ford Community College. Accordingly, one hundred percent (100%) of the cost of these per capita payments to the Metro Detroit AFL-CIO Council is considered non-chargeable.
4. The AFO purchases a \$1,000,000 professional liability insurance policy through the AFT for members. The cost of this insurance is \$0.35 per member per month. The total cost of this insurance for FY 2010-11 was \$2,168.60. Since this liability insurance does not contribute to the negotiation or enforcement of the contract between the AFO and HFCC, one hundred percent (100%) of the cost of the insurance is considered non-chargeable.
5. The AFO makes monthly per capita payments to AFT-Michigan. During the fiscal year ending June 30, 2010, AFT-Michigan recognized four categories of dues/fee payers that applied to the AFO: half dues, half fees, quarter dues and quarter fees. In the months of July and August, 2010, individuals who had annual earnings of \$12,000 or more were assigned to either the half dues or half fee categories and individuals who had earnings of less than \$12,000 were assigned to either the quarter dues or quarter fee categories. In July and August, 2010, the half dues per capita payment was \$7.90 per member compared to \$7.32 per month for a half-fee agency fee payer, a difference of \$0.58 per month per half-dues member. Accordingly, \$0.58 of the dues paid on behalf of a half-dues member in those months is considered non-chargeable. The rest of the per capita payment made on behalf of

a half-dues member (\$7.32) in those months and 100% of the cost of the fees paid on behalf of a half-fee agency fee payer (\$7.32) are considered chargeable. Also in July and August, 2010, the quarter dues payment was \$3.95 per month per member compared to \$3.66 per month for a quarter-fee agency fee payer, a difference of \$0.29 per month per quarter-dues member. Accordingly, \$0.29 of the dues paid on behalf of a quarter-dues member in those months is considered non-chargeable. The rest of the per capita payment made on behalf of a quarter-dues member (\$3.66) in those months and 100% of the cost of the fees paid on behalf of a quarter-fee agency fee payer (\$3.66) are considered chargeable. Beginning in September, 2010, the threshold for half dues or fees was increased from \$12,000 per year to \$14,000. Between September, 2010 and June, 2010, the half dues per capita payment was \$8.40 per member compared to \$7.84 per month for a half-fee agency fee payer, a difference of \$0.56 per month per half-dues member. Accordingly, \$0.66 of the dues paid on behalf of a half-dues member in those months is considered non-chargeable. The rest of the per capita payment made on behalf of a half-dues member in those months (\$7.84) and 100% of the cost of the fees paid on behalf of a half-fee agency fee payer (\$7.84) are considered chargeable. Between September, 2010 and June, 2011, the quarter dues payment was \$4.20 per month per member compared to \$3.92 per month for a quarter-fee agency fee payer, a difference of \$0.28 per month per quarter-dues member. Accordingly, \$0.28 of the dues paid on behalf of a quarter-dues member in those months is considered non-chargeable. The rest of the per capita payment made on behalf of a quarter-dues member (\$3.92) in those months and 100% of the cost of the fees paid on behalf of a quarter-fee agency fee payer (\$3.92) are considered chargeable. Therefore, of the total of \$34,578.89 in per capita payments made to AFT-Michigan, \$32,600.66 is considered chargeable expenses that contribute to the negotiation and enforcement of the contract and the remaining \$1,978.23 is considered non-chargeable.

6. The AFO makes monthly per capita payment to the AFT. During the months of July, 2010 and August, 2010, the AFT recognized four categories of dues/fee payers that applied to the AFO: half dues, half fees, quarter dues and quarter fees. Individuals who had earnings of \$12,000 or more were assigned to either the half dues or half fee categories. Individuals who had earnings of less than \$12,000 were assigned to either the quarter dues or quarter fee categories. In July and August, 2010, the half dues per capita payment was \$8.00 per member compared to \$5.26 per month for a half-fee agency fee payer, a difference of \$2.74 per month per half-dues member. Accordingly, \$2.74 of the dues paid on behalf of a half-dues member in those months is considered non-chargeable. The rest of the per capita payment made on behalf of a half-dues member (\$5.26) in those months and 100% of the cost of the fees paid on behalf of a half-fee agency fee payer (\$5.26) are considered chargeable. In September, 2010, the AFT added an eighth dues and an eighth fees category. The threshold for half dues and fees was increased to \$14,000 per year and the threshold for quarter dues and fees was set at \$8,500 per year. Individuals with annual earnings less than \$8,500 were assigned to either the eighth dues or eighth fees categories. Between September, 2010 and June, 2011, the half dues per capita payment was \$8.40 per member compared to \$5.26 per month for a half-fee agency fee payer, a difference of \$2.74 per month per half-dues member. Accordingly, \$2.74 of the dues paid on behalf of a half-

dues member in those months is considered non-chargeable. The rest of the per capita payment made on behalf of a half-dues member (\$5.26) in those months and 100% of the cost of the fees paid on behalf of a half-fee agency fee payer (\$5.26) are considered chargeable. During the months of July and August, 2010, the AFO paid \$2.63 in per capita payments per person for quarter-fee agency fee payers and between September, 2010 and June, 2011, the AFO paid \$2.86 in per capita payments per person for quarter-fee agency fee payers and \$1.43 per person for eighth-fee agency fee payers. However, throughout the entire fiscal year, the AFO paid only \$1.00 per month per quarter-dues or eighth-dues members because FY 2010-11 was the second year of a four-year reduction in dues for members in this category that was granted by the AFT when it chartered the AFO in July of 2009. As a consequence, the AFO paid \$1.63 more per month in July and August, 2010 for quarter-fee agency fee payers and between September, 2010 and June, 2011, the AFO paid \$1.85 more per month per person for quarter-fee agency fee payers and \$0.43 more per month for eighth-fee agency fee payers than it paid for quarter-dues and eighth-dues payers. The excess payments for quarter-fee and eighth-fee payers more than offsets the differential between half-dues payers and half-fee payers. Accordingly, the AFO considers 100% of the total of \$15,776.35 per capita payments made to the AFT in FY 2010-11 to be chargeable expenses that contributed to the negotiation and enforcement of the contract.

7. During second contract negotiations with the College, the AFO agreed to split the cost of an outstanding grievance involving a class assignment/bumping issue with the College. The cost of this agreement (\$428.41) to the AFO is considered chargeable.
8. The AFO maintains several bank accounts at the Member Focus Credit Union and two accounts at the Bank of the Internet. One hundred percent (100%) of the fees associated with maintaining these accounts (\$89.39), other than the one associated with the Political Action Fund (which is accounted for separately), are considered chargeable expenses.
9. The AFO made a total of \$4,335.00 in contributions during FY 2010-11. These contributions were made to various College and community organizations including the HFCC Foundation, the Mike Adray Golf Tournament; the Women's Forum, the HFCC-AFO Founders' Scholarship Fund and various organizations designated by AFO members (or their survivors) who experienced the death in the family. These community contributions were funded by a generous donation of \$6,137.84 (\$5,232.50 based on dues paid by AFO members who were temporary part-time members of local 1650 plus \$905.54 based on fees paid by AFO agency fee payers who were temporary part time members of local 1650; see Profit and Loss statement) to the AFO made by AFT Local 1650, the union that covers full-time employees of the College. Accordingly while these costs are noted here as non-chargeable, they will be removed from both the denominator and the numerator when determining the allowable percentage of charges to agency fee payers as will be noted below. The unused portion of the Local 1650 contribution (\$1,802.84) will be carried over and earmarked for community service contributions in future fiscal years.
10. The AFO depreciates the value of office furniture and equipment based on general accounting standards. The cost of depreciation in the current fiscal year was \$410.94. Since maintaining an office is essential to negotiating and enforcing the contract, this depreciation cost is considered 100% chargeable.

11. It is the policy of the AFO to purchase a Fidelity Insurance Bond to protect the organization in the event employee or officer dishonesty results in a financial loss to the organization. The amount of the fidelity bond purchased is based on the following formula: liquid assets = total receipts x 10% = amount of coverage. The minimum coverage for the bond is \$50,000. Based on the formula, the AFO purchased the minimum coverage amount at a cost of \$50.00 in FY 2010-11.
12. The AFO spent a total of \$266.73 to purchase refreshments for membership meetings. Since membership meetings are essential for the conduct of union business and since non-member agency fee payers are welcome to attend membership meetings, 100% of the cost of these refreshments is considered chargeable.
13. The AFO spent a total of \$392.07 for office supplies during the fiscal year. Since maintaining an office is essential for negotiating and enforcing the contract, 100% of the cost of these supplies is considered chargeable.
14. The Executive Board approved an expense of \$91.06 to reimburse a member for the cost of producing political signs. The expense was charged to the PAC fund which is a separate independent account funded 100% through voluntary contributions. Accordingly while these costs are noted here as non-chargeable, they will be removed from both the denominator and the numerator when determining the allowable percentage of charges to agency fee payers as will be noted below.
15. The AFO spent \$416.20 for postage fees. These postage expenses were associated with AFO communications with affiliated organizations and to communicate with members for business purposes (e.g. contract ratification referendum, refunds of dues overpayments, mailings to committee members, etc.). Accordingly, 100% of the cost of the postage expense is considered chargeable.
16. The AFO spent a total of \$212.00 in printing expenses to purchase pre-labeled envelopes used for the contract ratification referendum. Accordingly, 100% of the cost of the printing expense is considered chargeable.
17. The AFO rents office space from HFCC and paid a total of \$1,990.00 in rent during the fiscal year ended June 30, 2011 (including two months' rent owed based on the previous year). The office is essential for the conduct of union business related to the negotiation and enforcement of the contract. Accordingly, 100% of the rent paid for office space is considered chargeable.
18. The Financial Records Secretary received two stipends during the fiscal year ended June 30, 2011 that totaled \$3,257.57. The Financial Records Secretary received these stipends in recognition of the work she performs necessary to the conduct of AFO business directly related to the negotiation and enforcement of the contract. Accordingly, 100% of the stipend expense for the Financial Records Secretary is considered chargeable.
19. The Chief Grievance Officer received two stipends during the fiscal year ended June 30, 2011 that totaled \$4,364.89. The Chief Grievance Officer received these stipends in recognition of the work he performs necessary to the conduct of AFO business directly related to the negotiation and enforcement of the contract. Accordingly, 100% of the stipend expense for the Chief Grievance Officer is considered chargeable.

20. The President received two stipends during the fiscal year ended June 30, 2011 that totaled \$4,364.89. The President received these stipends in recognition of the work she performs on behalf of the AFO. It is estimated that 90% of her work is necessary to the conduct of AFO business directly related to the negotiation and enforcement of the contract. Accordingly, 90% of the stipend expense for the President is considered chargeable and the remaining 10% is considered non-chargeable.
21. The AFO employs an Executive Director who is compensated by AFT-Michigan. AFT-Michigan sends an invoice to the AFO that includes three components: salary, benefits, and payroll taxes/insurances. During the FY ended June 30, 2011, the AFO paid a total of \$3,308.85 to AFT-Michigan to cover the cost of payroll taxes/insurances. One hundred percent of this cost is considered chargeable as explained below in Footnote 23.
22. The AFO employs an Executive Director who is compensated by AFT-Michigan. AFT-Michigan sends an invoice to the AFO that includes three components: salary, benefits, and payroll taxes/insurances. During the FY ended June 30, 2011, the AFO paid a total of \$2,114.76 to AFT-Michigan to cover the cost of the Staff Organizer's benefits. One hundred percent of this cost is considered chargeable as explained below in Footnote 23.
23. The AFO employs an Executive Director who is compensated by AFT-Michigan. AFT-Michigan sends an invoice to the AFO that includes three components: salary, benefits, and payroll taxes/insurances. During the FY ended June 30, 2011, the AFO paid a total of \$34,218.06 to AFT-Michigan to cover the cost of the Executive Director's salary. Based on time sheets, the Executive Director spends about 90% of his time on activities directly related to the negotiation and enforcement of the contract and about 10% of time on non-chargeable activities such as organizing and political action. The time sheets show that the Executive Director averaged in excess of 40 hours per week throughout the fiscal year. Prior to offering a personal services agreement to the Executive Director in July, 2009, the AFO learned the salaries being offered to similar employees at other AFT-Michigan unions similar to the AFO and determined that a fair salary for a full-time employee doing the work to be assigned to him was \$45,000.00 per year. However, since William Norris, the person offered the position, is also a member of the AFO, he agreed to a contract that compensated him for only 30 hours per week (75% of a full-time load) with the understanding that he would volunteer ten hours per week (25% of a full-time load). Dr. Norris considers his volunteer time as being time devoted to non-chargeable activities and his paid time as time being devoted to chargeable activities. This opinion is consistent with the hours and activities recorded on his timesheets. Accordingly, 100% of the Executive Director's salary, benefits, and payroll taxes/insurances are considered chargeable.
24. The Treasurer received a stipend of \$1,075.12 during the fiscal year ended June 30, 2011. The Treasurer received this stipend in recognition of the work he performs necessary to the conduct of AFO business directly related to the negotiation and enforcement of the contract. Accordingly, 100% of the stipend expense for the Treasurer is considered chargeable.
25. The Vice-President received a stipend of \$2,182.44 during the fiscal year ended June 30, 2011. Approximately 50% of this stipend (\$1,091.22) was paid in recognition of the work the Vice-President performs that is directly related to the negotiation and enforcement of the contract. This portion of the Vice-President's stipend is considered chargeable. The

remaining 75% of the Vice-President's stipend (\$1,091.22) is in recognition of work he performs related to the Political Action and Education Committee. This portion of the Vice-President's stipend is considered non-chargeable.

26. The AFO paid a total of \$320.00 in fees so that officers and members could attend training directly related to the negotiation and enforcement of the contract. One hundred percent of these training expenses are considered chargeable.
27. The AFO paid a total of \$6,454.88 in travel expenses for officers and members attending training sessions directly related to the negotiation and enforcement of the contract. One hundred percent of these travel expenses are considered chargeable.