DEPARTMENT OF LABOR

Office of Labor-Management Standards

29 CFR Part 403

RIN 1215–AB75; 1245–AA02

Rescission of Form T–1, Trust Annual Report; Requiring Subsidiary Organization Reporting on the Form LM–2, Labor Organization Annual Report; Modifying Subsidiary Organization Reporting on the Form LM–3, Labor Organization Annual Report; LMRDA Coverage of Intermediate Labor Organizations; Final Rule

AGENCY: Office of Labor-Management Standards, Department of Labor.

ACTION: Final rule.

SUMMARY: This rule rescinds the Form T–1, Trust Annual Report, and rescinds its implementing regulations by removing them from the CFR. This form was promulgated by the final rule published in the **Federal Register** on October 2, 2008 (2008 Form T–1 rule). The Form T–1 was required to be filed by labor organizations about certain trusts in which they are interested pursuant to the Labor-Management Reporting and Disclosure Act of 1959. Upon further review of the 2008 Form T–1 rule, including the pertinent facts and legally relevant policy considerations surrounding that rulemaking, as well as the comments received from the February 2, 2010, notice of proposed rulemaking (NPRM) to rescind the Form T–1, the Department of Labor (Department) rescinds the rule implementing the Form T–1 because it considers the trust reporting required under the rule to be overly broad and, as structured, is not necessary to prevent circumvention and evasion of the Title II reporting requirements. Additionally, this rule returns "subsidiary organization" reporting to the Form LM–2 (Labor Organization Annual Report), which the Department considers to be necessary to satisfy the purposes of the LMRDA, and it clarifies the scope of such reporting in response to comments received in the NPRM. Finally, in interpreting the definition of "labor organization" under the LMRDA, the Department returns to its long held view that the statute's coverage does not encompass intermediate bodies that are wholly composed of public sector organizations. In so doing, the Department has reconsidered a definitional interpretation that it adopted in 2003.

DATES: This rule will be effective January 3, 2011. The changes made to the Form LM–2 and Form LM–3 reporting requirements will apply to reports required by labor organizations with fiscal years beginning on or after January 1, 2011.

FOR FURTHER INFORMATION CONTACT: Denise M. Boucher, Director, Office of Policy, Reports and Disclosure, Office of Labor-Management Standards, U.S. Department of Labor, 200 Constitution Avenue NW., Room N–5609, Washington, DC 20210, (202) 693–0123 (this is not a toll-free number), (800) 877–8339 (TTY/TDD).

SUPPLEMENTARY INFORMATION: The Regulatory Information Number (RIN) identified for this rulemaking changed with publication of the Spring Regulatory Agenda due to an organizational restructuring. The old RIN was assigned to the Employment Standards Administration, which no longer exists; a new RIN has been assigned to the Office of Labor-Management Standards

I. Authority

A. Legal Authority

This rescission of the 2008 Form T–1 rule, the union reporting requirements concerning subsidiary organizations, and the revised interpretation relating to the coverage of public sector intermediate body labor unions under LRMDA section 3(j), 29 U.S.C. 402, are made pursuant to section 201 and section 208 of the LMRDA, 29 U.S.C. 431, 438. Section 208 authorizes the Secretary of Labor to issue, amend, and rescind rules and regulations to implement the LMRDA's reporting provisions, and also includes authority to issue such rules "prescribing reports concerning trusts in which a labor organization is interested" as she may "find necessary to prevent the circumvention or evasion of [the LMRDA's] reporting requirements." 29 U.S.C. 438.

B. Departmental Authorization

Secretary's Order 08–2009, issued November 6, 2009, contains the delegation of authority and assignment of responsibility for the Secretary's functions under the LMRDA to the Director of the Office of Labor-Management Standards and permits re-delegation of such authority. *See* 74 FR 58835 (Nov. 13, 2009).

II. Background

In enacting the LMRDA in 1959, Congress sought to protect the rights and interests of employees, labor organizations and the public generally as they relate to the activities of labor organizations, employers, labor relations consultants, and their officers, employees, and representatives. The LMRDA was the direct outgrowth of a congressional investigation conducted by the Select Committee on Improper Activities in the Labor or Management Field, commonly known as the McClellan Committee. The LMRDA addressed various ills through a set of integrated provisions aimed at labor-management relations governance and management. These provisions include LMRDA Title II financial reporting and disclosure requirements for labor organizations, their officers and employees, employers, labor relations consultants, and surety companies. *See* 29 U.S.C. 431–36, 441.

The Department has developed several forms to implement the union annual reporting requirements of the LMRDA. The reporting detail required of labor organizations, as the Secretary has established by rule, varies depending on the amount of the labor organization's annual receipts. The labor organization annual financial reports required by section 201(b) of the Act, 29 U.S.C. 431(b) (Form LM–2, Form LM–3, and Form LM–4), are to contain information about a labor organization's assets, liabilities, receipts, and disbursements in such detail "as may be necessary accurately to disclose its financial condition and operations for its preceding fiscal year." The Form LM–2 Annual Report, the most detailed of the annual labor organization reports and that required to be filed by labor organizations with $250,000 or more in annual receipts, must include reporting of loans to officers, employees and business enterprises; payments to each officer; and payments to each employee of the labor organization paid more than $10,000 during the fiscal year, in addition to other information.

In addition to prescribing the form and publication of the LMRDA reports, the Secretary is authorized to issue regulations that prevent labor unions and others from avoiding their reporting responsibilities. Section 208 authorizes the Secretary of Labor to issue, amend, and rescind rules and regulations to implement the LMRDA's reporting provisions, including such rules "prescribing reports concerning trusts in which a labor organization is interested" as she may "find necessary to prevent the circumvention or evasion of [the LMRDA's] reporting requirements." 29 U.S.C. 438.

Historically, the Department's LMRDA reporting program had not provided for separate trust reporting by unions. However, there is a long history of reporting on "subsidiary organization[s]." Part VIII of the 1962 Instructions for Form LM–2 provided for reporting concerning these entities, which were defined in the Form LM–2 instructions as "any separate organization in which the ownership is wholly vested in the labor organization or its officers or its membership, which is governed or controlled by the officers, employees or members of the labor organization, and which is wholly financed by the labor organization."

III. Rescission of the October 2, 2008, Final Rule Establishing the Form T–1 and Return of Subsidiary Reporting to the Form LM–2

A. History of the Form T–1

The Form T–1 report was first proposed on December 27, 2002, as one part of a proposal to extensively change the Form LM–2. 67 FR 79279 (Dec. 27, 2002). The rule was proposed under the authority of Section 208, which permits the Secretary to issue such rules "prescribing reports concerning trusts in which a labor organization is interested" as she may "find necessary to prevent the circumvention or evasion of [the LMRDA's] reporting requirements." 29 U.S.C. 438. Following consideration of public comments, on October 9, 2003, the Department published a final rule enacting extensive changes to the Form LM–2 and establishing a Form T–1. 68 FR 58374 (Oct. 9, 2003) (2003 Form T–1 rule). The 2003 Form T–1 rule eliminated the requirement that unions report on subsidiary organizations on the Form LM–2, but it mandated that each labor organization filing a Form LM–2 report also file a separate report to "disclose assets, liabilities, receipts, and disbursements of a significant trust in which the labor organization is interested." 68 FR at 58477. The reporting labor organization would make this disclosure by filing a separate Form T–1 for each significant trust in which it was interested. *Id.* at 58524.

The 2003 Form T–1 rule defined the phrase "significant trust in which the labor organization is interested" by utilizing the section 3(l) statutory definition of "a trust in which a labor organization is interested" and an administrative determination of when a trust is deemed "significant." 68 FR at 58477–78. The LMRDA defines a "trust in which a labor organization is interested" as:

A trust or other fund or organization (1) which was created or established by a labor organization, or one or more of the trustees or one or more members of the governing body of which is selected or appointed by a labor organization, and (2) a primary purpose of which is to provide benefits for the members of such labor organization or their beneficiaries.

Id. (quoting 29 U.S.C. 402(l)).

The 2003 Form T–1 rule set forth an administrative determination that stated that a "trust will be considered significant" and therefore subject to the Form T–1 reporting requirement under the following conditions:

(1) The labor organization had annual receipts of $250,000 or more during its most recent fiscal year, and (2) the labor organization's financial contribution to the trust or the contribution made on the labor organization's behalf, or as a result of a negotiated agreement to which the labor organization is a party, is $10,000 or more annually.

Id. at 58478.

The portions of the 2003 rule relating to the Form T–1 were vacated by the U.S. Court of Appeals for the District of Columbia Circuit in *AFL–CIO* v. *Chao,* 409 F.3d 377, 389–391 (DC Cir. 2005). The court held that the form "reaches information unrelated to union reporting requirements and mandates reporting on trusts even where there is no appearance that the union's contribution of funds to an independent organization could circumvent or evade reporting requirements by, for example, permitting a union to maintain control of funds." *Id.* at 389. The court also vacated the Form T–1 portions of the 2003 rule because its test failed to establish reporting based on domination or managerial control of assets subject to LMRDA Title II jurisdiction. The court reasoned that the Department failed to explain how the test promulgated—selection of one member of a board and a $10,000 contribution to a trust with $250,000 in receipts—could result in union domination and control sufficient to give rise to circumvention or evasion of Title II reporting requirements. *Id.* at 390. In so holding, the court emphasized that Section 208 authority is the only basis for LMRDA trust reporting, that this authority is limited to preventing circumvention or evasion of Title II reporting, and that "the statute doesn't provide general authority to require trusts to demonstrate that they operate in a manner beneficial to union members." *Id.* at 390.

Following the 2003 vacatur of the provision of the final rule relating to the Form T–1, the Department issued a revised Form T–1 final rule on September 9, 2006. 71 FR 57716 (Sept. 9, 2006) (2006 Form T–1 rule). The U.S. District Court for the District of Columbia vacated this rule due to a failure to provide a new notice and comment period. *AFL–CIO* v. *Chao,* 496 F.Supp. 76 (DC 2007). The district court did not engage in a substantive review of the 2006 rule, but the court noted that the AFL–CIO demonstrated that "the absence of a fresh comment period constituted prejudicial error" and that the AFL–CIO objected with "reasonable specificity" to warrant relief vacating the rule. *Id.* at 90–92.

The Department issued a proposed rule for a revised Form T–1 on March 4, 2008. 73 FR 11754 (Mar. 4, 2008). After notice and comment, the 2008 Form T–1 final rule was issued on October 2, 2008. 73 FR 57412. This rule attempted to remedy the failings of the Department's 2003 and 2006 efforts in implementing a Form T–1. 73 FR at 57413. The 2008 Form T–1 rule became effective on December 31, 2008. Under this rule, Form T–1 reports would be filed no earlier than March 31, 2010, for fiscal years that began no earlier than January 1, 2009.

The 2008 Form T–1 rule states that labor organizations with total annual receipts of $250,000 or more must file a Form T–1 for those section 3(l) trusts in which the labor organization, either alone or in combination with other labor organizations, had management control or financial dominance. 73 FR at 57411. For purposes of the rule, a labor organization has management control if the labor organization alone, or in combination with other labor organizations, selects or appoints the majority of the members of the trust's governing board. Further, for purposes of the rule, a labor organization has financial dominance if the labor organization alone, or in combination with other labor organizations, contributed more than 50 percent of the trust's receipts during the annual reporting period. Significantly, the rule treats contributions made to a trust by an employer pursuant to a collective bargaining agreement as constituting contributions by the labor organization that was party to the agreement.

Additionally, the 2008 Form T–1 rule provides exceptions to the Form T–1 filing requirements. No Form T–1 is required for a trust: Established as a political action committee (PAC) fund if publicly available reports on the PAC fund are filed with Federal or state agencies; established as a political organization for which reports are filed with the IRS under section 527 of the IRS code; required to file a Form 5500 under the Employee Retirement Income Security Act of 1974 (ERISA); or constituting a federal employee health benefit plan that is subject to the provisions of the Federal Employees Health Benefits Act (FEHBA). Similarly, the rule clarifies that no Form T–1 is required for any trust that meets the statutory definition of a labor organization and files a Form LM–2, Form LM–3, or Form LM–4 or trust that the LMRDA exempts from reporting, such as an organization composed entirely of state or local government employees or a state or local central body.

On July 21, 2009, the Department held a public meeting to solicit comments from representatives of the community that would be affected by a proposal to rescind the Form T–1, return subsidiary organization reporting to the Form LM–2, and revise the interpretation regarding wholly public sector intermediate bodies.

On December 30, 2009, following notice and comment, the Department published a rule extending for one year the filing due date of all Form T–1 reports required to be filed during calendar year 2010 (74 FR 69023). In response to the notice, the Department received 128 timely comments from labor organizations, public interest groups, and employer or trade associations. The extension does not affect those reports due during calendar year 2011 or beyond. This extension prevented unions from incurring costly reporting burdens pending a rulemaking to rescind the Form T–1 regulation.

Subsequently, on February 2, 2010, the Department published the NPRM proposing to rescind the Form T–1, to return reporting on a union's wholly owned, financed, and controlled subsidiary organizations to the Form LM–2, and to revise the interpretation regarding wholly public sector intermediate bodies (75 FR 5456).

B. Reasons for the Proposal To Rescind the October 2, 2008 Form T–1 Final Rule

The Department proposed to rescind the 2008 Form T–1 rule because on review it considered the trust reporting required under the rule to be overly broad in requiring union reporting concerning many entities, including trusts funded by employers pursuant to collective bargaining agreements, without an adequate showing that such reporting is required to prevent circumvention and evasion of the Title II reporting requirements. Moreover, the Department stated that it had reviewed the 2008 rulemaking record and no longer viewed the separate reporting requirements as set forth in the 2008 Form T–1 rule as justified in light of the burden they imposed.

Under the Act, the Secretary has the authority to "issue, amend, and rescind rules and regulations prescribing the form and publication of reports required to be filed under this title and such other reasonable rules and regulations (including rules concerning trusts in which a labor organization is interested) as he may find necessary to prevent the circumvention or evasion of such reporting requirements." 29 U.S.C. 438. The Secretary's regulatory authority thus includes the reporting mandated by the Act and discretionary authority to require reporting on trusts falling within the statutory definition of a trust "in which a labor organization is interested." 29 U.S.C. 402(l). The Secretary's discretion to require separate trust reporting applies to trusts if: (1) The union has an interest in a trust as defined by 29 U.S.C. 402(l) and (2) reporting is determined to be necessary to prevent the circumvention or evasion of Title II reporting requirements. 29 U.S.C. 438. As both the Department and the court have recognized, this is a two-part requirement. *See AFL–CIO* v. *Chao,* 409 F.3d 377, 386–87 (DC Cir. 2005) (discussion of two-part test).

As such, a key feature of the Secretary's discretionary authority to require trust reporting is the requirement that the Secretary conclude that such reporting is "necessary" to prevent circumvention or evasion of a labor organization's requirement to report on its finances under the LMRDA. The Department has concluded that the 2008 Form T–1 rule is overly broad in requiring financial reporting concerning many trusts, including trusts funded by employers pursuant to collective bargaining agreements, without the required showing that the rule is necessary to prevent circumvention or evasion of Title II reporting requirements.

In particular, the 2008 Form T–1 rule provides that, for purposes of evaluating whether payments to a trust indicate that the union is financially dominant over the trust, payments made by employers to trusts under section 302(c) of the LMRA, 29 U.S.C. 186(c) (Taft-Hartley funds), should be treated as funds of the union. Taft-Hartley funds are created and maintained through employer contributions paid to a trust fund, pursuant to a collective bargaining agreement, and must have equal numbers of union and management trustees, who owe a duty of loyalty to the trust. Taft-Hartley funds are established for the "sole and exclusive benefit of the employees" and are excepted from the statutory prohibition against an employer paying money to employees, representatives, or labor organizations. *See* 29 U.S.C. 186(a) and (c)(5).

The Department recognizes that its authority under section 3(l) to require reporting of trusts in which a union "has an interest" is sufficiently broad to encompass Taft-Hartley plans funded by employer contributions. However, as explained above, this is only the first part of the section 208 analysis. The second part of the analysis requires that the Secretary determine that the reporting is necessary to prevent circumvention or evasion of the reporting of union money subject to Title II.

As explained in the 2008 Form T–1 rule, section 201 of Title II of the LMRDA requires that unions "file annual, public reports with the Department, detailing the labor organization's financial condition and operations during the reporting period, and, as implemented, identifying its assets and liabilities, receipts, salaries and other direct or indirect disbursements to each officer and all employees receiving $10,000 or more in aggregate from the labor organization, direct or indirect loans (in excess of $250 aggregate) to any officer, employee, or member, any loans (of any amount) to any business enterprise, and other disbursements." 73 FR at 57413 (citing 29 U.S.C. 431(b)). Further, section 201 requires that such information shall be filed "in such detail as may be necessary to disclose [a labor organization's] financial condition and operations." 73 FR at 57414 (citing *Id.*). Significantly, each listed reportable financial transactions to be reported is one that reflects upon the union's financial condition and operations, not the financial condition and operations of another entity.

In sum, the Department proposed to rescind the rule implementing the Form T–1 because it considers the breadth of trust reporting required under the rule to be overly broad and not necessary to prevent the circumvention and evasion of the Title II reporting requirements. Moreover, the Department reviewed the 2008 Form T–1 rulemaking record and no longer views the Form T–1 separate reporting requirements as justified in light of the burden they impose.

C. Reasons for the Proposal To Reinstate Subsidiary Reporting on the Form LM–2

Prior to the 2003 Form LM–2 changes that first required separate Form T–1 trust reporting, labor organizations were required to report concerning their subsidiary organizations on the Form LM–2.[1] Subsidiary organizations were defined in the Form LM–2 instructions

[1] The 2003 changes retained the requirement for labor organizations to include the receipts of their subsidiaries when determining if they have met the $250,000 filing threshold. Yet, the transactions of the subsidiaries were not themselves on the form. See Form LM–2 Instructions, Part II.

as "any separate organization of which the ownership is wholly vested in the reporting labor organization or its officers or its membership, which is governed or controlled by the officers, employees, or members of the reporting labor organization, and which is wholly financed by the reporting labor organization." *See* pre-2003 Form LM–2 Instructions, Section X.[2] This requirement was dropped in the October 2003 modifications to the Form LM–2. *See* 68 FR at 58414. While not made explicit in the final regulation, the Department's assumption at that time was that the prior subsidiary organization reporting would be captured by the new requirement for trust reporting on the Form T–1, which was also introduced in that final rule. This result is implied by the Department's comment in the 2008 Form T–1 rule that "the Form T–1 closes a reporting gap under the Department's former rule whereby labor organizations were required to report on 'subsidiary organizations,'" and not more broadly on any other trusts in which they have an interest. 73 FR at 57412.

The NPRM set out the Department's understanding that a substantial number of the Form T–1 reports it would receive would be for these subsidiary organizations. During the 2004 reporting year, the last year in which unions filed annual reports on the old Form LM–2, approximately 1,087 filers indicated that they had at least one subsidiary organization. Additionally, in the Department's experience approximately 50 of the largest labor organizations have two additional subsidiaries. Thus, the Department estimates approximately 1,187 subsidiaries for Form LM–2 filers (the 1,087 filers with subsidiaries plus an additional 100 for the 50 unions with two subsidiaries). The Form T–1 final rule estimated that an average of 3,131 Form T–1 reports would be filed in each fiscal year (the 2008 Form T–1 rule referenced "3,130.54" Form T–1 reports, but this rule rounds this figure up to 3,131 reports). 73 FR at 57441. Therefore, the Department estimates that more than one third of Form T–1 reports would be for subsidiary organizations. *See* Paperwork Reduction Act Analysis.

The return of subsidiary organizations to the Form LM–2 reporting requirements will restore the prior status quo concerning the financial disclosure of such entities, which was that a union must disclose the financial information of its subsidiary to the same level of detail as other assets of the union. *See* pre-2003 Form LM–2 Instructions, Section X.

Under the pre-2003 Form LM–2 reporting regime a labor organization could report on its subsidiary organizations in one of three ways. The filer could (1) consolidate the financial information for the subsidiary and the labor organization in a single Form LM–2; (2) file a separate Form LM–2 report for the subsidiary organization, along with the Form LM–2 for the union; or (3) file a regular annual report of the financial condition and operations of the subsidiary organization along with the Form LM–2 for the union.

In the NPRM, the Department proposed to allow Form LM–2 filers only two options for reporting subsidiaries. The Department proposed that Form LM–2 filers can either (1) consolidate their subsidiaries' financial information on the union's Form LM–2, or (2) they can file, with their Form LM–2, a regular annual report of the financial condition and operations of each subsidiary organization, accompanied by a statement signed by an independent public accountant certifying, for each subsidiary, that the financial report presents fairly the financial condition and operations of the subsidiary organization and was prepared in accordance with generally accepted accounting principles. The NPRM also proposed to revise the Form LM–3 subsidiary organization instructions to conform with these proposed revisions of the Form LM–2 subsidiary organization instructions.

D. Review of Comments Received in Response to the NPRM's Proposal To Rescind the Form T–1 and Return Subsidiary Organization Reporting Requirement to the Form LM–2

The Department received 20 comments in response to its February 2, 2010 NPRM. Of these comments, two employer associations and two public policy groups expressed opposition to the Department's proposal to rescind the Form T–1 and return subsidiary organization reporting to the Form LM–2 reporting requirements, while 14 comments, from labor organizations, supported the proposal. Another comment, from a public policy group, acknowledged that some of the Form T–1 requirements would have been "unduly burdensome for unions and of little value to members," but nevertheless recommended a "fine-tune" of the requirements rather than rescinding them entirely.[3]

1. Proposal To Rescind the Form T–1

a. Trust Reporting Requirements of the Form T–1 Are Not Justified in Light of the Burden Imposed Upon Reporting Labor Organizations

Numerous union comments that supported the proposed rescission asserted that the separate trust reporting requirements in the 2008 Form T–1 are not justified in light of the burden they impose. Specifically, two unions asserted that separate reporting on the Form T–1 is particularly burdensome because it establishes the reporting threshold for an individual union based on the contributions or appointments of all unions to a particular trust in the aggregate, without any consideration of a *de minimis* threshold to reduce the reporting burden on unions with only nominal involvement in a trust. For example, one union comment argued that the "[Form T–1] aggregation threshold mandates that by virtue of giving even $1 to a trust, an individual LM–2 filer could be required to file its own T–1 report on the trust if at the end of its fiscal year the trust realizes that more than half of its funds were provided by labor organizations in the aggregate." Further, one union comment stated that by aggregating all union appointments or contributions to a particular fund, the Department assumes affiliations between these unions where none may exist. Moreover, one union comment contended that the burden placed upon unions to complete Form T–1 reports must be considered in light of the fact that many of the trustees of these independent trusts require regular audits, and the trusts likely file a publicly available Form 990 with the Internal Revenue Service (IRS), which the IRS redesigned in 2008 to include much greater detailed reporting on a non-profit trust's key financial, compensation, governance, and operational information.[4]

Related to the burden imposed upon unions required to file Form T–1 reports, several union comments supported the Department's proposal to rescind the Form T–1 by explaining that the Form T–1 reporting regime is both unworkable and fundamentally unfair because "the trusts for which unions must file reports are separate and independent legal entities." One union expressed concern that under the 2008 Form T–1 rule, trusts have no legal obligation to provide unions with the financial information necessary to properly file a Form T–1 report. This

[2] The pre-2003 Form LM–2 Instructions can be viewed at *http://www.regulations.gov.*

[3] One comment from a union only addressed the intermediate body issue, and not the Form T–1 or subsidiary reporting.

[4] *See http://www.irs.gov/charities/article/0,,id=218938,00.html.*

union comment further explained, that in fact, "trustees may believe or be advised by legal counsel that providing the necessary information is a breach of the trust's fiduciary duties owed to participants and beneficiaries [as well as a violation of] individual privacy rights and other legal obligations." Finally, this union comment concluded that "trustees also may believe they have a duty not to incur costs to maintain records unique to the Form T–1 reporting requirements." Several union comments supported the Department's proposal to rescind the Form T–1 because they were concerned that if a trust should refuse to timely provide the necessary information, then the union may incur liability under the LMRDA, while the uncooperative trust avoids any liability. Union comments asserted that, as drafted, the 2008 Form T–1 rule has no "safe harbor" provision for unions that document a good faith effort to obtain and fully and accurately report all necessary information so as to avoid liability for failure to file a report.

Comments in opposition to rescission of the Form T–1, as discussed below, generally asserted that the Form T–1 trust reporting is necessary to prevent circumvention or evasion of Title II reporting requirements. One public policy group argued that the Department's proposal to rescind the 2008 Form T–1 rule is unsupported. However, none of the comments opposing the proposed rescission of the Form T–1 included specific information or an argument showing that separate trust reporting is justified in light of the burden it imposes on labor organizations. Nor did any comments dispute the issues raised by unions regarding the burden associated with gaining trusts' cooperation with providing the necessary information to complete Form T–1 reports.

The Department agrees with comments that support the rescission by asserting that multiple T–1 filings would be required on a single trust entity and there is no *de minimis* threshold for reporting. Further, while the 2008 Form T–1 Final Rule explained the Department's view that it would not violate the fiduciary duties of a trust for it to cooperate with a labor organization by providing information necessary for the preparation of the Form T–1, 72 FR 57424, this would not eliminate the logistical and practical burdens identified by the unions concerning this information gathering requirement. Accordingly, the Department concludes that the Form T–1 should be rescinded given the burden imposed by separate trust reporting.

b. The 2008 Form T–1 Is Not Necessary To Prevent the Circumvention or Evasion of Title II Reporting Requirements

Of the comments offered in support of the Department's proposal to rescind the Form T–1, many comments asserted that the Form T–1 is overbroad in the inclusion of Taft-Hartley funds, requiring burdensome reporting on trusts over which a union neither has managerial control nor financial dominance. A federation of labor organizations stated that the Form T–1 is not in compliance with *AFL–CIO* v. *Chao,* as it treats payments made by employers pursuant to a collective bargaining agreement as establishing "financial domination" by a labor organization, without any "empirical evidence" of such domination, as the comment asserts the *AFL–CIO* v. *Chao* decision required. Further, in countering the premise that unions dominate Taft-Hartley trusts by controlling the allocation of labor costs between wages and benefits, the commenter concurred with the Department's statement in the NPRM that there was no indication of any relationship between employer-financed trusts and the Title II reporting requirements, much less circumvention or evasion. Several other comments submitted by unions similarly rejected the use of employer contributions to infer union dominance.

Three comments that opposed the proposal to rescind asserted that the Form T–1 trust reporting is necessary to prevent circumvention or evasion of Title II reporting requirements, and that unions should not be permitted to avoid reporting these funds by transferring funds to a trust. One comment asserted that within the 2008 Form T–1 rulemaking record the Department acknowledged that transfers of money from a labor organization to a trust may constitute circumvention of the union's reporting requirement. Finally, one public policy group specifically argued that the Department's proposal that the 2008 Form T–1 rule is overbroad is unsupported.

As explained above, under section 208 of the Act, the Secretary may require trust reporting only when she concludes it is necessary to prevent the circumvention or evasion of a labor organization's Title II reporting requirements. *See* 29 U.S.C. 208. The Title II reporting requirements for a labor organization require it "to disclose *its* financial condition and operations." 29 U.S.C. 201(b) (emphasis added). Consequently, trust reporting is permissible to prevent a labor organization from using a trust to circumvent reporting of the *labor union's* finances. The 2008 Form T–1 NPRM asserted that money paid into Taft-Hartley trusts "reflects payments that otherwise could be made directly to employees as wages, benefits, or both, but for their assignment to the trusts." 73 FR 11761 (NPRM); 73 FR 57417 (final rule). Nevertheless, as many union comments contend and as the Department stated in its NPRM, these underlying wages and benefits would not have been reported on a Form LM–2. Therefore, it is not apparent that these payments to a Taft-Hartley trust give rise to circumvention or evasion of Title II reporting. Moreover, although the Department has recognized that it is possible for a union to contribute its funds to a Taft-Hartley trust in order to circumvent Title II reporting requirements, no evidence has been presented to demonstrate that this is in fact occurring.

The Department now concludes that the scope of the 2008 Form T–1 rule was overbroad because it covered many trusts, such as those funded by employer contributions, without an adequate showing that reporting for such trusts is necessary to prevent the circumvention or evasion of the Title II reporting requirements. In this regard, the Department agrees with multiple union comments asserting that money contributed by the employer to a Taft-Hartley fund is not generally the property of the union, and thus its disclosure by a union would not "disclose *its* financial condition and operations." 29 U.S.C. 201(b) (emphasis added). Conversely, the Department concludes that a union's nondisclosure of such funds would not be an evasion of the union's reporting requirement.

In reaching this conclusion, the Department notes that in *AFL–CIO* v. *Chao,* the Court of Appeals for the DC Circuit held that the first "Form T–1 reaches information unrelated to union reporting requirements and mandates reporting on trusts even where there is no appearance that the union's contribution of funds to an independent organization could circumvent or evade union reporting requirements." *AFL–CIO* v. *Chao,* 409 F.3d at 389. In agreement with numerous union comments, the Department finds that the 2008 Form T–1 rule may be overly broad in the same manner because of its inclusion of certain Taft-Hartley plans. Consequently, the Department agrees with numerous comments received from unions and concludes that the 2008 Form T–1 rule is overly broad, requiring reporting in instances where the failure to report the funds at issue would not circumvent or evade a union's reporting requirement. Further, none of the comments presented any evidence of unions contributing funds to Taft-Hartley funds, nor did any comments provide any other arguments that counter the Department's proposal that the Form T–1 is overbroad in respect to its inclusion of Taft-Hartley funds.

In the NPRM, the Department acknowledged that the 2008 Form T–1 rule was premised upon public disclosure policies in addition to preventing circumvention of Title II reporting. The 2008 final rule stated that, "by requiring that labor organizations file the Form T–1 for specific section 3(l) trusts, labor organization members and the public will receive some of the same benefit of transparency regarding the trust that they now receive under the Form LM–2, thereby preventing a labor organization from using the trust to circumvent or evade reporting requirements." 73 FR 57413. In this regard, the 2008 final rule provided for more general reporting than would be "necessary to prevent" the circumvention of Title II reporting requirements. As stated above both by the Department and numerous union comments, the breadth of the 2008 final rule required reporting in instances where a union is not in a position to use a trust to circumvent or evade its Title II reporting requirements. Accordingly, with respect to these trusts, it is not clear how the Form T–1 "provides transparency of *labor organization finances* and effectuates the goals of the LMRDA." (emphasis added) 73 FR 57414.

In addition to comments relating to the Form T–1 burden and Taft- Hartley funds, the Department received three comments generally opposing its proposed rescission of the Form T–1 on the ground that Form T–1 reporting would increase transparency, which would advance the union's interests in operating as "a democratic institution," by providing financial information to union members, employers, and the general public. One public policy group viewed aspects of the Form T–1 requirements as beneficial in providing union members with an understanding about union finances and potential conflicts of interest by officials that could lead to improper use of union funds; however, this comment acknowledged that aspects of the Form T–1 reporting requirements were "unduly burdensome for unions and of little value to members." Thus, this comment called for a "fine tuning" of the Form T–1 reporting requirement rather than the proposed rescission.

The Department acknowledges the benefits of labor-management transparency, and it continues to support effective, meaningful, and appropriate reporting and disclosure requirements for unions and their officials, employers, and labor relations consultants. While the Department acknowledges its authority to establish trust reporting under section 208, when determined necessary to prevent the circumvention or evasion of the Title II reporting requirements, the Form T–1 rulemaking record is insufficient to justify the scope of the separate trust reporting requirements in the 2008 Form T–1 rule, especially in light of the Department's proposal to reinstate subsidiary reporting for many funds that would have filed the Form T–1, discussed below, and the burden imposed by the Form T–1 reporting requirements. Indeed, the comments in opposition did not provide any new examples of union contributed plans or entities that would evade reporting and disclosure requirements.[5] Nor did they provide other evidence or arguments to alter the rulemaking record in favor of retaining the Form T–1, although they did reference potential entities that are not wholly owned, controlled, and financed by a single union, which are dealt with later in the section addressing the return of subsidiary reporting to the Form LM–2. After careful consideration, the Department does not find the comments in opposition to the NPRM to be persuasive, and will rescind the Form T–1 and its implementing regulations.

2. Proposal To Reinstate Subsidiary Reporting to the Form LM–2

a. Requiring Subsidiary Reporting on the Form LM–2 Will Increase Transparency and Provide More Detailed Itemization of Subsidiaries

The Department received numerous union comments in support of returning subsidiary reporting to the Form LM–2 reporting requirements. A federation of labor organizations affirmed the Department's proposal in the NPRM that subsidiary reporting will provide greater detail than the Form T–1 for such closely related entities to the union, and would do so in a more "convenient format" than the Form T–1. Specifically, the comment stressed that the Form LM–2 requires more detailed information on union assets and liabilities. Numerous unions offered general support for the return of subsidiary reporting, as furthering transparency and limiting burden, with several concurring with the comments offered by the federation of labor unions. None of the comments received in response to the NPRM provided any evidence or arguments to refute the Department's assertion that subsidiary reporting on the Form LM–2 will increase disclosure concerning these entities in comparison with what is required on the Form T–1.

The Department received four comments that generally opposed its proposal to reinstate subsidiary reporting to the Form LM–2. Two of these comments made non-specific arguments that requiring unions to report only on funds that are wholly owned, controlled, and financed reduced transparency and is contrary to the purposes of the LMRDA. One of these comments asserted that reinstating subsidiary reporting would permit unions to transfer "billions of dollars in contract negotiated funds and union dues" to entities not covered by the Form LM–2 subsidiary reporting requirements.

The Department concludes that subsidiary reporting on the Form LM–2 increases the level of disclosure of union core financial activities. First, the Form T–1 reduced the level of reporting detail regarding the reporting of assets and liabilities of subsidiary organizations. The Form LM–2 includes Schedules 1 through 10, which require detailed itemization of the union's assets and liabilities. The Form T–1 required that unions report their assets and liabilities only in the aggregate at Items 21 and 22. Thus, a report on a subsidiary's assets and liabilities will have more information when the filer uses a Form LM–2, rather than a Form T–1. Second, the Form T–1 reduced the level of transparency and disclosure of these entities because it has a higher reporting threshold for receipts and disbursements. The Form LM–2 requires that all union assets, liabilities, receipts and disbursements exceeding $5,000 in value be itemized and reported. The Form T–1 had a reporting threshold of $10,000. A union, therefore, reporting on a subsidiary's financial transaction would disclose a greater number of transactions using the Form LM–2, as compared to the Form T–1.

[5] A public policy group cited a payment received by an international union officer from a "union vendor." This example is not within the scope of the reporting requirements for labor organizations, but rather would be reportable by the officer on the Form LM–30, Labor Organization Officer and Employee Report, and by the vendor on the Form LM–10, Employer Report, as a payment to a union officer by a business that deals with the officer's union.

b. Subsidiaries Are Wholly Owned Assets of the Union and Should Be Reported Using the Same Reporting Threshold and Itemization Requirement That Apply to Other Union Assets

In support of the Department's proposal to reinstate subsidiary reporting on the Form LM–2, one international union stressed that subsidiary funds are union funds and that the Form LM–2 is incomplete without the inclusion of subsidiaries. It also stated that subsidiary reporting on the Form LM–2 creates uniform reporting of all union assets. Another national union offered similar support for the need for subsidiary reporting to make the Form LM–2 complete. In addition, a national union comment supported the return of subsidiary reporting as fulfilling the purposes of the LMRDA as well as providing union members with a "reliable source" for understanding how their dues were being spent.

The Department concludes that union reporting on subsidiary organizations is more appropriate on the Form LM–2 than on the Form T–1 because subsidiaries are wholly owned properties of labor organizations, similar to any other account, fund, or asset.[6] As a result, for a union's Form LM–2 to be complete, the Department concludes that the report should include its subsidiaries, as this will result in a reporting scheme that treats all assets of the union uniformly, *i.e.,* with the same reporting threshold and level of itemization. By including subsidiaries on the Form LM–2 and treating all union assets uniformly, the Form LM–2 will produce a more comprehensive and accurate report of a union's financial condition.

In addition, the Department received several comments asserting that the inclusion of union subsidiaries on the Form LM–2 will reduce confusion among members who seek financial information about their union. The Department agrees with these comments, and concludes that the inclusion of subsidiaries on the Form LM–2 will alleviate potential misunderstandings relating to the reporting of a union's total annual receipts. In the NPRM, the Department explained that for purposes of determining whether a particular union must file a Form LM–2 (receipts of $250,000 or more) receipts of subsidiaries must be counted, even though, under the From T–1 reporting regime these receipts are to be reported on the Form T–1, and not on the Form LM–2. Thus, some unions with a subsidiary are required to file an LM–2, even though they may have reported receipts of less than $250,000. This anomaly can lead to confusion on the part of union members and the public. For these reasons, the Department concludes that incorporating subsidiaries on the Form LM–2 provides more information about the subsidiaries and a more accurate report of the union as a whole, reducing the potential for misunderstandings by union members and the public.

c. Comments Opposing the Rescission Contend That a Reporting Gap Will Exist Notwithstanding the Reinstatement of Subsidiary Reporting on the Form LM–2

The Department received two comments that acknowledged the need for subsidiary organization reporting but specifically asserted that there also is a need for reporting on trusts that are not wholly owned, controlled, and financed by a single union, such as where a union may have a majority of a trust's board as members or contribute more than half of the trust's funds. One of these comments contended that relying upon "complete ownership" as the trigger for reporting rather than union control or financial dominance, creates a reporting gap by removing from the trust reporting requirement approximately two thirds of the trusts that the Department estimated would file the Form T–1. In support of its position, that a significant reporting gap will exist, the comment cited the four examples that have been utilized throughout the Form T–1 rulemaking history: A joint training fund; a statewide strike fund; a building fund financed partly with union members' pension funds; and a credit union funded 97% by the funds of one local union, as funds not covered by the Department's proposed subsidiary reporting. Although specifying only these four examples, the comment asserts that "countless" examples exist.

The Department does not agree with this commenter's contention that the proposed rule will lead to a significant loss of relevant information for union members on multiple-union owned funds, as opposed to subsidiaries. Initially, the commenter did not take into account the Department's conclusion that reporting from Taft-Hartley trusts is not necessary to prevent the circumvention or evasion of the Title II reporting requirements. In this regard, the Department considers that such Taft-Hartley trusts, in particular joint apprenticeship and training funds, constitute a large portion of the Form T–1 reports that the Department would have received. Indeed, one of the four examples from the rulemaking record cited by the comments is a joint training fund.

Furthermore, none of the three examples of multiple-union contributed funds cited by the comments are recent, and two date back forty or more years.[7] No comments offered any recent examples of multi-union entities that illustrate methods in which unions circumvent or evade their reporting requirements. While it appears that rescission of the Form T–1 will eliminate LMRDA reporting requirements for certain multiple-union entities that are not Taft-Hartley funds, the Department is unaware of any source of data from which to estimate, much less identify such entities. Thus, the rulemaking record does not indicate that there are presently significant numbers of entities and funds that are evading necessary disclosure, such that a separate trust reporting regime is presently warranted in addition to subsidiary reporting on the Form LM–2. Nevertheless, as stated above, the Department retains authority pursuant to section 208 to establish trust-related reporting requirements for unions, if necessary and appropriate.

In addition, the Department considers the proposed subsidiary reporting on Form LM–2 to be more expansive than some of the comments objecting to the proposal contend, as demonstrated in the Department's long-standing LMRDA Interpretive Manual. Initially, a subsidiary organization must be "wholly owned" and "controlled by a single union," but such ownership and control can be vested in or exercised by a single reporting labor organization *or its officers or its membership.* The *members* of a union include individuals and can also include constituent organizations, such as local unions. Thus, where a District Council, for example, holds a portion of the equity ownership (*i.e.,* common stock) of a corporation that owns the building that

[6] Indeed, in *U.S.* v. *Hartsel,* the Sixth Circuit held that a charitable organization with a separate not-for-profit tax status constituted a fund of a labor organization for purposes of section 501(c) of the Act, as the union in question created the fund, financed it by soliciting contributions from the members, and managed and controlled it by appointing its officers. *U.S.* v. *Hartsel,* 199 F.3d 812, 819–820 (6th Cir. 1999); *see also U.S.* v. *LaBarbara,* 129 F.3d 81 (2d Cir. 1987) (holding that assets of a not-for-profit building corporation controlled by a union comprise the assets of a labor organization under section 501).

[7] These examples were presented first in 2002 NPRM proposing the Form T–1. 72 FR 79283. The Department also notes that federal credit unions are regulated by the National Credit Union Administration (NCUA). See *http://www.ncua.gov.* The NCUA provides financial information concerning Federal credit unions.

is used to house the District Council, and where the balance of the outstanding common stock is held by local labor organizations that are members of the Council, the Building Corporation in question comes within the definition of a subsidiary organization, provided that the initial financing came from the Council and/or its members, and that the corporation is governed or controlled by the Council and/or its members. The "members" of the District Council would include its constituent body local unions. *See* LMRDA Interpretative Manual (IM) entry 215.200. Similarly, a development corporation is a subsidiary organization if it was formed to hold title to a building in which various locals of a Joint Council maintain their offices, and all of the stock in the corporation is held by the constituent locals of the Joint Council, the latter of which controls and finances the corporation. *See* IM entry 215.300.

Further, a subsidiary organization is considered to be wholly financed if the *initial* financing was provided by the reporting labor organization even if the subsidiary organization is currently wholly or partially self-sustaining. See the pre-2003 Form LM–2 Instructions; the Form LM–3 Instructions; and the Form LM–2 Instructions, as revised by this rule. *See* IM entry 215.700.

The comments opposing the reinstatement of subsidiary reporting on the Form LM–2 rely upon the same four examples that appear throughout the Form T–1 rulemaking record as support for their position that a reporting gap exists for multi-union entities. The Department is not persuaded by these comments because no commenter has provided further examples, and the Department is unaware of any source of data from which to estimate, much less identify such entities. Given the advantages of greater accessibility of information to members and the public, as well as greater transparency with more detailed financial information, the Department will reinstate subsidiary organization reporting to the Form LM–2 as proposed.

d. Consolidating Reporting on One Form LM–2 Report or With an Attached Audit Report, Filed With the Union's Form LM–2 Is More Convenient and Less Misleading for Members

Related to the Department's reinstatement of subsidiary reporting on the Form LM–2, the Department also proposed that the instructions for subsidiary reporting on the Form LM–2 be changed to permit LM–2 filers only two options for reporting subsidiary information. The Department proposed that reporting labor organizations can either (1) consolidate their subsidiary's financial information on their Form LM–2 report, or (2) they can file, with their Form LM–2 report, a regular annual report of the financial condition and operations of each subsidiary, accompanied by a statement signed by an independent public accountant certifying, for each subsidiary, that the financial report presents fairly the financial condition and operations of the subsidiary and was prepared in accordance with generally accepted accounting principles. While permitting labor organizations these two options for reporting on subsidiary organizations, the Department also proposed to rescind one option previously available to reporting labor organizations—that of filing a separate LM–2 report with only the subsidiary's financial information.

In the NPRM, the Department reasoned that permitting a labor organization to file multiple LM–2 reports for any single fiscal year may create confusion for union members and the public. First, because there is only one version of the Form LM–2, it may be difficult to tell whether a filed LM–2 report is for the labor organization or for its subsidiary. Second, having an entity that is not a labor organization reporting on a form for labor organizations also may create confusion for the Department in processing the reports for public disclosure. The Department relies upon the database of Form LM–2 filers for informational, policy, and enforcement purposes. Third, where a union changes its reporting practices—one year including the subsidiary and filing a separate form the next—conducting a year-to-year comparison becomes difficult, which also affects the Department's ability to effectively use the Form LM–2 filer database for policy and enforcement decisions. Finally, in some cases, transparency may be increased when the union and the subsidiary share certain expenses that standing alone fall below the itemization threshold, but when combined in a single report, will then be itemized. In sum, consolidation has the virtue of including all financial information (that of the union and the subsidiary) on one report, which eliminates potential confusion among union members, presents the Department with a more reliable database of Form LM–2 filers, and increases overall transparency.

Having received numerous union comments in support of this proposal and no comments in opposition to these two reporting options, the Department is implementing its proposal to permit a union to consolidate on its Form LM–2 the financial information of the union with the financial information of the subsidiary, as well as the option to file a separate financial statement certified by a public accountant. In addition, this rule implements the Department's proposal to revise the Form LM–3 subsidiary organization instructions to conform to the above-mentioned changes proposed for the Form LM–2.

e. Request To Modify the Department's Proposal With Respect to Reporting on Health Plans and Submitting Audit Reports With a Fiscal Year for a Subsidiary That Differs From That of the Reporting Labor Organization

The Department also received one union comment that, while offering support for the proposed reinstatement of subsidiary reporting on the Form LM–2 with the two proposed options available to filers, also suggested two modifications of the Department's proposal. First, it recommended that the Department exclude health plans that participate in the Federal Employees Health Benefit Program under the Federal Employees Health Benefit Act (FEHBA), 5 U.S.C. 8901, *et seq.* The union cited the treatment of Political Action Committees ("PACs") under Form LM–2 subsidiary reporting, and the Form T–1 exclusion for FEHBA plans. The Department concludes that exclusion is not necessary, as such plans established under the FEHBA are financed by employer funds rather than union funds and are not controlled exclusively by unions. Thus, these FEHBA plans generally do not constitute subsidiary organizations, and would not be included on a labor organization's Form LM–2.

Second, this union recommended subsidiary reporting instructions that permitted unions to submit audit reports for trusts that do not match the fiscal year end of the reporting union. The Department is not altering its proposal in the NPRM to require that audit reports for subsidiaries cover the same fiscal year as the union. The Department's previous Form LM–2 subsidiary reporting regime required this synchronization of fiscal years and the Department will continue that regime in this final rule. A viewer cannot reconcile the Form LM–2 with the attached audit report if the two filings cover different fiscal years. The result of such a reporting scheme would run counter to the Department's goal of establishing meaningful transparency for all of a union's assets, including subsidiaries.

Based on the Department's careful consideration of the comments submitted, the Department will rescind the Form T–1 and its implementing regulations and will reinstate subsidiary organization reporting on the Form LM–2. Further, the Department will implement the proposed revisions to the Form LM–2 and Form LM–3 instructions for reporting on subsidiary organizations.

IV. Revised Interpretation Regarding Public Sector Intermediate Bodies

A. The Proposed Return to the Long-Standing Policy Regarding Intermediate Bodies That Contain No Subordinate Covered Labor Organizations

The NPRM proposed a return to the Department's long-standing, pre-2003 policy that the LMRDA does not cover intermediate bodies that are wholly composed of public sector organizations. In returning to this position, the Department has reconsidered the 2003 determination that extended LMRDA coverage over intermediate bodies that are wholly composed of public sector organizations when the LMRDA covered national or international labor organization to which the intermediate body is subordinate includes a private sector labor organization.

This coverage issue is controlled by the definition of "labor organization" found in Section 3(i) and (j) of the LMRDA, 29 U.S.C. 402(i) and (j).[8] For the forty years before 2003, the Department's policy in applying these sections was to exclude intermediate bodies that represented no private sector employees and that contained no local unions that represented private sector employees. In 2003, the Department altered its policy regarding the exclusion of such wholly public sector intermediate bodies, by interpreting the "which includes" condition found in Section 3(j)(5) of the statute, 29 U.S.C. 402(j)(5), as modifying the phrase "national or international labor organization" in that subsection, rather than the statutory list of intermediate bodies.[9] This interpretation resulted in capturing within the definition previously excluded "intermediate" labor organizations, *i.e.,* those that had no constituent members representing employees in the private sector. Previously, the Department's policy extended coverage over only those intermediate bodies that are subordinate to an LMRDA-covered national or international labor organization and that themselves include one or more private sector local labor organizations.

Court decisions that followed the 2003 interpretation concluded that because of the lack of clarity regarding the effect of the "which includes" condition, the statute's definition of "labor organization" is ambiguous and susceptible to two legally permissible interpretations.[10] Accordingly, the Department possesses the administrative discretion to implement a policy alternative based on the statute so long as the selected alternative is reasoned. *See F.C.C.* v. *Fox Television Stations, Inc.,* 129 S.Ct. 1800, 1811 (2009). Relying on this discretion, the Department proposed in the NPRM a return to its pre-2003 policy, which views the statute as excluding from coverage, rather than including, intermediate labor organizations that contain no local labor organization members representing employees in the private sector.

The Department's NPRM provided a rationale that both affirmatively supported the long-standing approach, and also suggested that the policy justifications made in support of the 2003 revision were, upon reconsideration, less persuasive than those favoring the forty-year view. First, the NPRM noted that support for the long-standing, pre-2003 policy stems in large part from the overall thrust of the LMRDA, and judicial decisions interpreting it, which underscore the statute's primary purpose to promote democracy, transparency and accountability in labor organizations that act on behalf of employees employed in the private sector, not the public sector. 29 U.S.C. 401(b), (c). *See Alabama Education,* 455 F.3d at 394–95; *see also Thompson* v. *McCombe,* 99 F.3d 352, 353 (9th Cir. 1996) ("A labor organization composed entirely of public sector employees is not a labor organization for purposes of the LMRDA."). Thus, excluding from coverage unions representing exclusively public sector employees is fundamental to the framework of the statute.

As discussed in the NPRM, the Department had justified its 2003 policy shift in part by suggesting that reading the statute's coverage provisions as broadly as possible offered increased transparency and accountability. 72 FR at 3738. Transparency and accountability of labor organizations are indeed valued goals, but they are not the sole, overriding purpose of the statute, and LMRDA coverage for the purpose of reporting and disclosure also exposes covered labor organizations to the full scope of Federal regulation under the Act. Taken as a whole, the NPRM stated, the Department's 2003 policy shift lacks consistency and coherence. For example, the Department's 2003 policy shift resulted in the coverage of wholly public sector intermediate bodies, although not wholly public sector international or local unions. Upon reconsideration, the NPRM asserted that the proper balance between the goals of robust union transparency and limited regulation of public sector unions should not result in an illogical dichotomy between types of public sector labor unions or reporting burdens that hinge solely on the particular tier a public sector union is placed. The NPRM concluded that when enlarged coverage for more expansive transparency is balanced with the emphasis on minimizing regulatory burdens on unions representing exclusively public sector employees, it is not the better policy alternative.

Second, the NPRM reconsidered a justification in support of its 2003 policy shift, 72 FR 3735, 3738 (January 26, 2007), which argued that labor organizations' structural and financial complexity had increased in recent decades, and this complexity supported the expansion of coverage. The district court reviewing the Department's policy rationales described this explanation as "entirely a make-weight." 539 F.Supp.

[8] Section 3(i) of the LMRDA, 29 U.S.C. 402(i), defines a "labor organization" as (1) any organization "engaged in an industry affecting commerce * * * in which employees participate and which exists for the purpose, in whole or in part, of dealing with employers concerning grievances, labor disputes, wages, rates of pay, hours, or other terms or conditions of employment," or (2) "any conference, general committee, joint or system board, or joint council so engaged which is subordinate to a national or international labor organization other than a State or local central body." The first clause of Section 3(i) applies to entities that exist, at least in part, to deal with employers concerning terms and conditions of employment. Although "employer" is defined broadly in the Act, the United States, States and local governments are expressly excluded from this definition. 29 U.S.C. 402(e). Thus, an organization is not covered under the first clause of Section 3(i), which requires that the organization deal with a statutory "employer," if it deals only with federal, state or local governments. The second clause of the definition applies to conferences, general committees, joint or system boards or joint councils—entities that are known as "intermediate" labor organizations. *See* 29 CFR 451.4(f).

[9] Section 3(j)(5) of the LMRDA, 29 U.S.C. 402(j)(5) states that, "A labor organization shall be deemed to be engaged in an industry affecting commerce if it * * * is a conference, general committee, joint or system board, or joint council, subordinate to a national or international labor organization, which includes a labor organization engaged in an industry affecting commerce within the meaning of any of the preceding paragraphs of this subsection, other than a State or local central body."

[10] *See Alabama Education Ass'n* v. *Chao,* 2005 WL 736535 (D.D.C. Mar. 31, 2005) (holding new interpretation invalid); 455 F.3d 386 (2006) (reversing lower court and remanding to Department for further explanation of policy justifications for new interpretation); 539 F.Supp 2d 378 (D.D.C. 2008) (upholding Department's policy justification for interpretive change), 595 F.Supp. 2d (D.D.C. 2009) (denial of reconsideration).

2d at 384. Indeed, upon reexamination, the NPRM concluded that the Department's theory that a local union member not only needs to, but wants to, "ascertain[ ] the endpoint of his or her dues cast into the stream of affiliate expenditures" in order to assure financial regularity, *id.,* overstates the ends to which one must go to sustain labor organization transparency and accountability. As the NPRM stated, there has been no clear indication that such meticulous tracing of individual membership dues "in the stream of expenditures" is required to understand a labor organization's financial state.

Third, the NPRM reconsidered the empirical analysis used to support the 2003 interpretation, which traced "to the endpoint" dues of local union members employed in the private sector to their locals' national affiliate and back to the newly covered public-sector intermediate affiliates. The "dues-endpoint" analysis was used to justify the 2003 interpretation, in part to address the congressional concern that wholly public sector unions be excluded from the Act. The Department had considered that the data analyzed demonstrated a link between undisputedly covered labor organizations representing employees in the private sector and public sector intermediate affiliates of the shared national union. Based on this analysis, the Department had argued that a "public sector" intermediate body loses that attribute to a great extent (despite its composition) when it is subordinate to, and accepts contributions from, covered national and international labor organizations whose funds are derived, in part, from employees in the private sector. *See* 72 FR at 3737.

The NPRM concluded that the analysis in support of the 2003 interpretation utilized data from only two national unions, with one depicting only a remote and tenuous link between the union's private sector funds and the financial operations of its public sector intermediate bodies based on one example of a *de minimis* transfer, and the other union example being obsolete, as that union now segregates all private sector dues money, preventing it from reaching such state affiliates.[11] Thus, the NPRM concluded that any purported link established was insufficient to justify the application of statutory coverage to wholly public sector intermediate bodies. Indeed, contrary to the rationale supporting the 2003 interpretation, the Department no longer considers that intermediate bodies that do not themselves include one or more private sector local labor organizations lose their wholly public sector status as a result of such relatively inconsequential transactions. Further, as concluded in the NPRM, the 2003 interpretation was overbroad in its reach, because it would have imposed coverage on many wholly public sector intermediate bodies that in fact receive no financial support from their national or international affiliates derived from dues paid at the local level by employees working in the private sector. Based on these considerations, the Department proposed in the NPRM to return to its pre-2003 view of the statute, which establishes coverage over only those intermediate bodies that are subordinate to a national or international labor organization and that themselves include one or more private sector local labor organizations.

B. Comments Received by the Public on the Proposed Return to the Long-Standing Policy

The Department received two comments that disagreed with its proposed return to the long-standing policy regarding coverage of wholly public sector intermediate labor organizations. The first negative comment, from a public policy group, asserted that the Department should maintain "meaningful reporting" for labor organizations and reconsider the benefits of transparency created by the 2003 interpretation, while enforcing the union financial safeguard provisions of the LMRDA. Further, the comment suggests that labor organizations newly covered by the 2003 interpretation would naturally resist that coverage. The comment also argues that the two examples used in empirical analysis to justify the 2003 interpretation were "illustrative not exhaustive," and that the citation of any further examples would have been unnecessary.

The second negative comment, also from a public policy group, argued that the Department's proposal would conceal transactions of various national unions from the public. The comment also asserted that funds from private-sector unions will continue to be commingled with the funds of public sector intermediate bodies, and thus concealed from public reporting. The comment argues that the Department's position is at odds with the federal appellate decision that sustained the 2003 interpretation on statutory construction grounds, and would deny financial transparency and other LMRDA protections to members of the newly covered labor organizations and their affiliates, who are state and local public employees. Additionally, the comment offered an analysis of the FY 2009 Form LM–2 report submitted by one of the national unions subject to the 2007 Policy Statement, which presented a figure that it believed represented the national union's disbursements to its intermediate state bodies, and stated that this money derived in part from dues money paid by both public and private sector union members. The comment stressed that most state bodies of this national union do not file LM reports with the Department.

Neither of these comments significantly challenges the Department's decision to resume its pre-2003 construction of the statute. Despite the insistence of the critiques, the Department notes that it continues to maintain a robust reporting and disclosure program that requires the submission of annual financial disclosure on Forms LM–2, LM–3, and LM–4 from LMRDA-covered unions representing private sector employees, as well as from unions covered by the Civil Service Reform Act. The Department's enforcement program is similarly robust, and the union financial safeguard provisions of the Act are well guarded. The Department's goal was not to reduce the importance of union financial transparency, but rather to better conform coverage decisions to the framework of the statute, which generally excludes wholly public sector unions from its reach. As stated in the NPRM, key goals of the statute include both private sector union financial disclosure and the exclusion of wholly public sector unions from the statute's coverage.

Thus, the Department is not discounting the benefits of transparency, nor is it exaggerating the burdens, but concludes that on balance the preferred policy should exclude wholly public sector intermediate bodies from LMRDA coverage. To do otherwise would lead to an illogical dichotomy in which certain wholly public sector unions were included while others were not, based primarily on the position of the labor organization in the overall union hierarchy. The Department has accurately assessed the burdens associated with complying with not only the reporting requirements of the LMRDA but the other obligations of the statute to which a covered union is subject, and found wanting sufficient policy justification to extend coverage under the LMRDA to wholly public sector intermediate bodies.

Regarding the support in one comment for the empirical analysis that bolstered the 2003 interpretation, the

[11] As stated in the NPRM, however, the Department would not base its rule on the current (and perhaps temporary) practices of a single union.

Department concurs with the NPRM's conclusion that, upon closer scrutiny, that analysis was not sufficient to justify the changed policy, as one of the examples provided is plainly trivial and the other is obsolete. The Department received no specific comments that evidenced reasons to reconsider its current view of that analysis.[12] Neither the analysis nor the rulemaking record sufficiently demonstrates that significant sums of money from employees working in the private-sector are flowing to wholly public sector intermediate bodies.

Of course, the Department's change in interpretation has no impact on the federal appellate decision that held that section 3(j)(5) is subject to two permissible interpretations. *See Alabama Education Ass'n* v. *Chao,* 455 F.3d 386 (2006). This rule simply adopts the better policy, and one that comports with the statute's framework that excludes wholly public sector unions. In any event, both the regulated community and the courts expressed concern about the insufficient policy justification provided for the 2003 revisions. Indeed, as noted in the NPRM, the district court concluded that the state affiliates' challenges to the Department's policy justifications raised "serious issues" that "might convince the Court, were it the [policy] decisionmaker" and not limited by a narrow standard of review, to reject the Department's rationales for the new interpretation. *Alabama Education Ass'n* v. *Chao,* 539 F.Supp 2d 378, 379 (D.D.C. 2008). The limited nature of the court's review also caused the district court to overlook the "multitude of practical objections" to the new policy. *Id.* at 380 n. 2.

The Department received 11 comments in support of the interpretative change. Most commenters noted that the proposed return to the Department's long-standing policy excluding wholly public sector intermediate bodies was more logical and far more compatible with the overall purpose of the statute, which imposes reporting obligations on labor organizations representing employees primarily in the private sector. Five commenters also concurred with the NPRM's conclusion that the 2003 revised interpretation resulted in the inconsistent application of the statute to some but not all wholly public sector labor organizations. Two unions (AFSCME, NEA) supported the NPRM, stressing that the 2003 interpretation brought wholly public sector intermediate bodies within the coverage of not just the Title II reporting requirements, but the other provisions of the statute as well.

Further, four commenters agreed with the Department that both the "dues endpoint" theory, and the data used to support it, were impractical and overstated, and some went so far as to label the theory and the supporting data "absurd" and "distorted." Both national unions that were subjects of the empirical analysis supporting the 2003 revised interpretation submitted data in their comments that fully refuted both the Department's analysis itself as well as the coverage conclusions that were derived therefrom. One of the two national unions also observed that the 2003 interpretation would: Cover pure public sector bodies that receive no private sector money; include all of the state affiliates' disbursements, not just those derived from private sector dues; and bring the state affiliates under the purview of all the requirements of the LMRDA, not just Title II. This union also noted that section 201(b) of the LMRDA only requires unions to report financial information in such detail as "is necessary accurately to disclose [a union's] financial conditions and operations." The second national union submitted that most of its revenue from "private sector" locals derives from "mixed locals," consisting of private and public sector members, most of whom are public sector members. Thus, it contended, most of this revenue from these private/mixed locals actually derives from public sector members.

Three commenters suggested that union members, whether they are represented by public-sector or private-sector unions, have sufficient means by which to assess their union's financial transactions, including reporting by affiliates that may be required by the LMRDA, reporting that may be required by the labor organizations' constitution and bylaws, and any agency fee reporting that may be required. Several labor organizations referred to the excessive burdens associated with complying with the 2003 interpretation, which, they asserted, would be accompanied by little or no additional insight into the financial transactions of the newly covered labor organizations or their affiliates. Finally, several commenters, including the national affiliates of the plaintiff labor organizations that challenged the 2003 revised interpretation, suggest, for varying textual and historical reasons, that the Department's construction of the "which includes" clause in the 2003 rulemaking and ensuing litigation was fundamentally flawed.[13]

C. The Department's Policy Will Return to its Long-Standing View of the Statute

After full review and consideration of the comments on this issue, the Department will adopt the view of the statute that it held for the forty years that preceded the revised interpretation in 2003. For the reasons given here and in the NPRM, the Department concludes that the preferred implementation of the statute is one which comports with the LMRDA's primary regulatory focus on labor organizations that represent employees in the private sector, and is one which provides consistency and coherence to the Department's treatment of the statute's structure, purpose, goals, and history. In addition, we concur with those comments suggesting that the coverage of wholly public sector intermediate bodies would produce little or no incremental value to union members' understanding of the labor organization that represents them at the local level in collective bargaining or their affiliates. Although the courts have held that the statute's "which includes" clause is patently ambiguous, and thus the statute may textually permit the coverage of wholly public sector intermediate bodies, the Department now considers that there is little justification for that outcome. That the statute may permit the parsing of words in a new and different manner is not, in and of itself, enough to sustain the resulting inconsistencies in the statute's implementation or the policies underlying it, nor is it enough to sustain the abandonment of a forty-year policy. The statute's various provisions must work as a well-constructed whole, and

[12] As for one of the public policy group's analysis of the Fiscal Year 2009 Form LM–2 report for a particular national union (NEA), the Department is not clear as to how the comment reached its cited figure for the total disbursements to the union's wholly public sector intermediate bodies. This figure seems closer to the total figure for all itemized and non-itemized disbursements by the national union during the particular fiscal year. In this regard, it is understandable that most intermediate bodies, as well as locals, of this national union will not be required to file reports with the Department as a result of this rule: They do not represent any private sector employees. Indeed, the Department confirms that unions composed of exclusively "state and local public employees" will not be covered by the Department's reporting requirements, as they are not covered by the LMRDA or similar Federal labor-management statutes.

[13] One comment in particular invites the Department to conclude in this rulemaking that the pre-2003 interpretation is the only proper construction of the statute, and that court review following the 2003 revision failed to give proper weight to important parts of the statute's history that appear to foreclose the latter interpretation. As the DC Circuit held, the Department's 2003 interpretation was plausible based on both an examination of the statute's text and history, and thus, the Department declines to reconsider this issue. *See Alabama Education Ass'n* v. *Chao,* 455 F.3d 386, 394–395 (2006).

only a return to the pre-2003 policy will accomplish that goal. As a result, the Department's policy is to cover only those intermediate bodies that are subordinate to a national or international labor organization covered under the LMRDA and that themselves include one or more private sector local labor organizations.

In order to implement this interpretation, the instructions to the Forms LM–2, LM–3 and Form LM–4 will be revised to delete the reference in the "Who Must File" section to the coverage of intermediate bodies that are subordinate to covered national or international labor organization. With this deletion the instruction will simply state that "labor organizations that include or represent only state, county, or municipal government employees are not covered by these laws and, therefore, are not required to file."

V. Revisions to the Form LM–2 and Instructions

The text of the Form LM–2 and its Instructions pertaining to some sections and certain Schedules have been changed to address the requirement to report subsidiary organizations and the coverage of public sector intermediate unions. These include revisions to Sections I, II, VIII, X, and XI, and the header to the instructions describing the estimated reporting burden for filers. The complete, modified Form LM–2 instructions are included in an appendix to this rule, and the following is a section by section overview of the changes.

Section I. Who Must File: In order to implement the Department's revised interpretation concerning intermediate bodies, the instructions to the Forms LM–2 will be revised to delete the reference in the "Who Must File" section to the coverage of intermediate bodies that are subordinate to a covered national or international labor organization. The revised instructions will state that "[l]abor organizations that include or represent only state, county, or municipal government employees are not covered by these laws and, therefore, are not required to file."

Section II. What Form to File: The Department revises the instructions to indicate that all special funds and funds of subsidiary organizations should be included in the "total annual receipts" of the labor organization. Cites to revised Section VIII (Funds to be Reported) and Section X (Labor Organizations with Subsidiary Organizations) are included in the instructions. Additionally, the instructions specify that receipts of section 3(l) trusts are not to be included in "total annual receipts," unless such 3(l) trusts are subsidiary organizations of the union. Since the Department returns to the prior Form LM–2 reporting regime for subsidiaries, the instructions remove the current references to trusts that are "wholly owned, wholly controlled, and wholly financed by the labor organization," as such entities are now "subsidiary organizations."

Section VIII—Funds To Be Reported: The Department revises this section to remove any reference to the Form T–1, and to clarify that "special purpose funds" include those of subsidiary organizations (with a cite to revised Section X: Labor Organizations with Subsidiary Organizations).

Section X—Labor Organizations With Subsidiary Organizations: The Department eliminates the current Section X, which provides information on section 3(l) trusts and the Form T–1, replacing this section with information on subsidiary organizations, including the definition of a subsidiary organization and the requirement to include its financial information on the Form LM–2, and ways in which a labor organization can properly report on their Form LM–2 the necessary information about such subsidiaries. The instructions are similar to the pre-2003 instructions for subsidiaries, with the primary difference being that, as explained above, the Department provides unions with two options instead of three for filing information on subsidiaries: option one, a consolidated Form LM–2 report, or option two, the attachment of an audit report. Unions cannot file a separate Form LM–2 report for the subsidiary. Section X also includes information on what each option requires.

Section XI—Completing Form LM–2: The Department has changed the instructions to Items 10 and 11. The instructions for Item 10 no longer include any reference to the Form T–1, although basic information about the trust would still be required, as would a cite to any report filed for the trust with another government agency, such as the Department's Employee Benefits Security Administration (EBSA).

The Department splits Item 11 into two parts: Item 11(a), which is the former Item 11 referencing political action committees (PACs), and Item 11(b), which asks unions to indicate if they had a subsidiary organization during the reporting period. The instructions for Item 11 are now the instructions for Item 11(a), while the new instructions for Item 11(b) will simply state that unions must check this item if they have a subsidiary organization and must detail the name, address, and purpose of each of its subsidiary in Item 69 (Additional Information), including which filing method was chosen. The instructions also reference Section X of the instructions for more information on subsidiaries.

Schedules and Instructions for Schedules: The Department has also revised certain Form LM–2 Schedules and Instructions to reflect the rescission of Form T–1 trust reporting and the reinstatement of subsidiary organization reporting on the Form LM–2, as proposed in the NPRM. Specifically, these Schedules and Instructions include:

- Schedule 5—Investments Other Than U.S. Treasury Securities, Item 6
- Instructions for Schedules 2—Loans Receivable,
- Instructions for Schedule 5—Investments Other Than U.S. Treasury Securities,
- Instructions for Schedule 7—Other Assets
- Instructions for Schedule 12—Disbursements to Employees.

VI. Revisions to the Form LM–3, Form LM–4 and Instructions

The text of the Form LM–3 and Instructions pertaining to some sections has been changed to address the reporting of subsidiary organizations and the coverage of intermediate bodies. With respect to the Form LM–3, the Department removes Item 3(c), which currently requires a reporting labor organization to state whether the report is exclusively filed for a subsidiary organization, as the Department has removed this option, as described above. The revised Form LM–3 Instructions include changes to Sections I, VIII and X, and the revised form and instructions are included in the appendix to this rule. The revised Form LM–4 instructions include changes to Section I.

Regarding Section I (Who Must File), in order to implement the Department's interpretation of intermediate bodies, the instructions to the Form LM–3 and LM–4 will be revised to delete the reference in the "Who Must File" section to the coverage of intermediate bodies that are subordinate to a covered national or international labor organization. The revised instructions will state that "[l]abor organizations that represent or include only state, county, or municipal government employees are not covered by these laws and, therefore, are not required to file."

Regarding Section VIII, the only change is the clarification that filers have only two options for reporting subsidiaries, rather than the current three: Either a consolidated Form LM–3 report or separate report, that of an audit by a certified public accountant. Filers can no longer attach a separate Form LM–3 for the subsidiary. Section VIII also now references Section X of the Form LM–3 instructions for more information on subsidiaries and subsidiary reporting.

The changes to Section X, Labor Organizations with Subsidiaries, are virtually identical to the changes made to the corresponding Section X of the Form LM–2. Specifically, revised Section X provides information on subsidiary organizations, including the definition of a subsidiary organization and the requirement to include its financial information on the Form LM–3, and ways in which a labor organization can properly report on their Form LM–3 the necessary information about such subsidiaries. The instructions are similar to the previous instructions for subsidiaries, with the primary difference being that, as explained above, the Department now permits unions only two options instead of three for filing information on subsidiaries: Option one, a consolidated Form LM–3 report, or option two, the attachment of an audit report. Unions no longer have the option of filing a separate Form LM–3 report for the subsidiary. The revised Section X also includes information on what each option requires.

VII. Regulatory Procedures

Executive Order 12866

This rule has been drafted and reviewed in accordance with Executive Order 12866, section 1(b), Principles of Regulation. In the Paperwork Reduction Act (PRA) analysis below, the Department estimates that the rule will result in a total burden on labor unions of less than $3 million. In addition, the elimination of the Form T–1 reporting requirements will significantly reduce compliance costs for labor organizations. In our 2008 final rule, for example, the Department estimated that the projected total cost on filers in the first year would be over $15 million in the first year and at least $8 million in subsequent years. This rule is a significant regulatory action and was reviewed by the Office of Management and Budget.

Unfunded Mandates Reform

This rule will not include any Federal mandate that may result in increased expenditures by State, local, and tribal governments, in the aggregate, of $100 million or more, or in increased expenditures by the private sector of $100 million or more.

Small Business Regulatory Enforcement Fairness Act of 1996

This rule is not a major rule as defined by section 804 of the Small Business Regulatory Enforcement Fairness Act of 1996. This rule will not result in an annual effect on the economy of $100,000,000 or more; a major increase in costs or prices; or significant adverse effects on competition, employment, investment, productivity, innovation, or on the ability of the United States-based companies to compete with foreign-based companies in domestic and export markets.

Executive Order 13132 (Federalism)

The Department has reviewed this rule in accordance with Executive Order 13132 regarding federalism and has determined that the rule does not have federalism implications. Because the economic effects under the rule will not be substantial for the reasons noted above and because the rule has no direct effect on states or their relationship to the Federal government, the rule does not have "substantial direct effects on the States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government."

Analysis of Costs for Paperwork Reduction Act and Regulatory Flexibility Act

In order to meet the requirements of the Regulatory Flexibility Act (RFA), 5 U.S.C. 601 *et seq.,* Executive Order 13272, and the Paperwork Reduction Act (PRA), 44 U.S.C. 3501 *et seq.,* and the PRA's implementing regulations, 5 CFR part 1320, the Department, in proposing this rule, undertook an analysis of the financial burdens to covered labor organizations associated with complying with the requirements contained in this rule. *See* 75 FR at 5464–74. In light of the comments received on the merits of the proposal and the burdens associated with the Form T–1 rule that is being rescinded, as well as the lack of opposition to the proposed burden analyses for this rule, the Department has reviewed its earlier analyses and determined that they are sound. Thus, the Department restates below these analyses without any material changes. (However, as noted in more detail below, the Department did correct a calculation error included in the NPRM regarding the cost to Form LM–2 filers per subsidiary organization.) The Department also discusses below the general comments received in support of the PRA analysis, and the general comments associated with the 2008 rule. The focus of the RFA and Executive Order 13272 is to ensure that agencies "review rules to assess and take appropriate account of the potential impact on small businesses, small governmental jurisdictions, and small organizations, as provided by the [RFA]." Executive Order 13272, Sec. 1. The more specific focus of the PRA is "to reduce, minimize and control burdens and maximize the practical utility and public benefit of the information created, collected, disclosed, maintained, used, shared and disseminated by or for the Federal government." 5 CFR 1320.1.

Compliance with the requirements of this rule involves essentially information recordkeeping and information reporting tasks. Therefore, the overall impact to covered labor organizations, and in particular, to small labor organizations that are the focus of the RFA, is essentially equivalent to the financial impact to labor organizations assessed for the purposes of the PRA. As a result, the Department's assessment of the compliance costs to covered labor organizations for the purposes of the PRA is used as a basis for the analysis of the impact of those compliance costs to small entities addressed by the RFA. The Department's analysis of PRA costs, and the quantitative methods employed to reach conclusions regarding costs, are presented here first. The conclusions regarding compliance costs in the PRA analysis are then employed to assess the impact on small entities for the purposes of the RFA analysis, which follows.

Paperwork Reduction Act

This statement has been prepared in accordance with the Paperwork Reduction Act of 1995, 44 U.S.C. 3501. As discussed in the preamble, this rule would implement an information collection that meets the requirements of the PRA in that: (1) The information collection has practical utility to labor organizations, their members, other members of the public, and the Department; (2) the rule does not require the collection of information that is duplicative of other reasonably accessible information; (3) the provisions reduce to the extent practicable and appropriate the burden on labor organizations that must provide the information, including small labor organizations; (4) the form, instructions, and explanatory information in the preamble are written in plain language that will be understandable by reporting labor organizations; (5) the disclosure requirements are implemented in ways consistent and compatible, to the maximum extent practicable, with the existing reporting and recordkeeping practices of labor organizations that must comply with them; (6) this preamble informs labor organizations of the reasons that the information will be collected, the way in which it will be used, the Department's estimate of the average burden of compliance, the fact that reporting is mandatory, the fact that all information collected will be made public, and the fact that they need not respond unless the form displays a currently valid OMB control number; (7) the Department has explained its plans for the efficient and effective management and use of the information to be collected, to enhance its utility to the Department and the public; (8) the Department has explained why the method of collecting information is "appropriate to the purpose for which the information is to be collected"; and (9) the changes implemented by this rule make extensive, appropriate use of information technology "to reduce burden and improve data quality, agency efficiency and responsiveness to the public." 5 CFR 1320.9; *see also* 44 U.S.C. 3506(c).

A. Summary of the Rule: Need and Economic Impact

The following is a summary of the need for and objectives of the rule. A more complete discussion of various aspects of the rule is found in the preamble.

This rule rescinds the Form T–1 Trust Annual Report established by final rule on October 2, 2008, and amends the Form LM–2 Labor Organization Annual Report to require unions to include on that report information concerning its wholly, owned, controlled, and financed subsidiary organizations. (Under the Form T–1 reporting regime, these subsidiaries would have been included on a Form T–1 report, rather than on the union's annual report.). This rule also amends the Form LM–3 Labor Organization Annual Report to conform its subsidiary organization reporting to those established for the Form LM–2 in this rule. Finally, the rule also returns the Department to a prior interpretation of the Labor-Management Reporting and Disclosure Act (LMRDA), which excludes wholly public sector intermediate bodies from coverage under the Act. *See* section 3(j)(5), 29 U.S.C. 402(j)(5).

The LMRDA was enacted to protect the rights and interests of employees, labor organizations and the public generally as they relate to the activities of labor organizations, employers, labor relations consultants, and labor organization officers, employees, and representatives. Provisions of the LMRDA include financial reporting and disclosure requirements for labor organizations and others as set forth in Title II of the Act. *See* 29 U.S.C. 431–36, 441. Under Section 201(b) of the Act, 29 U.S.C. 431(b), labor organizations are required to file for public disclosure annual financial reports, which are to contain information about a labor organization's assets, liabilities, receipts, and disbursements.

The Department has developed several forms to implement the union annual reporting requirements of the LMRDA. The reporting detail required of labor organizations, as the Secretary has established by rule, varies depending on the amount of the labor organization's annual receipts. The Form LM–2 Annual Report, the most detailed of the annual labor organization reports, and that required to be filed by labor organizations with $250,000 or more in annual receipts, must include reporting of loans to officers, employees and business enterprises; payments to each officer; and payments to each employee of the labor organization paid more than $10,000, in addition to other information. The Secretary also has prescribed simplified annual reports for smaller labor organizations. Form LM–3 may be filed by unions with $10,000 or more, but less than $250,000 in annual receipts, and Form LM–4 may be filed by unions with less than $10,000 in annual receipts.

On October 2, 2008, the Department issued a final rule establishing the Form T–1 Trust Annual Report, which prescribed the form and content of annual reporting by unions concerning entities defined in Section 3(l) of the LMRDA as "trusts in which a labor organization is interested." 73 FR 57412. Prior to the implementation of the Form T–1 rule, the Department's LMRDA reporting program had not provided for separate trust reporting by unions. The objective of this rule is to rescind the Form T–1 Trust Annual Report, as the Department has determined that it is overbroad, and not necessary to prevent the circumvention and evasion of the Title II requirements. This rule also reinstates a longstanding requirement, eliminated under the 2003 rule, that unions report financial information about their subsidiary organizations on Form LM–2.

The Department has defined the term "subsidiaries of labor organizations" as "any separate organization of which the ownership is wholly vested in the reporting labor organization or its officers or its membership, which is governed or controlled by the officers, employees, or members of the reporting labor organization, and which is wholly financed by the reporting labor organization." *See* Form LM–2 Instructions, Part II: What Form to File, 68 FR 58473 (modifying pre-2003 Form LM–2); Form LM–3 Instructions, Part X, Labor Organizations With Subsidiary Organizations (reproduced at *http://www.dol.gov/olms/regs/compliance/LM3_instructions_2008.pdf*). *See also* 68 FR at 58413 (preamble to 2003 rule). The Department continues to hold the view that reporting all subsidiaries is necessary for members and the public to have an accurate understanding of a particular labor organization's financial condition. Without the inclusion of the financial information for all subsidiaries, the financial disclosures on the Form LM–2 will be incomplete. The subsidiary's assets are the labor organization's assets. Unless reported along with the union's other assets, it is not possible to accurately understand the union's finances.

Prior to the Department's development of the concept of the trust annual report, the Department's regulations required unions to report information on subsidiaries on their Form LM–2 reports. This requirement was revoked by revisions to the Form LM–2 in 2003. Labor Organization Annual Financial Reports, 68 FR 58374 (Oct. 9, 2003). The return of subsidiary organizations to the Form LM–2 reporting requirements improves the amount of financial disclosure of such entities, as compared to the disclosure provided on the Form T–1, as the Form T–1 had no equivalent to the Form LM–2 assets and liabilities Schedules 1–10, and the itemization threshold for receipts and disbursements on the Form LM–2 is $5,000 while that on the Form T–1 was $10,000. Under this rule, and as the pre-2003 Form LM–2 had long required, a union must disclose the financial information of its subsidiary to the same level of detail as other funds of the union, including details regarding assets and liabilities that were not required to be reported on the Form T–1.

The Department makes available to Form LM–2 filers two options regarding the reporting of their subsidiaries, rather than the three options formerly permitted in the pre-2003 Form LM–2 Instructions. First, the Department permits a labor union to consolidate its subsidiaries' financial information with the union's financial information on its Form LM–2 report. Alternatively, the Department will permit a labor union to file, with its Form LM–2 report, a regular annual report of the financial condition and operations of each subsidiary organization, accompanied by a statement signed by an independent public accountant certifying that the financial report presents fairly the financial condition and operations of the subsidiary organization and was prepared in accordance with generally accepted accounting principles. When choosing to file a separate accountant's report, the union is required also to include information regarding loans payable and payments to union officers and employees in the same detail required by the Form LM–2 instructions on the related schedules (Schedules 1, 11, and 12).

The Department is not reinstating a third option previously available on Form LM–2: that of filing a separate Form LM–2 report on each subsidiary organization. In the Department's experience, the filing of a separate Form LM–2 in addition to the union's primary report creates confusion for union members and others viewing the reports in that the form is designed for unions, not segregated funds and assets. Moreover, a union must file one Form LM–2 report per fiscal year, and the filing of multiple forms by a union for its subsidiaries creates confusion as to which one is the primary form. While consolidation contains some risk of confusion, the Department's experience is that combined reports are easier to follow than separate reports. This is a particularly appropriate and desirable option for some unions with subsidiaries that perform traditional union operations, such as strike funds and other special union funds. Thus, the Department preserves this option for Form LM–2 filers.

To remain consistent with the reporting options available for Form LM–2 filers, the Department also revises the Form LM–3 instructions regarding the reporting of subsidiary organizations. Form LM–3 filers will have the same two options to report required information about subsidiaries as the Form LM–2 filers, and the reporting unions' option to file a separate Form LM–3 report on a subsidiary organization will likewise be eliminated. Again, this would avoid potential confusion for the public and would align the Form LM–3 subsidiary reporting regime with that available for Form LM–2 filers.

The obligation to report on the Form T–1 caused an increase in reporting burdens for those labor organizations with reportable trusts. Given that increase, and as stated more fully below, this rule represents a net reduction in the total filing burden for Form LM–2 filers, as the rescission of the Form T–1 removes the information collection burden associated with that form and replaces it with the reinstatement of subsidiary organization reporting, which presents only a small increase in the total Form LM–2 reporting burden. As demonstrated in the 2008 Form T–1 rule, the Form T–1 represented a total burden, for the estimated 2,292 Form LM–2 filers affected by the rule, of approximately 423,900 hours in the first year and 306,700 in the subsequent years. Additionally, the projected total cost on filers in the first year was approximately $15.2 million in the first year and approximately $8.2 million in subsequent years. 73 FR at 57441 and 57445. This rule eliminates these burdens and costs from OMB 1215–0188, although, as discussed below, the reinstatement of subsidiary reporting offsets a small portion of this burden and transfers it to the Form LM–2.

This rule does not add any burden associated with the electronic submission of reports. The Department has in place an electronic reporting system for use by labor organizations, e.LORS. The objectives of the e.LORS system include the electronic filing of current Forms LM–2, LM–3, and LM–4, as well as other LMRDA disclosure documents; disclosure of reports via a searchable Internet database; improving the accuracy, completeness and timeliness of reports; and creating efficiency gains in the reporting system. Effective use of the system reduces the burden on reporting organizations, provides increased information to members of labor organizations, and enhances LMRDA enforcement by OLMS. The OLMS Online Public Disclosure site is available for public use at *http://www.unionreports.gov.* The site contains a copy of each labor organization's annual financial report for reporting year 2000 and thereafter as well as an indexed computer database of the information in each report.

Filing labor organizations have several advantages with the current electronic filing system. With e.LORS, data from the reporting unions' electronic records can be directly imported into Form LM–2. Not only is entry of the information eased, the software makes mathematical calculations and checks for errors or discrepancies. Additionally, any attachments to Form LM–2, such as would be required for unions choosing to submit a separate independent audit report for their subsidiary organizations, could be submitted electronically with the Form LM–2 reports.

As discussed in more detail below, there is negligible, if any, new information collection burden associated with the minor change for the Form LM–3 reporting requirements regarding subsidiary organizations, nor is there any information collection associated with the proposal to change the Department's interpretation regarding wholly public sector intermediate bodies.

B. Overview of Subsidiary Reporting on Form LM–2 and Trust Reporting on Form T–1

Every labor organization whose total annual receipts are $250,000 or more and those organizations that are in trusteeship must file an annual financial report using the Form LM–2, Labor Organization Annual Report, within 90 days after the end of the labor organization's fiscal year, to disclose their financial condition and operations for the preceding fiscal year. The Form LM–2 is also used by labor organizations with total annual receipts of $250,000 or more to file a terminal report upon losing their identity by merger, consolidation, or other reason. Prior to 2003, unions required to file a Form LM–2 had to report information relating to their subsidiary organizations on the Form LM–2. (See preamble to Form LM–2.) The 2003 rule eliminated this requirement and, at the same time, established the Form T–1, which was designed to capture information about subsidiary organizations and other trusts and funds in which a reporting union held an interest. However, this portion of the 2003 rule was vacated. Under the 2008 rule, the pertinent Form T–1 requirements were reinstated. Neither the 2003 nor 2008 rules changed the longstanding requirement that Form LM–3 filers must include the assets, liabilities, receipts, and disbursements of their subsidiaries within the Form LM–3 report.

As a result of the 2003 changes to the Form LM–2, unions were required to identify subsidiaries on the Form LM–2 in Item 10, Trusts or Funds (albeit without distinguishing them from other reported trusts or funds), and they were required to calculate the total receipts of the subsidiary for purposes of the Form LM–2 filing threshold of $250,000. However, there were no further Form LM–2 reporting obligations concerning such subsidiaries. Rather, filers were required to report information on such subsidiaries on the Form T–1. As discussed in the preamble and in this burden analysis, this rule returns to the pre-2003 requirement that Form LM–2 filers also have to include on their form such information regarding their subsidiaries.

The Form LM–2 consists of 21 questions that identify the labor organization and provide basic information (in primarily a yes/no format); a statement of 11 financial items on different assets and liabilities (Statement A); a statement of receipts and disbursements (Statement B); and 20 supporting schedules (Schedules 1–10, Assets and Liabilities related schedules; Schedules 11–12 and 14–20, receipts and disbursements related schedules; and Schedule 13, which details general membership information).

The Form LM–2 requires such information as: Whether the labor organization has any trusts (Item 10); [14] whether the labor organization has a political action committee (PAC) or a subsidiary organization (Items 11(a) and 11(b)); [15] whether the labor organization discovered any loss or shortage of funds (Item 13); the number of members (Item 20); rates of dues and fees (Item 21); the dollar amount for seven asset categories, such as accounts receivable, cash, and investments (Items 22–28); the dollar amount for four liability categories, such as accounts payable and mortgages payable (Items 30–33); the dollar amount for 13 categories of receipts such as dues and interest (Items 36–48); and the dollar amount for 16 categories of disbursements such as payments to officers and repayment of loans obtained (Items 50–65).

Schedules 1–10 requires detailed information and itemization on assets and liabilities, such as loans receivable and payable and the sale and purchase of investments and fixed assets. There are also nine supporting schedules (Schedules 11–12, 14–20) for receipts and disbursements that provide members of labor organizations with more detailed information by general groupings or bookkeeping categories to identify their purpose. Labor organizations are required to track their receipts and disbursements in order to correctly group them into the categories on the current form.

The Form T–1 provided similar but not identical reporting and disclosure for section 3(l) trusts, currently including subsidiaries, of Form LM–2 filing labor organizations. The Form T–1 required information such as: Losses or shortages of funds or other property (Item 16); acquisition or disposal of any goods or property in any manner other than by purchase or sale (Item 17); whether or not the trusts liquidated, reduced, or wrote-off any liabilities without full payment of principal and interest (Item 18); whether the trust extended any loan or credit during the reporting period to any officer or employee of the reporting labor organization at terms below market rates (Item 19); whether the trust liquidated, reduced, or wrote-off any loans receivable due from officers or employees of the reporting labor organization without full receipt of principal and interest (Item 20); and the aggregate totals of assets, liabilities, receipts, and disbursements (Items 21–24). Additionally, the union was required to report detailed itemization and other information regarding receipts in Schedule 1, disbursements in Schedule 2, and disbursements to officers and employees of the trust in Schedule 3.

Although the Form T–1 had a higher reporting threshold for receipts and disbursements ($10,000) than does the Form LM–2 ($5,000), both forms require filers to provide nearly identical information regarding receipts and disbursements. For example, unions would have itemized receipts of trusts with virtually identical detail on Form T–1, Schedule 1, as does the Form LM–2 on its Schedule 14. Further, the information required on Form T–1 Schedules 2 and 3 correspond almost directly to the information required on Form LM–2 Schedules 15–20 and 11–12, respectively, although the format does not directly correlate. However, as discussed earlier, Form T–1 did not provide as much detail regarding assets and liabilities of trusts as the Form LM–2 requires. For example, although Form T–1 Items 16 and 17 correspond directly to Form LM–2 Items 13 and 15, and the information required in Form T–1 Items 18–20 is required in a different format in Form LM–2, Schedules 2 and 8–10, there is also significant information required on the Form LM–2 and not on the Form T–1. Significantly, the detailed information regarding assets and liabilities required by Form LM–2, Schedules 1–10 is not captured by the Form T–1. Thus, consolidation of subsidiaries on the Form LM–2 provides greater transparency for such entities than did the Form T–1.

Additionally, the Department provided the public with separate burden analyses for the Form LM–2 and the Form T–1, in addition to the other forms required to be filed with the Department under the LMRDA. These analyses include the time for reviewing the respective set of instructions, searching existing data sources, gathering and maintaining data needed, creating needed accounting procedures, purchasing software, and completing and reviewing the collection of information. This rule eliminates the need for a Form T–1 burden analysis, as it eliminates that form and its separate reporting regime. This rule also amends the reporting requirements for the Form LM–2 to bring subsidiary reporting back into its reporting regime, but it does not establish a new reporting regime. Thus, many of the areas analyzed in other LMRDA reporting and disclosure burden analyses are not relevant to this discussion, as the existence and basic structure and procedures of the present Form LM–2 reporting regime is not amended by this rule.

Finally, for the purposes of the analysis below, the following is a brief discussion of the similarities and differences between subsidiary organizations and other entities included within the Form T–1 reporting regime, which demonstrates that data used for evaluating the burden of the Form T–1 may also be used in evaluating the burden of reporting on subsidiary organizations on the Form LM–2. As stated in the preamble, subsidiary organizations are entities wholly owned, controlled, and financed by a union, and the Department estimates that they constitute at least one third of the expected Form T–1 reports. These subsidiaries include entities such as strike funds and building corporations, and they also include other entities unrelated to typical union functions. Other entities included within the Form T–1 include Taft-Hartley funds, which are funded by an employer pursuant to a collective bargaining agreement and established and managed jointly between union(s) and employer(s). The latter includes apprenticeship and training funds. Although the entities within the reporting regime of the Form T–1 often differ widely in terms of their structure (including within the subsidiary category itself), subsidiaries and Taft-Hartley funds share many characteristics in this area, such as size, number of officers and employees, assets, liabilities, receipts, and disbursements. As such, although subsidiaries often differ from Taft-Hartley funds in terms of function and certainly in management, they also often have commonalities in areas such as structure and typical reporting and disclosure categories.

[14] Before this rule, Item 10 also included subsidiary organizations.

[15] Before this rule, Item 11 only asked whether the labor organization had a PAC. This rule breaks Item 11 into two parts, 11(a) and 11(b), with 11(b) asking if the labor organization has a subsidiary.

C. Comments on the PRA Analysis Presented in the NPRM Regarding Subsidiary Reporting on the Form LM–2

As noted in the preamble, the Department received several comments from unions addressing the burden associated with compliance with the 2008 rule. A federation of unions noted the substantial differences between the estimated burdens from complying with the Form T–1 and the proposed rule ($15 million vs. $3 million total first year costs), offering its view that the reporting requirements in the 2008 rule are not justified in light of the burden they impose. Several other unions concurred with the federation's general conclusion. An international union asserted that the 2008 rule imposed an extreme burden on unions and section 3(l) trusts, characterizing the estimated burden associated with that rule as "ridiculously low." It emphasized the unrealistic burden that would be imposed on a union that participated only nominally in a section 3(l) trust. A national union asserted that in the 2008 rule the Department underestimated the number of Form T–1 reports that unions would be required to file and the costs associated with such reports. A public interest group stated that some of the Form T–1 reporting requirements would have been unduly burdensome for unions and of little value to members while others were of great value to members. This group did not identify what aspects of the rule were unnecessarily burdensome or offer specific changes to the proposed rule, but stated that the Department should not limit reporting to subsidiary organizations as the Department had proposed.

The comments to the NPRM did not challenge the burden analysis in this rule, nor did they provide the Department with any information or data that affects the analytical framework or assumptions underlying the analyses contained in the proposed rule. Indeed, the Department received several comments in support of certain aspects of the analysis. Although there were comments relating to the burden estimates in the 2008 rule, the focus now is appropriately on the burden associated with this final rule. Regardless of whether the 2008 rule reasonably forecast the burden associated with the Form T–1 or not, it is evident that this rule reflects a very substantial reduction in reporting burden.

D. Methodology for the Burden Estimates [16]

Initially, as stated above, this rule produces an overall reduction of burden hours for Form LM–2 filers. The Department rescinds the Form T–1, which results in a reduction of 423,913.74 burden hours in the first year and 306,736.92 in the subsequent years that an estimated 2,292 Form LM–2 filers would incur. Additionally, in the 2008 Form T–1 rule, the total cost to filers was projected to be $15,186,874.46 in the first year and $8,168,474.74 in subsequent years. 73 FR at 57441 and 57445. The burden reduction resulting from rescission of Form T–1 will be partly offset by the burden of reporting subsidiary organizations on Form LM–2, but the net burden, both in the aggregate and individually, is reduced substantially. To assess the burden savings, the Department has taken into account as appropriate the data, methodology and assumptions used to calculate the burden for Form T–1. Those places in which the analysis from the 2008 Form T–1 rule is modified or not used are noted.

The Department's analysis focuses on Form LM–2 filers. The changes to the Form LM–3 reporting requirements do not result in any significant increase or decrease to the burden for those filers. As stated above, Form LM–3 filers, prior to this rule, had three options in which to report on their subsidiaries: (1) Consolidate all financial transactions on one Form LM–3; (2) file a separate Form LM–3 for each subsidiary organization; or (3) attach an audit to the Form LM–3, prepared in accordance with the Form LM–3 Instructions for each subsidiary. In the Department's experience, a substantial majority of Form LM–3 filers with subsidiary organizations elect to file a consolidated Form LM–3, with few choosing either of the other options. Additionally, the burden for filing a separate LM–3 is virtually identical to consolidating the information on one report. The Department, therefore, does not consider that the removal of the option to file separate Form LM–3s for each subsidiary organization will result in a change to the filing burden for Form LM–3 filers.

In reaching its estimates regarding the burden on Form LM–2 filers to consolidate information regarding their subsidiary organizations, the Department considered the recurring costs associated with the rule. However, as explained below, the Department determined that non-recurring costs are nominal and therefore are only briefly addressed herein. Additionally, the Department used the Form T–1 cost and burden estimates as the basis for the estimates for consolidating subsidiary organization information on the Form LM–2 (73 FR 57436–57445). As stated above, although subsidiary organizations represent only a portion of the Form T–1 universe, and they differ from Taft-Hartley funds and other trusts in their function and management, the Department considers the similarity in the make-up of the organizations and the similar level of reporting of receipts and disbursements required by the Form T–1 and Form LM–2, as justifying the use of Form T–1 estimates. However, there are differences between Form T–1 reporting and consolidating subsidiary organization financial information on the Form LM–2, and the analysis below will address these issues.

Additionally, the Department's labor cost estimates reflect the Department's assumption that the labor organizations will rely upon the services of some or all of the following positions (either internal or external staff): The labor organization's president, secretary-treasurer, accountant, and bookkeeper. In the 2008 Form T–1 rule, the salaries for these positions are measured by wage rates published by the Bureau of Labor Statistics or derived from data reported in e.LORS.

1. Number of Subsidiary Organizations

The Department estimates that Form LM–2 filers have approximately 1,187 subsidiary organizations. This number is based on a review of Form LM–2 reports filed in 2004, the final year in which filers were required to identify on Item 10 whether they had a subsidiary organization. A review of these reports indicated that 1,087 Form LM–2 filers indicated that they had at least one subsidiary organization. In addition to this base figure, the Department took into account its experience that generally about one-half of the 100 largest labor organizations have multiple subsidiary organizations, with the remainder of such filers have only one subsidiary organization. In the Department's experience, these labor organizations have on average two additional subsidiary organizations. Therefore, the Department added 100 (2 subsidiaries × 50 labor organizations) to the 1,087 filers indicating that they had at least one subsidiary organization, for a total estimate of 1,187 subsidiaries.[17]

[16] Some of the burden numbers included in both this PRA analysis and the regulatory flexibility analysis will not add perfectly due to rounding.

[17] These figures differ from the Department's estimates in the Form T–1 analysis. *See* 73 FR

2. Hours To Complete and File a Consolidated Form LM–2: Reporting and Recordkeeping

Initially, the Department considered the issue of non-recurring burden hours associated with Form LM–2 subsidiary reporting, but it does not view the burdens such as those associated with reviewing the Form LM–2 instructions, training staff, acquiring the necessary software to complete and submit the form, and similar up-front burdens, as existing separately with subsidiary organization reporting. Therefore, unlike with the Form T–1, there are no non-recurring burdens associated with subsidiary organization reporting; only recurring ones. These burdens are already included in the Form LM–2 burden estimate, and the similar burdens related to the Form T–1 are rescinded by this proposed rule (*See* Form T–1 final rule, Table 5, 73 FR 57444). Many recurring burdens and tasks, such as those analyzed in the Form T–1 analysis, are also not included in this analysis because they did not relate to the Form LM–2 requirements or are already accounted for in the Form LM–2 burden analysis. For example, the basic labor organization identifying information, the schedules and detailed information provided in Items 1–68, and the summary statements are accounted for in the existing Form LM–2 burden analysis. Therefore, this analysis focuses on additional costs necessary to consolidate subsidiary organization information on the filer's existing Form LM–2.

Additionally, the estimated reporting and recordkeeping burden hours for those filers who choose to undertake an audit are substantially the same as those who consolidate the data on their Form LM–2, as the detail required for the audit is congruent with the information required of those filers who consolidate subsidiary information on the Form LM–2. Accordingly, the Department has analyzed below the costs associated with consolidated reporting, and assumes as part of its conclusion that the costs of the audit option are no greater than those costs associated with consolidated reporting. The Department utilized the same approach in the 2003 and 2008 rules.

a. Recordkeeping Burden Hours To Complete Schedules for Assets, Liabilities, Receipts, Disbursements, and Officers and Employees Schedules

In promulgating the 2008 rule, the Department estimated the recordkeeping burden associated with the number of disbursements, receipts, officers, and employees of trusts. 73 FR 57440–45. The recordkeeping tasks associated with gathering information required for the Form T–1 are substantially the same as the tasks required by this rule. For instance, as explained above, although the Form T–1 uses a different format and requires reporting at a higher threshold than the Form LM–2, the Form T–1 receipts schedule, Schedule 1, corresponds to Form LM–2 Schedule 14; the Form T–1 general disbursements Schedule 2 corresponds to Form LM–2 Schedules 15–20; and the Form T–1 officer and employee disbursements Schedule 3 corresponds to Form LM–2 Schedules 11–12. In other words, the union will have to gather records on other receipts, on disbursements and officer and employee payments whether the Form LM–2 or T–1 is used. Therefore, the Department has used here the same burden hours for this purpose as used in the Form T–1 rule. For the categories of assets and liabilities, the Form T–1 has no schedules, while the Form LM–2 does provide for reporting these categories in its Schedules 1–10. No additional recordkeeping burden is required to complete these schedules because unions already maintain this information in the accounting systems used to electronically complete the existing schedules for assets and liabilities. *See* 68 FR at 58439 (no recurring burden for assets and liabilities in revised Form LM–2 where schedule and software unchanged). Accordingly, the Department concludes that a Form LM–2 filer keeping records necessary to report a subsidiary organization will spend 5.49 additional hours compiling information regarding receipts, 54.15 hours compiling information on general disbursements, and 10.07 hours compiling information to report on disbursements to officers and employees. *See* 73 FR at 57442 (specifically analyzing those recordkeeping tasks for the Form T–1). The total number of hours for recordkeeping tasks is reflected below in Table 1; *see also* 73 FR 57443.

The Form T–1 analysis was based in part on a randomly selected subset of the 2,292 Form LM–2 filers in 2006 whose Form LM–2 report for that year indicated an interest in at least one trust. That analysis has been adapted here for use in analyzing reporting on subsidiaries as opposed to trusts, and includes calculations estimating the recordkeeping burden for receipts (corresponding to Form T–1 Schedule 1; Form LM–2 Schedule 14), general disbursements (corresponding to Form T–1 Schedule 2; Form LM–2 Schedules 15–20), and disbursements to officers and employees (corresponding to Form T–1 Schedule 3; Form LM–2 Schedules 11–12). Based on that analysis, the Department has derived the information-compilation hours noted above (5.49 hours for receipts, 54.15 hours for general disbursements, and 10.07 hours for officer and employee disbursements) in a similar manner, as follows:

The Department estimates that, on average, consolidated Form LM–2 filers will expend 5.49 hours a year on recordkeeping to document the information necessary to complete the Form LM–2 receipts schedule 14. Based on the random sample of labor organizations with an interest in at least one trust outlined above, Form LM–2 filers on average itemize 11 receipts on Schedule 14 (other receipts). The remaining receipts are reported as aggregates in 12 separate categories on Statement B (cash receipts): Dues, per capita tax, fees, sales of supplies, interest, dividends, rents, sales of investment and fixed assets, loans, repayment of loans, receipts held on behalf of affiliates for transmission to them, and receipts from members for disbursement on their behalf. The Department does not believe subsidiaries will have receipts from per capita taxes or that they will they hold money for members and affiliates. For the Form T–1, the Department stated that, on average, trusts will itemize 109.86 receipts each year as estimated for the Form T–1. Experience with the Form LM–2 indicates that a labor organization can input all the necessary information on an itemized receipt in 3 minutes. The total number of itemized receipts, 109.86, was multiplied by 3 minutes to reach the yearly recordkeeping burden, 5.49 hours.[18]

For the Form LM–2 disbursement schedules (Schedules 15–20), the Department estimates that, on average, consolidated filers will expend 54.15 hours a year on recordkeeping. The average Form LM–2 has 1,083 itemized disbursements. Like receipts, the Department estimates it will take 3 minutes to input all the necessary information on an itemized disbursement. The total number of itemized disbursements, 1,083, was multiplied by 3 minutes to reach the yearly recordkeeping burden, 54.15 hours.[19]

57441. In the Form T–1 analysis, the Department estimated 2,292 Form LM–2 filers would submit a Form T–1 based upon an analysis of those filers who indicated on their 2006 report that they had at least one LMRDA section 3(l) trust. In this rule, the Department derives its estimate of the number of Form LM–2 filers with subsidiaries directly from the number of Form LM–2 filers who indicated on their 2004 Form LM–2 reports that they had a subsidiary organization. The number of Form LM–2 filers with subsidiaries is smaller than the number of LM–2 filers with section 3(l) trusts because the definition of section 3(l) trusts includes more entities than the definition of subsidiaries.

[18] This number differs slightly from the 5.43 hours used in the Form T–1 analysis (73 FR 57442) due to a rounding error in that analysis.

[19] This number differs slightly from the 54.13 hours used in the Form T–1 analysis (73 FR 57442) due to a rounding error in that analysis.

Regarding the officer and employee schedules (Schedules 11–12), the Department estimates consolidated Form LM–2 filers will expend 10.07 hours on recordkeeping to compile the information necessary to complete these schedules, as Form T–1 Schedule 3 is virtually identical to Form LM–2 Schedules 11–12. The Department based its estimate on the analysis used in the 2008 Form T–1 PRA analysis, as the rule required unions to file Form T–1 reports for subsidiaries, and the Department believes, as explained previously, that the filing burden for subsidiaries greatly resembles that of the burden for filing a Form T–1 for trusts. Specifically, similar to the Form T–1 analysis, a union will not have to increase recordkeeping for officers of subsidiaries, as they are already required to keep records on its officers and key employees (including those of the subsidiary) for the IRS Form 990, including name, address, current position, salary, fees, bonuses, severance payments, deferred compensation, allowances, and taxable and nontaxable fringe benefits. (*See* 73 FR 57440–42).

Additionally, the Department, consistent with the 2008 Form T–1 burden analysis and its Form LM–2 sample, estimated that Form LM–2 filers have, on average, 21.57 employees. Although in practice subsidiaries, such as strike funds and building corporations, likely will have considerably fewer employees, the Department assumes, for purposes of estimating burden, that subsidiaries will have a comparable number of employees. Nevertheless, subsidiaries, as part of unions and thus functioning in certain purposes as employers, keep wage records for each of their employees. The filers will also have to begin keeping records on non-key employees. *Id.*

Finally, for the assets and liabilities schedules (Form LM–2 Schedules 1–10), reporting in these categories was not required for the Form T–1. As explained above, the Department does not think that there is any new recordkeeping burden for these schedules, as subsidiaries already maintain this information as accounts receivable, accounts payable, and investments.

b. Reporting Burden Hours for Data Input

As with the recordkeeping burden above, the Department concludes that the number of hours required for data input for subsidiary reporting on the Form LM–2 is substantially the same as the number of hours required for data input for the Form T–1, which was assessed in the 2008 Form T–1 rule. 73 FR at 57442. For example, vendor specific information will have to be entered regardless of amount in order to determine whether the reporting threshold for itemized reporting is met (whether that threshold is set at $5,000 or $10,000). In its 2008 Form T–1 rule, the Department estimated that Form T–1 filers will spend 3.75 reporting hours on each schedule inputting the data. As stated in that analysis, experience with the Form LM–2 in previous rulemakings indicates that labor organizations will spend, for each type of reporting (*i.e.* receipts; general disbursements; officer and employee disbursements), 15 minutes a year training new staff, 60 minutes preparing the download, 90 minutes preparing and testing the data file, and 60 minutes editing, validating and importing the data.

In this analysis, the Department has removed the 15 minutes of additional training each year from its estimate because this extra training is already accounted for in the existing Form LM–2 burden and information relating to the subsidiary is entered on the Form in the same manner as any other asset. Because the current LM–2 form has been in effect since 2005, we believe most LM–2 filers have already conducted the necessary internal training to familiarize staff with reporting procedures. However, as in the Form T–1 analysis, the Department estimates that Form LM–2 filers will spend 3.5 hours inputting data for receipts (on Form LM–2, Schedule 14, which corresponds to Form T–1, Schedule 1); officer and employee disbursements (on Form LM–2, Schedules 11–12, which correspond to Form T–1, Schedule 3); the remaining disbursements (on Form LM–2, Schedules 15–20, which correspond to Form T–1, Schedule 2); as well as for the assets and liabilities schedules (on Form LM–2, Schedules 1–10, although the Form T–1 has no counterpart). Additionally, as in the Form T–1 analysis, the Department also estimates that the president and treasurer of the Form LM–2 filing union will each spend two extra hours reviewing the form to ensure the accuracy of the consolidated subsidiary information before signing. *See* 73 FR 57444. These figures are shown below in Table 2.

The Department also removed other reporting categories used in Table 3 of the Form T–1 burden analysis (73 FR 57443) because they did not relate the Form LM–2 requirements or are already included in the Form LM–2 reporting regime and accounted for separately. These categories include: fill out trust/labor organization information; answer questions; fill in assets, liabilities, disbursements and receipts; additional information; and signature.

c. Total Hours Spent on Recordkeeping and Reporting

As discussed above, and as reflected in the following tables, the Department estimates that, in addition to the existing burden to complete the Form LM–2 as calculated in the 2003 Form LM–2 Final Rule, 68 FR at 58436–40, Form LM–2 filers will expend, on average, 69.71 hours per year on recordkeeping per subsidiary organization and 18.00 hours on reporting.

TABLE 1—RECORDKEEPING BURDEN IN HOURS PER SUBSIDIARY ORGANIZATION

Schedule	Schedule or item description	Total record-keeping burden (in hours)
Schedules 1–10	Assets and Liabilities Schedules	0.00
Schedule 14	Individually itemized receipts	5.49
Schedules 15–20	Individually itemized disbursements	54.15
Schedule 11 and 12	Disbursements to Officers and Employees of subsidiary	10.07
Total Recordkeeping Burden Hours per Subsidiary Organization.		69.71

TABLE 2—REPORTING BURDEN IN MINUTES PER SUBSIDIARY ORGANIZATION

Schedule	Schedule or item description	Prepare download	Preparation of test/data file	Edit/validate/import data file	Total reporting burden
Schedules 1–10	Assets and Liabilities Schedules	60	90	60	210

TABLE 2—REPORTING BURDEN IN MINUTES PER SUBSIDIARY ORGANIZATION—Continued

Schedule	Schedule or item description	Prepare download	Preparation of test/data file	Edit/validate/ import data file	Total reporting burden
Schedule 14	Individually itemized receipts	60	90	60	210
Schedules 15–20	Individually itemized disbursements	60	90	60	210
Schedule 11 and 12	Disbursements to Officers and Employees of subsidiary.	60	90	60	210
	Management Review				240
Total Burden per Subsidiary Organization		240	360	240	1080
Total Burden Hours per Subsidiary Organization		4.00	6.00	4.00	18.00

3. Cost of Personnel To Report Subsidiary Organization Financial Information on the Form LM–2

As in the Form T–1 analysis (73 FR 57443–45), the Department assumes that, on average, the completion by a labor organization of a consolidated Form LM–2 will involve an accountant/auditor, bookkeeper/clerk, labor organization president and labor organization treasurer. Based on the 2008 Bureau of Labor Statistics (BLS) wage data from its Occupational Employment Statistics Survey, accountants earn $34.74 per hour and bookkeepers/clerks earn $15.88 per hour.[20] The Department also increased each of these figures by 43.0% to account for fringe benefits.[21] *See* Table 3 below.

As in the Form T–1 analysis, the Department estimates the average annual salaries of labor organization officers needed to complete tasks for compliance with this rule—the president and treasurer—from responses to salary inquiries based on a sample of 205 labor organizations that filed a Form LM–2 in 2006 and indicated an interest in at least one section 3(l) trust. Because the Department assumes significant commonality between those labor organizations that would have reported on trust interests under the Form T–1 rule and those labor organizations that will report on subsidiaries under Form LM–2, the Department has employed here the salary data for labor organization President and Treasurer utilized in the Form T–1. The Form T–1 study determined that in 2006 Form LM–2 labor organization presidents with section 3(l) trusts make, on average, $24.89 an hour and treasurers $31.58. The average annual salaries were determined by multiplying the average hourly wage by the number of hours in a year, based on a standard 40 hour work week ($40 \times 52 = 2080$ hours). The average hourly wage was then multiplied by the same 43.0% to reach $35.59 per hour and $45.16 per hour, for presidents and treasurers, respectively. *See* Table 3 below.

TABLE 3—COMPENSATION COST TABLE

Title	Total hourly wage	Total hourly compensation
Accountants/Auditors	$34.74	$49.68
Bookkeepers/Clerks	15.88	22.71
President	24.89	35.59
Treasurer	31.58	45.16

Once the labor costs were calculated, the Department applied those costs to each of the Form LM–2 tasks computed in the previous section. Each task was evaluated separately to determine which individual from a particular job category would be needed to complete the task. All tasks identified by the Department above as necessary for compliance with the requirements of this rule were analyzed to determine which personnel would conduct those tasks. As stated previously, the Department removed tasks associated with the Form T–1 burden analysis that do not correlate to a task needed to consolidate subsidiary information on the Form LM–2, or are otherwise accounted for in the pre-existing Form LM–2 reporting regime and its burden (*See* Form T–1 final rule, Table 5, 73 FR 57444). The following table presents this analysis. The Department notes that this rule corrects a calculation error made in the NPRM, Table 4, regarding the total reporting cost for an accountant to edit/validate/import data file. In the NPRM, the Department identified the total cost at $298.08, while the actual cost is $198.72 (the hourly compensation for an accountant, $49.68, multiplied by the hours needed to complete the task, 4.00). Table 4 below illustrates the correct cost for this task, and it also reflects the updated, correct total cost for subsidiary consolidation on the Form LM–2 ($2,332.25, rather than $2,431.61 in the NPRM).

[20] *See* Occupational Employment and Wages Survey. 2008, survey, Table 6, from the Bureau of Labor Statistics (BLS), Occupational Employment Statistics (OES) Program; *http://www.bls.gov/news.release/pdf/ocwage.pdf*. The Form T–1 analysis utilized data from the 2007 survey, while this proposed rule has updated the data with the use of the 2008 survey.

[21] *See* Employer Costs for Employee Compensation Summary, from the BLS, at *http://www.bls.gov/news.release/ecec.nr0.htm*. The Department updated the total hourly compensation figures from the Form T–1 analysis (30.2% to 43.0%), in that it uses 2008 rather than 2007 numbers, and it increased the hourly wage rate by the percentage total of the average hourly compensation figure ($8.90 in 2008) over the average hourly wage ($20.49 in 2008).

TABLE 4—COST BY TASK FOR SUBSIDIARY ORGANIZATION CONSOLIDATION ON THE FORM LM–2

Burden type	Task	Individuals participating	Hourly cost	Hours to complete	Cost
Recordkeeping	Input Records	Bookkeeper	$22.71	69.71	$1,583.11
Reporting	Prepare Download	Bookkeeper	22.71	4.00	90.84
Reporting	Preparation of Test/Data File	Accountant	49.68	6.00	298.08
Reporting	Edit/Validate/Import Data File	Accountant	49.68	4.00	198.72
Reporting	Management Review	President and Treasurer	35.59 and 45.16	4.00 (2 hours each)	161.50
Total Recordkeeping and Reporting Burdens Hours and Costs				87.71	2,332.25

4. Calculation of Total Costs To Form LM–2 Labor Organizations With a Subsidiary Organization

Based on the analysis reflected in the table above, the average cost per labor organization to consolidate its subsidiary's financial information on its Form LM–2 is $2,332.25. As noted earlier, the Department has employed here many of the assumptions about recordkeeping and reporting burdens from the cost analysis in the Form T–1 Final Rule because the two reporting regimes have many similarities. However, subsidiaries of smaller unions will not have as many officers, employees, receipts, or disbursements as the subsidiaries of larger unions. As a result, the Department views the burden estimate developed here as somewhat overstating what it will likely be.

Additionally, based upon experience, the Department estimates that 10% of filers will submit an audit rather than consolidate on its Form LM–2. For these filers, the Department estimates that the reporting and recordkeeping burden, as well as the total cost, will be virtually identical to filers who choose to consolidate, as the same information and level of detail is required for both options. However, the Department understands that the accountant who prepares a separate audit will not engage in the three separate reporting activities (prepare download, prepare data file, and edit import file). Rather, he or she will conduct an analysis of the records and create an audit report. Nevertheless, the Department believes that the reporting burden associated with preparing an audit report will be virtually identical to that of the reporting burden associated with consolidating such information on the Form LM–2. As a result, the Department estimates that the audit option will also cost Form LM–2 filers $2,332.25.

Based upon an estimate of 1,187 total subsidiaries for Form LM–2 filers, the Department estimates that the total cost for Form LM–2 subsidiary reporting is $2,768,380.75. These results are reflected in the table below. The Department corrected the average cost per subsidiary from the NPRM's total, as explained above, and the total cost has been updated to reflect the change to the average cost per subsidiary.

TABLE 5—REPORTING AND RECORDKEEPING BURDEN HOURS AND COSTS FOR FORM LM–2 SUBSIDIARY ORGANIZATION REPORTING

Number of subsidiaries	Reporting hours per subsidiary	Total reporting hours	Recordkeeping hours per subsidiary	Total record-keeping hours	Total burden hours per subsidiary	Total burden hours	Average cost per subsidiary	Total cost
1,187	18.00	21,366	69.71	82,745.77	87.71	104,111.77	$2,332.25	$2,768,380.75

5. Review of Public Comments

In accordance with the requirements of the PRA, the Department solicited comments on the information collections included in the NPRM. The Department also submitted an information collection request (ICR) to OMB in accordance with 44 U.S.C. 3507(d), contemporaneously with the publication of the NPRM, for OMB's review. As previously discussed, the comments to the NPRM did not challenge the burden analysis in this rule, nor did they provide the Department with any information or data that affects the analytical framework or assumptions underlying the analyses contained in the proposed rule. In connection with publication of this final rule, the Department submitted an ICR to OMB for its request of a new information collection. OMB approved the ICR on October 21, 2010, under OMB Control Number 1245–0003, which will expire on October 31, 2013.

Type of Review: Revision of a currently approved collection.

Agency: Office of Labor-Management Standards.

Title: Labor Organization and Auxiliary Reports.

OMB Number: 1245–0003 (formerly 1215–0188).

Affected Public: Private Sector: Not-for-profit institutions.

Number of Annual Responses: 33,684.

Frequency of Response: Annual for most forms.

Estimated Total Annual Burden Hours: 4,411,641.

Estimated Total Annual Burden Cost: $184,917,704.

A copy of the ICR may be obtained by contacting the PRA addressee shown below or at *http://www.RegInfo.gov.* PRA Addressee: Andrew R. Davis, (202) 693–0123. This is not a toll-free number.

Regulatory Flexibility Analysis

The Regulatory Flexibility Act of 1980 (RFA), 5 U.S.C. 601 *et seq.,* requires agencies to consider the impact of their regulatory proposals on small entities, analyze effective alternatives that minimize small entity impacts, and make initial analyses available for public comment. 5 U.S.C. 603, 604. If an agency determines that its rule will not have a significant economic impact on a substantial number of small entities, it must certify that conclusion to the Small Business Administration (SBA). 5 U.S.C. 605(b).

As in prior rulemakings, the Department's regulatory flexibility analysis utilizes the Small Business Administration's ("SBA") "small business" standard for "Labor Unions and Similar Labor Organizations." Specifically, the Department used the $5 million standard established in 2000, which was updated to $6.5 million in 2005 and in 2008 to $7 million, for purposes of its regulatory flexibility analyses. *See* 65 FR 30836 (May 15, 2000); 70 FR 72577 (Dec. 6, 2005). This same standard ($7 million) has been used in developing the regulatory flexibility analysis for this rule.

All numbers used in this analysis are based on 2006 data taken from the Office of Labor-Management Standards e.LORS database, which contains data from annual financial reports field by labor organizations with the Department pursuant to the LMRDA, and BLS data.[22] Accordingly, the following analysis assesses the impact of these regulations on small entities as defined by the applicable SBA size standards.

As stated, the below RFA analysis is exactly as presented in the NPRM. The Department did not receive any comments regarding the analysis.

1. Statement of the Need for, and Objectives of, the Rule

The following is a summary of the need for and objectives of the rule. A more complete discussion is found earlier in this preamble.

The objective of this rule is to reinstate subsidiary organization reporting on Form LM–2. Subsidiary reporting on the Form LM–2 was eliminated with revisions to the form in 2003 in anticipation of the implementation of the Form T–1. Until 2003, a union's annual Form LM–2 report would not be complete without inclusion of subsidiaries' financial information. This requirement was superseded by the introduction of the Form T–1. With the rescission of the Form T–1, reporting on subsidiary organizations is reinstated within the Form LM–2 reporting requirements. Thus, the rule requires that labor organizations include within their Form LM–2 filing financial information concerning their subsidiary organizations, defined as "any separate organization of which the ownership is wholly vested in the reporting labor organization or its officers or its membership, which is governed or controlled by the officers, employees, or members of the reporting labor organization, and which is wholly financed by the reporting labor organization." *See* proposed Form LM–2 Instructions, Section X.

As noted earlier in the preamble, the return of subsidiary organizations to the Form LM–2 reporting requirements improves the amount of financial disclosure of such entities, as compared to disclosure under the Form T–1. Under this rule, and as the Form LM–2 long required, a union must disclose the financial information of its subsidiary to the same level of detail as other assets of the union, even if the union chose to file a separate Form LM–2 report for the subsidiary or to file an audit for the entity. *See* pre-2003 Form LM–2 Instructions, Section X. In contrast, the Form T–1, while it required similar detail in reporting of receipts and disbursements, required less detailed reporting of assets and liabilities. *See* Form T–1, Items 16–24, and Form LM–2, Schedules 1–10.

The Department in this rule provides Form LM–2 filers two options regarding the reporting of their subsidiaries, rather than the three options provided in the pre-2003 Form LM–2 Instructions. Form LM–2 filers can either consolidate their subsidiaries' financial information on their Form LM–2 report, or they can file, with their Form LM–2 report, a regular annual report of the financial condition and operations of each subsidiary organization, accompanied by a statement signed by an independent public accountant certifying that the financial report presents fairly the financial condition and operations of the subsidiary organization and was prepared in accordance with generally accepted accounting principles. Specific information concerning loans payable and payments to officers and employees, in the same detail required under the related schedules on Form LM–2, also would have to be reported.

The Department in this rule did not reinstate a previous third option for filers: That of filing a separate Form LM–2 report that includes only the subsidiary's financial information. In the Department's experience, the filing of a separate Form LM–2 in addition to the union's primary report creates confusion for union members and others viewing the reports in that the form is designed for unions, not segregated funds and assets. Moreover, a union must file one Form LM–2 report per fiscal year, and the filing of multiple forms by a union for its subsidiaries creates confusion as to which one is the primary form. While consolidation contains some risk of confusion, the Department's experience is that combined reports are easier to follow than separate reports. Moreover, consolidation is entirely appropriate for subsidiaries that are wholly owned, wholly financed, and wholly controlled by the reporting labor union. This reporting method is a particularly appropriate and desirable option for some unions with subsidiaries that perform traditional union operations, such as strike funds and other special union funds. Thus, the Department preserves this option for Form LM–2 filers.

Additionally, to preserve consistency, this rule alters the Form LM–3 instructions regarding the reporting of subsidiary organizations by aligning them with the revised Form LM–2 instructions pertaining to the two options for reporting on subsidiaries. This establishes uniformity with the subsidiary reporting requirements of the two forms.

2. Legal Basis for Rule

The legal authority for this final rule is section 208 of the LMRDA. 29 U.S.C. 438. Section 208 provides that the Secretary of Labor shall have authority to issue, amend, and rescind rules and regulations prescribing the form and publication of reports required to be filed under title II of the Act, including rules prescribing reports concerning trusts in which a labor organization is interested, and such other reasonable rules and regulations as she may find necessary to prevent the circumvention or evasion of the reporting requirements. 29 U.S.C. 438.

3. Number of Small Entities Covered Under the Rule

As stated in the preamble and in the PRA analysis, 1,087 filers indicated that they had at least one subsidiary organization on their 2004 Form LM–2 reports, the final year in which filers were required to identify on Item 10 whether they had a subsidiary organization. The Department assumes that of those 1,087 filers, 100 labor organizations have receipts valued above SBA's $7 million threshold used to differentiate between small and large entities. Therefore, the Department concludes that there are 987 small labor organizations with receipts below the $7 million threshold that may be affected by this rule. Further, in its experience, those smaller unions with under $7 million in annual receipts will each only have one subsidiary. *See* PRA analysis, *supra.*

4. Relevant Federal Requirements Duplicating, Overlapping or Conflicting With the Rule

To the extent that there are Federal rules that duplicate, overlap, or conflict with this rule, this is the result of the requirements of the LMRDA and other Federal statutes, such as the Employee Retirement Income Security Act (ERISA) and the Internal Revenue Code. Section 201(b) of the LMRDA requires reporting of all assets, liabilities, receipts, and disbursements of labor organizations, and this includes their subsidiary organizations. 29 U.S.C. 431(b).

[22] In order to estimate the number of labor organizations that will report subsidiaries, the Department also analyzed Form LM–2 reports from 2004, which was the final year in which filers were required to identify whether they had a subsidiary organization.

However, to limit burden and any potential duplication, the Department allows filers to attach an audit rather than consolidate information on their subsidiaries.

5. Differing Compliance or Reporting Requirements for Small Entities

Labor organizations that have total annual receipts of $250,000 or more must file the revised Form LM–2. Under this rule, the reporting, recordkeeping, and other compliance requirements apply equally to all labor organizations that are required to file a Form LM–2 under the LMRDA.

6. Clarification, Consolidation and Simplification of Compliance and Reporting Requirements for Small Entities

Form LM–2 filers are directed to use an electronic reporting format. OLMS will provide compliance assistance for any questions or difficulties that may arise from using the Form LM–2 reporting software. A toll-free help desk is staffed during normal business hours and can be reached by telephone at 1–866–401–1109.

Additionally, the use of electronic forms makes it possible to download information from previously filed reports directly into the form; enables most schedule information to be imported onto the form; makes it easier to enter information; and automatically performs calculations and checks for typographical and mathematical errors and other discrepancies, which assists reporting compliance and reduces the likelihood that a union will have to file an amended report. The error summaries provided by the software, combined with the speed and ease of electronic filing, also make it easier for both the reporting labor organization and OLMS to identify errors in both current and previously filed reports and to file amended reports to correct them.

7. Steps Taken To Reduce Burden

This rule substantially reduces the burden on labor organizations that file the Form LM–2, including many small labor organizations. By rescinding Form T–1, which was estimated to affect 2,292 Form LM–2 filers, this rule will eliminate a projected average cost per filer of $4,851.20 in the first year and $2,609.29 in subsequent year. Subsidiary organization reporting, in contrast, impacts fewer unions (only 1,087 unions are estimated to have such entities), and the cost to consolidate their financial information is only $2,332.25. The Department has further reduced the burden by permitting those unions who already have audit reports for such subsidiaries to attach them to their Form LM–2. *See* PRA analysis, *supra.*

8. Reporting, Recording and Other Compliance Requirements of the Rule

This analysis only considers labor organizations with annual receipts between $250,000 and $7 million. Labor organizations with less than $250,000 in annual receipts are not required to file the Form LM–2 and those with annual receipts greater than $7 million are outside of the coverage of the RFA. The rule is not expected to have a significant economic impact on a substantial number of small entities. The LMRDA is primarily a reporting and disclosure statute. Accordingly, the primary economic impact will be the cost of obtaining and reporting required information.

As stated above, the Department estimates that there are 987 labor unions with under $7 million in total annual receipts, which are affected by this rule. Additionally, these unions will have a burden of only $2,332.25,[23] which comes out to merely 0.93% of the total annual receipts of the smallest Form LM–2 filers ($250,000 in total annual receipts) and about 0.07% of the median of unions between $250,000 and $7 million in total annual receipts (*i.e.* $3,375,000 in total annual receipts). The Department has further reduced the burden by permitting those unions who already have audit reports for such subsidiaries to attach them to their Form LM–2. *See* PRA analysis, *supra.* Moreover, the Department estimates that the burden will not be as great on smaller unions as those with greater than $7 million in total annual receipts, as the smaller unions' subsidiaries will not be as complicated and as large, in areas such as total officers, employees, receipts and disbursements.

9. Conclusion

The RFA does not define either "significant economic impact" or "substantial" as it relates to the number of regulated entities. 5 U.S.C. 601. In the absence of specific definitions, "what is 'significant' or 'substantial' will vary depending on the problem that needs to be addressed, the rule's requirements, and the preliminary assessment of the rule's impact." A Guide for Government Agencies, supra, at 17. As to economic impact, one important indicator is the cost of compliance in relation to revenue of the entity. *Id.*

As noted above, the Department estimates that there are 987 labor unions with under $7 million in total annual receipts that will be affected by this rule, and each of these has an estimated one subsidiary about which it will be required to report. As noted in the PRA analysis, *supra,* the Department estimated above that a labor organization's cost for filing a report for one subsidiary is $2,332.25. This cost represents less that one percent (0.93%) of the total annual receipts of the smallest Form LM–2 filers ($250,000 in total annual receipts). Further, this cost represents less than one-tenth of one percent (0.07%) of the median of unions between $250,000 and $7 million in total annual receipts (i.e. $3,375,000 in total annual receipts).

The Department concludes that this economic impact is not significant, as that term is employed for the purpose of this analysis. As to the number of labor organizations affected by this rule, the Department has determined, by examining e.LORS data, that there are 987 smaller unions (each with one subsidiary) affected by this rule. This total represents only 23.34% of the recent total of 4,228 Form LM–2s from labor organizations with receipts between $250,000 and $7,000,000 (which constitute just 17.6% of the 24,065 labor organizations that must file any of the annual financial reports required under the LMRDA (Forms LM–2, LM–3, or LM–4)). The Department concludes that the rule does not impact a substantial number of small entities. Therefore, under 5 U.S.C. 605, the Department concludes that the rule will not have a significant economic impact on a substantial number of small entities.

Electronic Filing of Forms and Availability of Collected Data

Appropriate information technology is used to reduce burden and improve efficiency and responsiveness. The Form LM–2 now in use can be downloaded from the OLMS Web site. OLMS also has implemented a system to require Form LM–2 filers and permit Form LM–3 and Form LM–4 filers to submit forms electronically with digital signatures. Labor organizations are currently required to pay a fee to obtain electronic signature capability for the two officers who sign the form. Digital signatures ensure the authenticity of the reports.

The OLMS Internet Disclosure site at *http://www.unionreports.gov* is available for public use. The site contains a copy of each labor organization's annual financial report for reporting years 2000 and thereafter,

[23] As noted in the PRA section, the cost per subsidiary has been updated from the NPRM, based upon the correction of a calculation error.

as well as an indexed computer database of the information in each report that is searchable through the Internet.

Information about this system can be obtained on the OLMS Web site at *http://www.olms.dol.gov.*

List of Subjects in 29 CFR Part 403

Labor unions, Trusts, Reporting and recordkeeping requirements.

Text of Rule

■ Accordingly, the Department amends part 403 of 29 CFR chapter IV as set forth below:

PART 403—LABOR ORGANIZATION ANNUAL FINANCIAL REPORTS

■ 1. The authority citation for part 403 is revised to read as follows:

Authority: Labor-Management Reporting and Disclosure Act Secs. 202, 207, 208, 73 Stat. 525, 529 (29 U.S.C. 432, 437, 438); Secretary's Order No. 4–2007, May 2, 2007, 72 FR 26159.

§ 403.2 [Amended]

■ 2. In § 403.2, remove paragraph (d).

§ 403.5 [Amended]

■ 3. In § 403.5, remove paragraph (d).

§ 403.8 [Amended]

■ 4. In § 403.8, remove paragraph (c) and redesignate paragraph (d) as paragraph (c).

Editor's note: The following will not appear in the Code of Federal Regulations.

Appendix A: Specific Changes to the Form LM–2 Instructions

A. General Instructions:

Section II. What Form To File

Current instructions read:

Every labor organization subject to the LMRDA, CSRA, or FSA with total annual receipts of $250,000 or more must file Form LM–2. The term "total annual receipts" means all financial receipts of the labor organization during its fiscal year, regardless of the source, including receipts of any special funds as described in Section VIII (Funds To Be Reported) of these instructions. Receipts of a trust in which the labor organization is interested should not be included in the total annual receipts of the labor organization when determining which form to file unless the trust is wholly owned, wholly controlled, and wholly financed by the labor organization.

Labor organizations with total annual reports of less than $250,000 may file the simplified annual report Form LM–3, if not in trusteeship as defined in Section IX (Labor Organizations In Trusteeship) of these instructions. Labor organizations with total annual receipts of less than $10,000 may file the abbreviated annual report Form LM–4, if not in trusteeship.

The Department revises the above language to read:

Every labor organization subject to the LMRDA, CSRA, or FSA with total annual receipts of $250,000 or more must file Form LM–2.

Labor organizations with total annual receipts of less than $250,000 may file the simplified Form LM–3, if not in trusteeship as defined in Section IX (Labor Organization In Trusteeship) of these instructions. Labor organizations with total annual receipts of less than $10,000 may file the abbreviated annual report Form LM–4, if not in trusteeship.

The term "total annual receipts" means all financial receipts of the labor organization during its fiscal year, regardless of the source, including receipts of any special funds as described in Section VIII (Funds To Be Reported) or as described in Section X (Labor Organizations With Subsidiary Organizations). Receipts of an LMRDA section 3(l) trust in which the labor organization is interested (as described in Information Item 10) should not be included in the total annual receipts of the labor organization when determining which form to file, unless the 3(l) trust is a subsidiary organization of the union.

Section VIII. Funds To Be Reported

Current instructions read:

The labor organization must report financial information on Form LM–2 for all funds of the labor organization. Include any special purpose funds or accounts, such as strike funds, vacation funds, and scholarship funds even if they are not part of the labor organization's general treasury. The labor organization is required to report information about any trust in which it is interested on the Form T–1. *See* Section X (Trusts In Which A Labor Organization Is Interested).

The Department revises the above language to read:

The labor organization must report financial information on Form LM–2 for all funds of the labor organization. Include any special purpose funds or accounts, such as strike funds, vacation funds, and scholarship funds even if they are not part of the labor organization's general treasury.

All labor organization political action committee (PAC) funds are considered to be labor organization funds. However, to avoid duplicate reporting, PAC funds that are kept separate from your labor organization's treasury are not required to be included in your organization's Form LM–2 if publicly available reports on the PAC funds are filed with a Federal or state agency.

Your organization is required to report financial information about any "subsidiary organizations." Financial information about your organization and its subsidiary organizations may be combined on a single Form LM–2 or you may attach to your Form LM–2 report the regular annual report of the financial condition and operations of the subsidiary organization with a signed certification by an independent public accountant, as described in Section X (Labor Organizations With Subsidiary Organizations).

If combining the information concerning subsidiary organizations, be sure to include the requested information and amounts for the subsidiary organizations as well as for all other assets of your union in all items.

Special Instructions for Certain Organizations

Section X. Labor Organizations With Subsidiary Organizations

Current instructions read:

A trust in which a labor organization is interested is defined in Section 3(l) of the LMRDA (29 U.S.C. 402(l)) as:

* * * a trust or other fund or organization (1) which was created or established by a labor organization, or one or more of the trustees or one or more members of the governing body of which is selected or appointed by a labor organization, and (2) a primary purpose of which is to provide benefits for the members of such labor organization or their beneficiaries.

The definition of a trust in which a labor organization is interested may include, but is not limited to, joint funds administered by a union and an employer pursuant to a collective bargaining agreement, educational or training institutions, credit unions created for the benefit of union members, and redevelopment or investment groups established by the unions for the benefit of its members. The determination whether a particular entity is a trust in which a labor organization is interested must be based on the facts in each case.

A labor organization is required to report in Form LM–2 information concerning each LMRDA Section 3(l) trust in accordance with the instructions in Item 10 of Form LM–2.

A labor organization must, in addition, file a separate Form T–1 report disclosing assets, liabilities, receipts, and disbursements of a trust in which the labor organization is interested if the labor organization, alone or in combination with other labor organizations, either (1) appoints or selects a majority of the members of the trust's governing board or (2) contributes to the trust greater than 50% of the trust's receipts during the one year reporting period. Any contributions made pursuant to a collective bargaining agreement shall be considered the labor organization's contribution.

No Form T–1 should be filed for any labor organization that already files a Form LM–2, LM–3, or LM–4, nor should a report be filed for any entity that is expressly exempted from reporting in the Act, such as organizations composed entirely of state or local government employees or state or local central bodies.

No Form T–1 need be filed for

- A Political Action Committee (PAC) if timely, complete, and publicly available reports on the PAC funds are filed with a Federal or state agency
- A political organization under 26 U.S.C. 527, if timely, complete, and publicly available reports are filed with the Internal Revenue Service
- A federal employee health benefit plan subject to the provisions of the Federal Employees Health Benefits Act (FEHBA)
- A for-profit commercial bank established or operating pursuant to the Bank Holding Act of 1956, 12 U.S.C. 1843

• An employee benefit plan required to file a Form 5500 for a plan year ending during the reporting period of the union.

For purposes of these instructions, only, a trust is "required to file a Form 5500" if a plan administrator is required to file an annual report on behalf of the trust under 29 U.S.C. sections 1021 and/or 1024.[24] However, if the plan administrator of the trust is eligible for an exemption from filing a Form 5500 or Form 5500–SF, then a Form T–1 must be filed for that section 3(l) trust regardless of whether a Form 5500 or Form 5500–SF is filed on its behalf. For a definition of plans "required to file a Form 5500" for purposes of filing the Form T–1, see 29 CFR 403.2(d)(3)(vi).

An abbreviated Form T–1 report may be filed where a qualifying independent audit also is submitted, in accordance with requirements specified in the Form T–1 instructions.

A Form T–1 report must be filed within 90 days after the end of the union's fiscal year. The Form T–1 covers the most recently concluded fiscal year of the trust.

See Instructions for Form T–1, Trust Annual Report.

Questions regarding these reporting requirements should be directed to the OLMS Division of Interpretations and Standards, which can be reached by e-mail at *OLMS–Public@dol.gov,* by phone at 202–693–0123, by fax at 202–693–1340, or at the following address: U.S. Department of Labor, Employment Standards Administration, Office of Labor-Management Standards, 200 Constitution Avenue, NW., Room N–5609, Washington, DC 20210.

Examples of a trust in which a labor organization is interested may include, but are not limited to, the following entities:

Example A: The Building Corporation—A labor organization creates a corporation which owns the building where the union has its offices. The building corporation must be reported as a trust in which the labor organization is interested.

Example B: The Redevelopment Corporation—A labor organization creates an entity named the Redevelopment Corporation, or appoints one or more of the members of the governing board of the Corporation, which is established primarily to enable members of the labor organization to obtain low cost housing constructed with Federal Housing and Urban Development (HUD) grants. The Redevelopment Corporation must be reported as a trust in which it is interested. A labor organization that neither participated in the creation of the Corporation, nor appointed members of its governing board, but loaned money to the Corporation to use as matching money for HUD grants need not report the Corporation as a trust in which it is interested.

Example C: The Educational Institute—Five reporting labor organizations form the Educational Institute to provide educational services primarily for the benefit of their members. Similar services are also provided to the general public. Each labor organization contributes funds to start the Educational Institute, which will then offer various educational programs that will generate revenue. Each labor organization that participated in forming the Institute, or that appoints a member to its governing body, must report the Educational Institute as a trust in which it is interested.

Example D: Joint Funds—A reporting labor organization that forms a "joint fund" with a large national manufacturer to offer a variety of training and jobs skills programs for members of the labor organization, or appoints a member to the governing body of such a fund, must report the joint fund as a trust in which the labor organization has an interest.

Example E: Job Targeting Fund—A reporting labor organization creates an entity for the purpose of making targeted disbursements to increase employment opportunities for its members. The fund must be reported as a trust in which the labor organization is interested.

The Department revises the above language to read:

The labor organization must disclose assets, liabilities, receipts, and disbursements of a subsidiary organization.

Within the meaning of these instructions, a subsidiary organization is defined as any separate organization of which the ownership is wholly vested in the reporting labor organization or its officers or its membership, which is governed or controlled by the officers, employees, or members of the reporting labor organization, and which is wholly financed by the reporting labor organization. A subsidiary organization is considered to be wholly financed if the initial financing was provided by the reporting labor organization even if the subsidiary organization is currently wholly or partially self-sustaining. An example of a subsidiary organization is a building corporation which holds title to a building; the labor organization owns the building corporation, selects the officers, and finances the operation of the building corporation.

A labor organization is required to report financial information for each of its subsidiary organizations using one of the following methods:

Method (1)—Consolidate the financial information for the subsidiary organization and the labor organization on a single Form LM–2.

Method (2)—File, with the labor organization's Form LM–2, the regular annual report of the financial condition and operations of the subsidiary organization, accompanied by a statement signed by an independent public accountant certifying that the financial report presents fairly the financial condition and operations of the subsidiary organization and was prepared in accordance with generally accepted accounting principles.

Financial information reported separately for subsidiary organizations under method (2) must include the name of the subsidiary organization and the name and file number of the labor organization as shown on its Form LM–2. The financial report of the subsidiary organization must cover the same reporting period as that used by the reporting labor organization.

When method (2) is used and the subsidiary organization is an investment, the financial interest of the reporting labor organization in the subsidiary organization must be reported in Item 26 (Investments) and in Schedule 5 (Investments) of the labor organization's Form LM–2. When method (2) is used and the subsidiary organization is of a non-investment nature, the financial interest of the reporting labor organization in the subsidiary organization must be reported in Item 28 (Other Assets) and in Schedule 7 (Other Assets) of the labor organization's Form LM–2.

The same type of information required on Form LM–2 regarding disbursements to officers and employees and loans made by labor organizations must also be reported with respect to the subsidiary organization. In method (1) the information relating to the subsidiary organization must be combined with that of the labor organization and reported on the labor organization's Form LM–2 on Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees) and Statement A, Item 24 (Loans Receivable) and Schedule 2 (Loans Receivable) in the detail required by the instructions. If method (2) is used, an attachment must be submitted containing the information required by the instructions for Schedules 2, 11, and 12.

The information regarding loans made by the subsidiary organization must include in Schedule 2 (Loans Receivable) a listing of the names of each officer, employee, or member of the labor organization and each officer or employee of the subsidiary organization whose total loan indebtedness to the subsidiary organization, to the labor organization, or to both at any time during the reporting period exceeded $250. However, if method (2) is used, the amount reported by the subsidiary organization should be only the amount owed to the subsidiary organization.

The annual financial report must also include on Schedule 11 (All Officers and Disbursements to Officers) all disbursements made by the subsidiary organization to or on behalf of its officers and officers of the labor organization. The report must also list on Schedule 12 (Disbursements to Employees) the name and position of the subsidiary organization's employees whose total gross salaries, allowances, and other disbursements from the subsidiary organization, the reporting labor organization, and any

[24] The following sections of title 29 of the Code of Federal Regulations identify for purposes of these instructions, the types of ERISA plans that are not required to file a Form 5500: section 2520.104–20 (small unfunded, insured, or combination welfare plans), section 2520.104–22 (apprenticeship and training plans), section 2520.104–23 (unfunded or insured management and highly compensated employee pension plans), section 2520.104–24 (unfunded or insured management and highly compensated employee welfare plans), section 2520.104–25 (day care center plans), section 2520.104–26 (unfunded dues financed welfare plans maintained by employee organizations), section 2520.104–27 (unfunded dues financed pension plans maintained by employee organizations), section 2520.104–43 (certain small welfare plans participating in group insurance arrangements), and section 2520.104–44 (large unfunded, insured, or combination welfare plans; certain fully insured pension plans). Labor organizations must file a Form T–1 for these types of plans.

affiliates were more than $10,000. However, if method (2) is used, only the disbursements of the subsidiary organization for its employees should be reported.

XI Completing Form LM–2

Item 10 currently reads:

10. TRUSTS OR FUNDS—Answer "Yes" to Item 10, if the labor organization has an interest in a trust as defined in 29 U.S.C. 402(l) (*see* Section X of these Instructions). Provide in Item 69 (Additional Information) the full name, address, and purpose of each trust. Also include in Item 69 the fiscal year ending date for any trust for which a Form T–1 is filed if the trust's fiscal year is different from that of the labor organization. If no Form T–1 is required to be filed on the trust because (1) the trust had annual receipts of less than $250,000 during the trust's most recent fiscal year or (2) the labor organization's financial contribution to the trust or the contribution made on the labor organization's behalf, or as a result of a negotiated agreement to which the labor organization is a party, is less than $10,000, the labor organization should also report the amount of the contribution in Item 69 and, if the contribution was made by the labor organization itself, in the appropriate disbursement item in Statement B. Additionally, if no Form T–1 is filed because financial information is already available as a result of the disclosure requirements of another Federal statute, list the name of any government agency, such as the Employee Benefits Security Administration (EBSA) of the Department of Labor, with which the trust files a publicly available report, and the relevant file number of the trust, or otherwise indicate where the relevant report may be viewed. *See* Instructions for Form T–1, Trust Annual Report, for guidance on reporting the assets, liabilities, receipts, disbursements, and other information about these entities.

The Department revises the above language to read:

10. TRUSTS OR FUNDS—Answer "Yes" to Item 10, if the labor organization has an interest in a trust or other fund as defined in 29 U.S.C. 402(l). Provide in Item 69 (Additional Information) the full name, address, and purpose of each trust or other fund. If a report has been filed for the trust or other fund under the Employee Retirement Income Security Act of 1974 (ERISA), report in Item 69 (Additional Information) the ERISA file number (Employer Identification Number—EIN) and plan number, if any.

A trust in which a labor organization is interested is defined in Section 3(l) of the LMRDA (29 U.S.C. 402(l)) as:

* * * a trust or other fund or organization (1) which was created or established by a labor organization, or one or more of the trustees or one or more members of the governing body of which is selected or appointed by a labor organization, and (2) a primary purpose of which is to provide benefits for the members of such labor organization or their beneficiaries.

The determination whether a particular entity is a trust in which a labor organization is interested will be based on the facts in each case.

The Department revises the Form LM–2 to break current Item 11 on the form into two questions to read as follows:

Item 11(a). During the reporting period did the labor organization have a political action committee fund (PAC)?

Item 11(b). During the reporting period did the labor organization have a subsidiary organization as defined in Section X of these Instructions?

Current instructions read:

If the labor organization answered "Yes" to Item 11, provide in Item 69 (Additional Information) the full name of each separate political action committee (PAC) and list the name of any government agency, such as the Federal Election Commission or a state agency, with which the PAC has filed a publicly available report, and the relevant file number of the PAC. (PAC funds kept separate from the labor organization's treasury need not be included in the labor organization's Form LM–2 if publicly available reports on the PAC funds are filed with a Federal or state agency.)

The Department revises the above language to read:

If the labor organization answered "Yes" to Item 11(a), in reference to a political action committee, provide in Item 69 (Additional Information) the full name of each separate political action committee (PAC) and list the name of any government agency, such as the Federal Election Commission or a state agency, with which the PAC has filed a publicly available report, and the relevant file number of the PAC. (PAC funds kept separate from the labor organization's treasury need not be included in the labor organization's Form LM–2 if publicly available reports on the PAC funds are filed with a Federal or state agency.)

If the labor organization answered "Yes" to Item 11(b), in reference to a subsidiary organization, provide in Item 69 (Additional Information) the name, address, and purpose of each subsidiary organization. Indicate whether the information concerning its financial condition and operations is included in this Form LM–2 or in a separate report. *See* Section X of these instructions for information on reporting subsidiary organizations.

Schedule 2—Loans Receivable

The instructions regarding Column (A) currently read:

Column (A): Enter the following information on Lines 1 through 3 (and on continuation pages if necessary):

- The name of each officer, employee, or member whose total loan indebtedness to the labor organization at any time during the reporting period exceeded $250, and the name of each business enterprise which had any loan indebtedness, regardless of amount, at any time during the reporting period;

The Department revises the above language to read:

Column (A): Enter the following information on Lines 1 through 3 (and on continuation pages if necessary):

- The name of each officer, employee, or member whose total loan indebtedness to the labor organization, including any subsidiary organization, at any time during the reporting period exceeded $250, and the name of each business enterprise which had any loan indebtedness, regardless of amount, at any time during the reporting period;

Schedule 5—Investments Other Than U.S. Treasury Securities

Schedule 5, Item 6 currently reads:

List each other investment which has a book value over $5,000 and exceeds 5% of Line 5. Also, list each Trust which is an investment.

The Department revises Schedule 5, Item 6 to read:

List each other investment which has a book value over $5,000 and exceeds 5% of Line 5. Also, list each subsidiary for which separate reports are attached.

The Instructions for Schedule 5 currently read:

Report details of all the labor organization's investments at the end of the reporting period, other than U.S. Treasury securities. Include mortgages purchased on a block basis and any investments in a trust as defined in Section X (Trusts in Which a Labor Organization is Interested) of these instructions. Do not include savings accounts, certificates of deposit, or money market accounts, which must be reported in Item 22 (Cash) of Statement A.

The Department revises the Instructions for Schedule 5 to read:

Report details of all the labor organization's investments at the end of the reporting period, other than U.S. Treasury securities. Include mortgages purchased on a block basis and investments in any subsidiary organization not reported on a consolidated basis in accordance with method (1) explained in Section X of these instructions. Do not include savings accounts, certificates of deposit, or money market accounts, which must be reported in Item 22 (Cash) of Statement A.

The Instructions for the Schedule 5, Note currently read:

Note: All trusts in which the labor organization is interested which are investments of the labor organization (such as real estate trusts, building corporations, etc.) must be reported in Schedule 5. On Lines 6(a) through (d) enter the name of each trust in Column (A) and the labor organization's share of its book value in Column (B).

The Department revises the Instructions for Schedule 5, Note to read:

Note: If your organization has a subsidiary organization for which a separate report is being submitted in accordance with Section X of these instructions, the subsidiary organization must be reported in Schedule 5 if it is an investment. Enter in Line F the name of each subsidiary organization in Column (A) and its book value in Column (B).

The Instructions for Schedule 7—Other Assets, Note currently read:

Note: If the labor organization has an ownership interest of a non-investment nature in a trust in which it is interested (such as a training fund) the value of the labor organization's ownership interest in the entity as shown on the labor organization's books must be reported in Schedule 7 (Other

Assets). Enter in Column (A) the name of any such entity. Enter in Column (B) the value as shown on the labor organization's books of its share of the net assets of any such entity.

The Department revises the Instructions for Schedule 7, Note to read:

Note: If your organization has a subsidiary organization for which a separate report is being submitted in accordance with Section X of these instructions, the value of the subsidiary organization as shown on your organization's books must be reported in Schedule 7 if it is of a non-investment nature. Enter in Column (A) the name of any such subsidiary organization. Enter in Column (B) the value as shown on your organization's books of the net assets of any such subsidiary organization.

The Instructions for Schedule 12—Disbursements to Employees, Columns (A), (B), and (C) currently read:

Column (A): Enter the last name, first name, and middle initial of each employee who during the reporting period received $10,000 or more in gross salaries, allowances, and other direct and indirect disbursements from the labor organization or from the labor organization and any affiliates and/or trusts of the labor organization. ("Affiliates" means labor organizations chartered by the same parent body, governed by the same constitution and bylaws, or having the relation of parent and subordinate.) The labor organization's report, however, should not include disbursements made by affiliates or trusts but should include only the disbursements made by the labor organization.

Column (B): Enter the position each listed employee held in the labor organization.

Column (C): Enter the name of any affiliate or trust that paid any salaries, allowances, or expenses on behalf of a listed employee.

The Department revises the Instructions for Schedule 12, Columns (A), (B), and (C) to read:

Column (A): Enter the last name, first name, and middle initial of each employee who during the reporting period received $10,000 or more in gross salaries, allowances, and other direct and indirect disbursements from the labor organization (including any subsidiary organizations) or from any affiliates of the labor organization. ("Affiliates" means labor organizations chartered by the same parent body, governed by the same constitution and bylaws, or having the relation of parent and subordinate.) The labor organization's report, however, should not include disbursements made by affiliates but should include only the disbursements made by the labor organization.

Column (B): Enter the position each listed employee held in the labor organization (including any subsidiary organizations).

Column (C): Enter the name of any affiliate that paid any salaries, allowances, or expenses on behalf of a listed employee. If a subsidiary of the labor organization paid any salaries, allowances, or expenses on behalf of a listed employee, see Section X of these Instructions for information about reporting these disbursements.

The Department seeks comments on its proposed changes to the Form LM–2 and instructions.

Appendix B: Specific Proposed Changes to the Form LM–3 and Form LM–4 Instructions

The text of the Form LM–3 and Form LM–4 Instructions will be changed to address the reporting of subsidiary organizations. With respect to the Form, the Department proposes to remove Item 3(c), which currently requires that a labor organization identify if the report is exclusively filed for a subsidiary organization, as the Department proposes to remove this option, as described above. The proposed revised Form LM–3 Instructions include changes to sections I, VIII and X.

Section VIII currently reads:

VIII. FUNDS TO BE REPORTED

Your labor organization's Form LM–3 must report financial information for all funds of your organization. Include any special purpose funds or accounts, such as strike funds, vacation funds, and scholarship funds even it they are not part of your organization's general treasury. All labor organization political action committee (PAC) funds are considered to be labor organization funds. However, to avoid duplicate reporting, PAC funds which are kept separate from your labor organization's treasury are not required to be included in your organization's Form LM–3 if publicly available reports on the PAC funds are filed with a Federal or state agency.

Your organization is required to report financial information about any "subsidiary organization(s)." Financial information about your organization and its subsidiary organizations may be combined on a single Form LM–3 or a separate report may be filed for any subsidiary organization. *See* Section X of these instructions for information on reporting financial information for subsidiary organizations.

In combining the information concerning special funds and/or any subsidiary organizations, be sure to include the requested information and amounts for the "special funds" and subsidiary organizations as well as for your organization in all items.

The Department revises Section VIII to read:

VIII. FUNDS TO BE REPORTED

Your labor organization's Form LM–3 must report financial information for all funds of your organization. Include any special purpose funds or accounts, such as strike funds, vacation funds, and scholarship funds even it they are not part of your organization's general treasury. All labor organization political action committee (PAC) funds are considered to be labor organization funds. However, to avoid duplicate reporting, PAC funds which are kept separate from your labor organization's treasury are not required to be included in your organization's Form LM–3 if publicly available reports on the PAC funds are filed with a Federal or state agency.

Your organization is required to report financial information about any "subsidiary organizations." Financial information about your organization and its subsidiary organizations may be combined on a single Form LM–3 or you may attach to your Form LM–3 report the regular annual report of the financial condition and operations of the subsidiary organization with a signed certification by an independent public accountant. See Section X of these instructions for information on reporting financial information for subsidiary organizations.

If combining the information concerning subsidiary organizations, be sure to include the requested information and amounts for the subsidiary organizations as well as for all other assets of your union in all items.

Current Section X reads:

X. LABOR ORGANIZATIONS WITH SUBSIDIARY ORGANIZATIONS

A subsidiary organization, within the meaning of these instructions, is any separate organization of which the ownership is wholly vested in the reporting labor organization or its officers or its membership, which is governed or controlled by the officers, employees, or members of the reporting labor organization, and which is wholly financed by the reporting labor organization. A subsidiary organization is considered to be wholly financed if the initial financing was provided by the reporting labor organization even if the subsidiary organization is currently wholly or partially self-sustaining. An example of a subsidiary organization is a building corporation which holds title to a building; the labor organization owns the building corporation, selects the officers, and finances the operation of the building corporation.

If your organization has no subsidiary organization as defined above, skip to Section Xl of these instructions.

A labor organization is required to report financial information for each of its subsidiary organizations using one of the following methods:

Method (1)—Consolidate the financial information for the subsidiary organization(s) and the labor organization on a single Form LM–3.

Method (2)—Complete a separate Form LM–3 for the subsidiary organization and file it with the labor organization's Form LM–3. The LM–3 report for the subsidiary organization must be identified by selecting Item 3(c).

Method (3)—File, with the labor organization's Form LM–3, the regular annual report of the financial condition and operations of the subsidiary organization, accompanied by a statement signed by an independent public accountant certifying that the financial report presents fairly the financial condition and operations of the subsidiary organization and was prepared in accordance with generally accepted accounting principles. Financial information reported separately for subsidiary organizations under methods (2) and (3) above must include the name of the subsidiary organization and the name and file number of the labor organization as shown on its Form LM–3. The financial report of the subsidiary organization must cover the same reporting period as that used by the reporting labor organization.

When method (2) or (3) is used and the subsidiary organization is an investment, the financial interest of the reporting labor organization in the subsidiary organization must be reported in Item 28 (Investments) of the labor organization's Form LM–3.

When method (2) or (3) is used and the subsidiary organization is of a non-investment nature, the financial interest of the reporting labor organization in the subsidiary organization must be reported in Item 30 (Other Assets) of the labor organization's Form LM–3.

The same type of information required on Form LM–3 regarding disbursements to officers and employees and loans made by labor organizations must also be reported with respect to the subsidiary organization. In method (1) the information relating to the subsidiary organization must be combined with that of the labor organization and reported on the labor organization's Form LM–3 in Item 24 and in Item 56 in the detail required by the instructions for Items 17 and 18. In method (2) this information must be reported on the separate Form LM–3 of the subsidiary organization in Item 24 and in Item 56 in the detail required by the instructions for Items 17 and 18. If method (3) is used, an attachment must be submitted containing the information required by the instructions for Items 17, 18, and 24.

The information regarding loans made by the subsidiary organization must include a listing of the names of each officer, employee, or member of the labor organization and each officer or employee of the subsidiary organization whose total loan indebtedness to the subsidiary organization, to the labor organization, or to both at any time during the reporting period exceeded $250. However, if method (2) or (3) is used, the amount reported by the subsidiary organization should be only the amount owed to the subsidiary organization.

The annual financial report must also include all disbursements made by the subsidiary organization to or on behalf of its officers and officers of the labor organization. The report must also list the name and position of the subsidiary organization's employees whose total gross salaries, allowances, and other disbursements from the subsidiary organization, the reporting labor organization, and any affiliates were more than $10,000. However, if method (2) or (3) is used, only the disbursements of the subsidiary organization for its employees should be reported.

The Department revises Section X to read:

X. LABOR ORGANIZATIONS WITH SUBSIDIARY ORGANIZATIONS

A subsidiary organization, within the meaning of these instructions, is any separate organization of which the ownership is wholly vested in the reporting labor organization or its officers or its membership, which is governed or controlled by the officers, employees, or members of the reporting labor organization, and which is wholly financed by the reporting labor organization. A subsidiary organization is considered to be wholly financed if the initial financing was provided by the reporting labor organization even if the subsidiary organization is currently wholly or partially self-sustaining. An example of a subsidiary organization is a building corporation which holds title to a building; the labor organization owns the building corporation, selects the officers, and finances the operation of the building corporation.

If your organization has no subsidiary organization as defined above, skip to Section Xl of these instructions.

A labor organization is required to report financial information for each of its subsidiary organizations using one of the following methods:

Method (1)—Consolidate the financial information for the subsidiary organization(s) and the labor organization on a single Form LM–3.

Method (2)—File, with the labor organization's Form LM–3, the regular annual report of the financial condition and operations of the subsidiary organization, accompanied by a statement signed by an independent public accountant certifying that the financial report presents fairly the financial condition and operations of the subsidiary organization and was prepared in accordance with generally accepted accounting principles. Financial information reported separately for subsidiary organizations under this method must include the name of the subsidiary organization and the name and file number of the labor organization as shown on its Form LM–3. The financial report of the subsidiary organization must cover the same reporting period as that used by the reporting labor organization.

When method (2) is used and the subsidiary organization is an investment, the financial interest of the reporting labor organization in the subsidiary organization must be reported in Item 28 (Investments) of the labor organization's Form LM–3.

When method (2) is used and the subsidiary organization is of a non-investment nature, the financial interest of the reporting labor organization in the subsidiary organization must be reported in Item 30 (Other Assets) of the labor organization's Form LM–3.

The same type of information required on Form LM–3 regarding disbursements to officers and employees and loans made by labor organizations must also be reported with respect to the subsidiary organization. In method (1) the information relating to the subsidiary organization must be combined with that of the labor organization and reported on the labor organization's Form LM–3 in Item 24 (All Officers and Disbursements to Officers) and in Item 56 (Additional Information) for Items 17 (Employees) and 18 (Loans), in the detail required by the instructions. If method (2) is used, an attachment must be submitted containing the information required by the instructions for Items 17, 18, and 24.

The information regarding loans made by the subsidiary organization must include a listing of the names of each officer, employee, or member of the labor organization and each officer or employee of the subsidiary organization whose total loan indebtedness to the subsidiary organization, to the labor organization, or to both at any time during the reporting period exceeded $250. However, if method (2) is used, the amount reported by the subsidiary organization should be only the amount owed to the subsidiary organization.

The annual financial report must also include all disbursements made by the subsidiary organization to or on behalf of its officers and officers of the labor organization. The report must also list the name and position of the subsidiary organization's employees whose total gross salaries, allowances, and other disbursements from the subsidiary organization, the reporting labor organization, and any affiliates were more than $10,000. However, if method (2) is used, only the disbursements of the subsidiary organization for its employees should be reported.

Appendix C: Revised Form LM–2 (Form and Instructions); Revised Form LM–3 (Form and Instructions); and Revised Form LM–4 (Instructions Only)

BILLING CODE P

U.S. Department of Labor
Office of Labor-Management Standards
Washington, DC 20210

FORM LM-2 LABOR ORGANIZATION ANNUAL REPORT

MUST BE USED BY LABOR ORGANIZATIONS WITH $250,000 OR MORE IN TOTAL ANNUAL RECEIPTS AND LABOR ORGANIZATIONS IN TRUSTEESHIP

Form Approved
Office of Management and Budget
No. 1245-0003
Expires: XX-XX-XXXX

This report is mandatory under P.L. 86-257, as amended. Failure to comply may result in criminal prosecution, fines, or civil penalties as provided by 29 U.S.C. 439 or 440.

READ THE INSTRUCTIONS CAREFULLY BEFORE PREPARING THIS REPORT.

For Official Use Only	1. FILE NUMBER	2. PERIOD COVERED MO DAY YEAR From Through	3. (a) AMENDED — If this is an amended report, check here: ☐ (b) HARDSHIP — If filing under the hardship procedures, check here: ☐ (c) TERMINAL — If this is a terminal report, check here: ☐

4. AFFILIATION OR ORGANIZATION NAME		8. MAILING ADDRESS (Type or print in capital letters.)	
		First Name	Last Name
5. DESIGNATION (Local, Lodge, etc.)	6. DESIGNATION NUMBER	P.O. Box - Building and Room Number	
7. UNIT NAME (if any)		Number and Street	
		City	
9. Are your organization's records kept at its mailing address? (If "No," provide address in Item 69.)	Yes ☐ No ☐	State	ZIP Code + 4

69. ADDITIONAL INFORMATION (Text entered will appear on last page of form. To enter comments, press the "General Additional Information" button.)

Each of the undersigned, duly authorized officers of the above labor organization, declares, under penalty of perjury and other applicable penalties of law, that all of the information submitted in this report (including the information contained in any accompanying documents) has been examined by the signatory and is, to the best of the undersigned's knowledge and belief, true, correct, and complete. (See Section VI on penalties in the instructions.)

70. SIGNED: ____________________ PRESIDENT (If other title, see instructions.)

___/___/___ Date   (   ) ___—___ Telephone Number

71. SIGNED: ____________________ TREASURER (If other title, see instructions.)

___/___/___ Date   (   ) ___—___ Telephone Number

COMPLETE ITEMS 10 THROUGH 21

FILE NUMBER:

10. During the reporting period did the labor organization create or participate in the administration of a trust or other fund or organization, as defined in the instructions, which provides benefits for members or their beneficiaries? Yes ☐ No ☐

11(a). During the reporting period did the labor organization have a political action committee (PAC) fund? Yes ☐ No ☐

11(b). During the reporting period did the labor organization have a subsidiary organization as defined in Section X of these instructions? Yes ☐ No ☐

12. During the reporting period did the labor organization have an audit or review of its books and records by an outside accountant or by a parent body auditor/representative? Yes ☐ No ☐

13. During the reporting period did the labor organization discover any loss or shortage of funds or other assets? (Answer "Yes" even if there has been repayment or recovery.) Yes ☐ No ☐

14. What is the maximum amount recoverable under the labor organization's fidelity bond for a loss caused by any officer, employee or agent of the labor organization who handled union funds? ☐

15. During the reporting period did the labor organization acquire or dispose of any assets in any manner other than by purchase or sale? Yes ☐ No ☐

16. Were any of the labor organization's assets pledged as security or encumbered in any other way at the end of the reporting period? Yes ☐ No ☐

17. Did the labor organization have any contingent liabilities at the end of the reporting period? Yes ☐ No ☐

18. During the reporting period did the labor organization have any changes in its constitution and bylaws, other than rates of dues and fees, or in practices/procedures listed in the instructions? Yes ☐ No ☐

19. What is the date of the labor organization's next regular election of officers? ☐

20. How many members did the labor organization have at the end of the reporting period? (Total from Line 8 of Schedule 13) ☐

21. What are the labor organization's rates of dues and fees? (Enter a minimum and maximum if more than one rate applies for any line.)

Rates of Dues and Fees

Dues/Fees	Amount		Unit	Minimum	Maximum
(a) Regular Dues/Fees		per			
(b) Working Dues/Fees		per			
(c) Initiation Fees		per			
(d) Transfer Fees		per			
(e) Work Permits		per			

If the answer to any of the above questions is "Yes," provide details in Item 69 (Additional Information) as explained in the instructions for each item.

STATEMENT A – ASSETS AND LIABLITIES
Complete Schedules 1 Through 20 Before Completing Statement A

FILE NUMBER:

ASSETS

ASSETS	Schedule Number	Start of Reporting Period (A)	End of Reporting Period (B)
22. Cash			
23. Accounts Receivable	1		
24. Loans Receivable	2		
25. U.S. Treasury Securities			
26. Investments	5		
27. Fixed Assets	6		
28. Other Assets	7		
29. TOTAL ASSETS			

LIABILITIES

LIABILITIES	Schedule Number	Start of Reporting Period (C)	End of Reporting Period (D)
30. Accounts Payable	8		
31. Loans Payable	9		
32. Mortgages Payable			
33. Other Liabilities	10		
34. TOTAL LIABILITIES			

35. NET ASSETS (Item 29 Less Item 34)		

STATEMENT B – RECEIPTS AND DISBURSEMENTS

Complete Schedules 1 Through 20 Before Completing Statement B

FILE NUMBER:

Item CASH RECEIPTS	SCH #	AMOUNT
36. Dues and Agency Fees		
37. Per Capita Tax		
38. Fees, Fines, Assessments, Work Permits		
39. Sale of Supplies		
40. Interest		
41. Dividends		
42. Rents		
43. Sale of Investments and Fixed Assets	3	
44. Loans Obtained	9	
45. Repayments of Loans Made	2	
46. On Behalf of Affiliates for Transmittal to Them		
47. From Members for Disbursement on Their Behalf		
48. Other Receipts	14	
49. TOTAL RECEIPTS		

Item CASH DISBURSEMENTS		SCH #	AMOUNT
50. Representational Activities		15	
51. Political Activities and Lobbying		16	
52. Contributions, Gifts, and Grants		17	
53. General Overhead		18	
54. Union Administration		19	
55. Benefits		20	
56. Per Capita Tax			
57. Strike Benefits			
58. Fees, Fines, Assessments, etc.			
59. Supplies for Resale			
60. Purchase of Investments and Fixed Assets		4	
61. Loans Made		2	
62. Repayment of Loans Obtained		9	
63. To Affiliates of Funds Collected on Their Behalf			
64. On Behalf of Individual Members			
65. Direct Taxes			
66. Subtotal			
67. Withholding Taxes and Payroll Deductions			
67a. Total Withheld			
67b. Less Total Disbursed			
67c. Total Withheld But Not Disbursed			
68. TOTAL DISBURSEMENTS (Line 66 – Line 67c)			

SCHEDULE 1 – ACCOUNTS RECEIVABLE AGING SCHEDULE

FILE NUMBER:

Entity or Individual Name (A)	Total Account Receivable (B)	90 - 180 Days Past Due (C)	180+ Days Past Due (D)	Liquidated Account Receivable (E)
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				
11.				
12.				
13.				
14.				
15.				
16.				
17.				
18.				
19.				
20.				
21.				
22.				
23.				
24.				
25. Totals from Continuation pages (if any)				
26. Totals of Lines 1 through 25				
27. Totals from all other accounts receivable				
28. **Totals of Lines 26 and 27** (Total from Line 28, Column (B) will be automatically entered in Item 23, Column (B).)				

SCHEDULE 2 – LOANS RECEIVABLE

FILE NUMBER:

List below loans to officers, employees, or members which at any time during the reporting period exceeded $250 and list all loans to business enterprises regardless of amount. (A)	Loans Outstanding at Start of Period (B)	Loans Made During Period (C)	Repayments Received During Period		Loans Outstanding at End of Period (E)
			Cash (D)(1)	Other Than Cash (D)(2)	
1. Name: ____ Purpose: ____ Security: ____ Terms of Repayment: ____					
2. Name: ____ Purpose: ____ Security: ____ Terms of Repayment: ____					
3. Name: ____ Purpose: ____ Security: ____ Terms of Repayment: ____					
4. Totals from Continuation pages (if any)					
5. Totals of loans not listed above					
6. Totals of Lines 1 through 5					
The Totals from Line 6 will be automatically entered in	……Item 24 Column (A)	……Item 61	……Item 45	……Item 69 with Explanation	……Item 24 Column (B)

SCHEDULE 3 – SALE OF INVESTMENTS AND FIXED ASSETS

FILE NUMBER:

Description (if land or buildings, give location) (A)	Cost (B)	Book Value (C)	Gross Sales Price (D)	Amount Received (E)
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				
11.				
12. Totals from Continuation pages (if any)				
13. Totals of Lines 1 through 12				
			14. Less Reinvestments	
		(The total from line 15 will be automatically entered in Item 43.)	**15. Net Sales**	

SCHEDULE 4 – PURCHASE OF INVESTMENTS AND FIXED ASSETS

FILE NUMBER:

Description (if land or buildings, give location) (A)	Cost (B)	Book Value (C)	Cash Paid (D)
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			
11.			
12. Totals from Continuation pages (if any)			
13. Totals of Lines 1 through 12			
		14. Less Reinvestments	
	(The total from line 15 will be automatically entered in Item 60.)	**15. Net Purchases**	

SCHEDULE 5 – INVESTMENTS

FILE NUMBER:

Description (A)	Amount (B)
Marketable Securities	
1. Total Cost	
2. Total Book Value	
3. List each marketable security which has a book value over $5,000 and exceeds 5% of Line 2.	
(a)	
(b)	
(c)	
(d) Total from Continuation pages (if any)	
Other Investments	
4. Total Cost	
5. Total Book Value	
6. List each other investment which has a book value over $5,000 and exceeds 5% of Line 5. Also, list each subsidiary for which separate reports are attached.	
(a)	
(b)	
(c)	
(d)	
(e) Total from Continuation pages (if any)	
7. Total of Lines 2 and 5 (The total from Line 7 will be automatically entered in Item 26, Column (B).)	

SCHEDULE 6 – FIXED ASSETS

FILE NUMBER:

Description (A)	Cost or Other Basis (B)	Total Depreciation or Amount Expensed (C)	Book Value (D)	Value (E)
1. Land (give location)				
2. Totals from Continuation pages (if any)				
3. Buildings (give location)				
4. Totals from Continuation pages (if any)				
5. Automobiles and Other Vehicles				
6. Office Furniture and Equipment				
7. Other Fixed Assets				
8. **Totals of Lines 1 through 7** (The Total from Line 8, Column (D) will be automatically entered in Item 27, Column (B).)				

SCHEDULE 7 – OTHER ASSETS

FILE NUMBER:

Description (A)	Book Value (B)
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12.	
13.	
14. Total from Continuation pages (if any)	
15. **Total of Lines 1 through 14** (The Total from Line 15 will be automatically entered in Item 28, Column (B).)	

SCHEDULE 8 – ACCOUNTS PAYABLE AGING SCHEDULE

FILE NUMBER:

Entity or Individual Name (A)	Total Account Payable (B)	90 - 180 Days Past Due (C)	180+ Days Past Due (D)	Liquidated Account Payable (E)
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				
11.				
12.				
13.				
14.				
15.				
16.				
17.				
18.				
19.				
20.				
21.				
22.				
23.				
24.				
25. Totals from Continuation pages (if any)				
26. Totals of Lines 1 through 25				
27. Totals from all other accounts payable				
28. **Totals of Lines 26 and 27** (Line 28, Column (B) will be automatically entered in Item 30, Column (D).)				

SCHEDULE 9 – LOANS PAYABLE

FILE NUMBER:

Source of Loans Payable at Any Time During the Reporting Period (A)	Loans Owed at Start of Period (B)	Loans Obtained During Period (C)	Repayment Made During Period		Loans Owed at End of Period (E)
			Cash (D)(1)	Other Than Cash (D)(2)	
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12. Totals from Continuation pages (if any)					
13. Totals of Lines 1 through 12					
The Totals from Line 13 will be automatically entered in	……Item 31 Column (C)	……Item 44 ……	……Item 62……	……Item 69…… with Explanation	……Item 31 Column (D)

SCHEDULE 10 – OTHER LIABILITIES

FILE NUMBER:

Description (A)	Amount at End of Period (B)
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12.	
13. Total from Continuation pages (if any)	
14. Total of Lines 1 through 13 (The Total from Line 14 will be automatically entered in Item 33, Column (D).)	

SCHEDULE 11 – ALL OFFICERS AND DISBURSEMENTS TO OFFICERS

FILE NUMBER:

	(A) Name	(B) Title	(C) Status	(D) Gross Salary Disbursements (before any deductions)	(E) Allowances Disbursed	(F) Disbursements for Official Business	(G) Other Disbursements not reported in (D) through (F)	(H) TOTAL		
1 A										
B										
C										
I	Schedule 15 Representational Activities	%	Schedule 16 Political Activities and Lobbying	%	Schedule 17 Contributions	%	Schedule 18 General Overhead	%	Schedule 19 Administration	%
2 A										
B										
C										
I	Schedule 15 Representational Activities	%	Schedule 16 Political Activities and Lobbying	%	Schedule 17 Contributions	%	Schedule 18 General Overhead	%	Schedule 19 Administration	%
3 A										
B										
C										
I	Schedule 15 Representational Activities	%	Schedule 16 Political Activities and Lobbying	%	Schedule 17 Contributions	%	Schedule 18 General Overhead	%	Schedule 19 Administration	%
4 A										
B										
C										
I	Schedule 15 Representational Activities	%	Schedule 16 Political Activities and Lobbying	%	Schedule 17 Contributions	%	Schedule 18 General Overhead	%	Schedule 19 Administration	%
5 A										
B										
C										
I	Schedule 15 Representational Activities	%	Schedule 16 Political Activities and Lobbying	%	Schedule 17 Contributions	%	Schedule 18 General Overhead	%	Schedule 19 Administration	%

6. TOTALS FROM CONTINUATION PAGES (if any)					
7. TOTAL OF LINES 1 – 6					
8. LESS DEDUCTIONS					
9. NET DISBURSEMENTS					

SCHEDULE 12 – DISBURSEMENTS TO EMPLOYEES

FILE NUMBER:

	(A) Name	(B) Title	(C) Other Payer	(D) Gross Salary Disbursements (before any deductions)	(E) Allowances Disbursed	(F) Disbursements for Official Business	(G) Other Disbursements not reported in (D) through (F)	(H) TOTAL
1 A								
B								
C								
I	Schedule 15 Representational Activities %	Schedule 16 Political Activities and Lobbying %	Schedule 17 Contributions %	Schedule 18 General Overhead %	Schedule 19 Administration %			
2 A								
B								
C								
I	Schedule 15 Representational Activities %	Schedule 16 Political Activities and Lobbying %	Schedule 17 Contributions %	Schedule 18 General Overhead %	Schedule 19 Administration %			
3 A								
B								
C								
I	Schedule 15 Representational Activities %	Schedule 16 Political Activities and Lobbying %	Schedule 17 Contributions %	Schedule 18 General Overhead %	Schedule 19 Administration %			
4 A								
B								
C								
I	Schedule 15 Representational Activities %	Schedule 16 Political Activities and Lobbying %	Schedule 17 Contributions %	Schedule 18 General Overhead %	Schedule 19 Administration %			
5 A								
B								
C								
I	Schedule 15 Representational Activities %	Schedule 16 Political Activities and Lobbying %	Schedule 17 Contributions %	Schedule 18 General Overhead %	Schedule 19 Administration %			
6. TOTAL RECEIVED BY ALL OTHER EMPLOYEES MAKING $10,000 OR LESS								
I	Schedule 15 Representational Activities %	Schedule 16 Political Activities and Lobbying %	Schedule 17 Contributions %	Schedule 18 General Overhead %	Schedule 19 Administration %			
7. TOTALS FROM CONTINUATION PAGES (if any)								
8. TOTAL OF LINES 1 – 7								
9. LESS DEDUCTIONS								
10. NET DISBURSEMENTS								

SCHEDULE 13 – MEMBERSHIP STATUS

FILE NUMBER:

Category of Membership (A)	Number (B)	Voting Eligibility (C)
1.		Yes ☐
2.		Yes ☐
3.		Yes ☐
4.		Yes ☐
5.		Yes ☐
6.		Yes ☐
7. Total from Continuation page(s)		
8. Members (Total of Lines 1 through 7; Enter the Total from Line 8 in Item 20.)		
9. Agency Fee Payers*		
10. Total Members/Fee Payers (Total of Lines 8 and 9)		
*Agency Fee Payers are not considered members of the labor organization.		

DETAILED SUMMARY PAGE – SCHEDULES 14 THROUGH 19

FILE NUMBER:

Complete Itemization Pages BEFORE the Detailed Summary Page

SCHEDULE 14 **OTHER RECEIPTS**	1. Named Payer Itemized Receipts		
	2. Named Payer Non-Itemized Receipts		
	3. All Other Receipts		
	4. Total Receipts *(add Lines 1 through 3)*		Item 48

SCHEDULE 15 **REPRESENTA-TIONAL ACTIVITIES**	1. Named Payee Itemized Disbursements		
	2. Named Payee Non-Itemized Disbursements		
	3. To Officers		
	4. To Employees		
	5. All Other Disbursements		
	6. Total Disbursements *(add Lines 1 through 5)*		Item 50

SCHEDULE 16 **POLITICAL ACTIVITIES AND LOBBYING**	1. Named Payee Itemized Disbursements		
	2. Named Payee Non-Itemized Disbursements		
	3. To Officers		
	4. To Employees		
	5. All Other Disbursements		
	6. Total Disbursements *(add Lines 1 through 5)*		Item 51

SCHEDULE 17 **CONTRIBUTIONS, GIFTS, AND GRANTS**	1. Named Payee Itemized Disbursements		
	2. Named Payee Non-Itemized Disbursements		
	3. To Officers		
	4. To Employees		
	5. All Other Disbursements		
	6. Total Disbursements *(add Lines 1 through 5)*		Item 52

SCHEDULE 18 **GENERAL OVERHEAD**	1. Named Payee Itemized Disbursements		
	2. Named Payee Non-Itemized Disbursements		
	3. To Officers		
	4. To Employees		
	5. All Other Disbursements		
	6. Total Disbursements *(add Lines 1 through 5)*		Item 53

SCHEDULE 19 **UNION ADMINISTRATION**	1. Named Payee Itemized Disbursements		
	2. Named Payee Non-Itemized Disbursements		
	3. To Officers		
	4. To Employees		
	5. All Other Disbursements		
	6. Total Disbursements *(add Lines 1 through 5)*		Item 54

SCHEDULE 14 – OTHER RECEIPTS

FILE NUMBER:

Complete Itemization Pages BEFORE the Detailed Summary Page

Name and Address (A)	Purpose (C)	Date (D)	Amount (E)
(B) Type or Classification			
	(F) Total of Transactions Listed Above		
	(G) Total of All Transactions from Continuation Pages with this Payee/Payer		
	(H) Total of All Itemized Transactions with this Payee/Payer (Sum of (F) and (G))		
	(I) Total of All Non-Itemized Transactions with this Payee/Payer		
	(J) Total of All Transactions with this Payee/Payer for this Schedule (Sum of (H) and (I))		

SCHEDULE 15 – REPRESENTATIONAL ACTIVITIES

FILE NUMBER:

Complete Itemization Pages BEFORE the Detailed Summary Page

Name and Address (A)	Purpose (C)	Date (D)	Amount (E)
(B) Type or Classification			
	(F) Total of Transactions Listed Above		
	(G) Total of All Transactions from Continuation Pages with this Payee/Payer		
	(H) Total of All Itemized Transactions with this Payee/Payer (Sum of (F) and (G))		
	(I) Total of All Non-Itemized Transactions with this Payee/Payer		
	(J) Total of All Transactions with this Payee/Payer for this Schedule (Sum of (H) and (I))		

SCHEDULE 16 – POLITICAL ACTIVITIES AND LOBBYING

FILE NUMBER:

Complete Itemization Pages BEFORE the Detailed Summary Page

Name and Address (A)	Purpose (C)	Date (D)	Amount (E)
(B) Type or Classification			
	(F) Total of Transactions Listed Above		
	(G) Total of All Transactions from Continuation Pages with this Payee/Payer		
	(H) Total of All Itemized Transactions with this Payee/Payer (Sum of (F) and (G))		
	(I) Total of All Non-Itemized Transactions with this Payee/Payer		
	(J) Total of All Transactions with this Payee/Payer for this Schedule (Sum of (H) and (I))		

SCHEDULE 17 – CONTRIBUTIONS, GIFTS, AND GRANTS

FILE NUMBER:

Complete Itemization Pages BEFORE the Detailed Summary Page

Name and Address (A)	Purpose (C)	Date (D)	Amount (E)
(B) Type or Classification			
	(F) Total of Transactions Listed Above		
	(G) Total of All Transactions from Continuation Pages with this Payee/Payer		
	(H) Total of All Itemized Transactions with this Payee/Payer (Sum of (F) and (G))		
	(I) Total of All Non-Itemized Transactions with this Payee/Payer		
	(J) Total of All Transactions with this Payee/Payer for this Schedule (Sum of (H) and (I))		

SCHEDULE 18 – GENERAL OVERHEAD

FILE NUMBER:

Complete Itemization Pages BEFORE the Detailed Summary Page

Name and Address (A)	Purpose (C)	Date (D)	Amount (E)
(B) Type or Classification			
	(F) Total of Transactions Listed Above		
	(G) Total of All Transactions from Continuation Pages with this Payee/Payer		
	(H) Total of All Itemized Transactions with this Payee/Payer (Sum of (F) and (G))		
	(I) Total of All Non-Itemized Transactions with this Payee/Payer		
	(J) Total of All Transactions with this Payee/Payer for this Schedule (Sum of (H) and (I))		

SCHEDULE 19 – UNION ADMINISTRATION

FILE NUMBER:

Complete Itemization Pages BEFORE the Detailed Summary Page

Name and Address (A)	Purpose (C)	Date (D)	Amount (E)
(B) Type or Classification			
	(F) Total of Transactions Listed Above		
	(G) Total of All Transactions from Continuation Pages with this Payee/Payer		
	(H) Total of All Itemized Transactions with this Payee/Payer (Sum of (F) and (G))		
	(I) Total of All Non-Itemized Transactions with this Payee/Payer		
	(J) Total of All Transactions with this Payee/Payer for this Schedule (Sum of (H) and (I))		

SCHEDULE 20 – BENEFITS

FILE NUMBER:

Description (A)	To Whom Paid (B)	Amount (C)
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		
11.		
12.		
13.		
14.		
15.		
16.		
17.		
18.		
19.		
20.		
21.		
22. Total of Continuation pages (if any)		
23. Total of Lines 1 through 22 (The Total from Line 23 will be automatically entered in Item 55.)		

69. ADDITIONAL INFORMATION SUMMARY

FILE NUMBER:

INSTRUCTIONS FOR FORM LM-2 LABOR ORGANIZATION ANNUAL REPORT

(11/2010)

GENERAL INSTRUCTIONS

I. WHO MUST FILE

Every labor organization subject to the Labor-Management Reporting and Disclosure Act, as amended (LMRDA), the Civil Service Reform Act (CSRA), or the Foreign Service Act (FSA) must file a financial report, Form LM-2, LM-3, or LM-4, each year with the Office of Labor-Management Standards (OLMS) of the U.S. Department of Labor. These laws cover labor organizations that represent employees who work in private industry, employees of the U.S. Postal Service, and most Federal government employees. Labor organizations that include or represent only state, county, or municipal government employees are not covered by these laws and, therefore, are not required to file. If you have a question about whether the labor organization is required to file, contact the nearest OLMS field office listed at the end of these instructions.

II. WHAT FORM TO FILE

Every labor organization subject to the LMRDA, CSRA, or FSA with total annual receipts of $250,000 or more must file Form LM-2.

Labor organizations with total annual receipts of less than $250,000 may file the simplified Form LM-3, if not in trusteeship as defined in Section IX (Labor Organization In Trusteeship) of these instructions. Labor organizations with total annual receipts of less than $10,000 may file the abbreviated annual report Form LM-4, if not in trusteeship.

The term “total annual receipts” means all financial receipts of the labor organization during its fiscal year, regardless of the source, including receipts of any special funds as described in Section VIII (Funds To Be Reported) or as described in Section X (Labor Organizations With Subsidiary Organizations). Receipts of an LMRDA section 3(l) trust in which the labor organization is interested (as described in Information Item 10) should not be included in the total annual receipts of the labor organization when determining which form to file, unless the 3(l) trust is a subsidiary organization of the union.

III. WHEN TO FILE

Form LM-2 must be filed within 90 days after the end of the labor organization's fiscal year (12-month reporting period). The law does not authorize the Department to grant an extension of time for filing reports. The penalties for delinquency are described in Section VI (Officer Responsibilities and Penalties) of these instructions.

If the labor organization went out of existence during its fiscal year, a terminal financial report must be filed within 30 days after the date it ceased to exist. See Section XII (Labor Organizations That Have Ceased to Exist) of these instructions for information on filing a terminal financial report.

IV. HOW TO FILE

Form LM-2 must be submitted electronically to the Department. Form LM-2 filers will be able to file reports in paper format only if they assert a temporary hardship exemption or apply for and are granted a continuing hardship exemption.

If you have difficulty navigating the software, or have questions about its functions and features, call the OLMS Help Desk at: (866) 401-1109. You may also send questions via e-mail to olms-public@dol.gov.

HARDSHIP EXEMPTIONS

A labor organization that must file Form LM-2 may assert a temporary hardship exemption or apply for a continuing hardship exemption to prepare and submit the report in paper format.

TEMPORARY HARDSHIP EXEMPTION:

If a labor organization experiences unanticipated technical difficulties that prevent the timely preparation and submission of an electronic filing, the organization may file Form LM-2 in paper format by the required due date. An electronic format copy of the filed paper format document shall be submitted to the Department within ten business days after the required due date. Indicate in Item 3 (Amended, Hardship Exempted, or Terminal Report) that the labor organization is filing under the hardship exemption procedures. Unanticipated technical difficulties that may result in additional delays should be brought to the attention of the OLMS Division of Interpretations and Standards, which can be reached at the address below, by email at OLMS-Public@dol.gov, by phone at 202-693-0123, or by fax at 202-693-1340.

Note: If either the paper filing or the electronic filing is not received in the timeframe specified above, the report will be considered delinquent.

CONTINUING HARDSHIP EXEMPTION:

(a) A labor organization may apply in writing for a continuing hardship exemption if Form LM-2 cannot be filed electronically without undue burden or expense. Such written application shall be received at least 30 days prior to the required due date of the report(s). The written application shall contain the information set forth in paragraph (b).

The application must be mailed to the following address:

U.S. Department of Labor
Office of Labor-Management Standards
200 Constitution Avenue, NW
Room N-5609
Washington, DC 20210

Questions regarding the application should be directed to the OLMS Division of Interpretations and Standards, which can be reached at the above address, by e-mail at OLMS-Public@dol.gov, by phone at 202-693-0123, or by fax at 202-693-1340.

(b) The request for the continuing hardship exemption shall include, but not be limited to, the following: (1) the justification for the requested time period of the exemption; (2) the burden and expense that the labor organization would incur if it was required to make an electronic submission; and (3) the reasons for not submitting the report(s) electronically. The applicant must specify a time period not to exceed one year.

(c) The continuing hardship exemption shall not be deemed granted until the Department notifies the applicant in writing. If the Department denies the application for an exemption, the labor organization shall file the report(s) in electronic format by the required due date. If the Department determines that the grant of the exemption is appropriate and consistent with the public interest and the protection of union members and so notifies the applicant, the labor organization shall follow the procedures set forth in paragraph (d).

(d) If the request is granted, the labor organization shall submit the report(s) in paper format by the required due date. The filer may be required to submit Form LM-2 in electronic format upon the expiration of the period for which the exemption is granted. Indicate in Item 3 (Amended, Hardship Exempted, or Terminal Report) that the labor organization is filing under the hardship exemption procedures.

Note: If either the paper filing or the electronic filing is not received in the timeframe specified above, the report will be considered delinquent.

V. PUBLIC DISCLOSURE

The LMRDA requires that the Department make labor organization financial reports available for inspection by the public. Reports may be viewed and downloaded from the OLMS Web site at www.unionreports.gov. Copies of reports and union constitutions and bylaws can also be ordered at the same Web site. Reports may also be examined and copies purchased at the OLMS Public Disclosure Room at the following address:

U.S. Department of Labor
Office of Labor-Management Standards
200 Constitution Avenue, NW
Room N-1519
Washington, DC 20210

VI. OFFICER RESPONSIBILITIES AND PENALTIES

The president and treasurer or the corresponding principal officers of the labor organization required to sign Form LM-2 are personally responsible for its filing and accuracy. Under the LMRDA, officers are subject to criminal penalties for willful failure to file a required report and for false reporting. False reporting includes making any false statement or misrepresentation of a material fact while knowing it to be false, or for knowingly failing to disclose a material fact in a required report or in the information required to be contained in it or in any information required to be submitted with it.

The reporting labor organization and the officers required to sign Form LM-2 are also subject to civil prosecution for violations of the filing requirements. Section 210 of the LMRDA (29 U.S.C. 440) provides that "whenever it shall appear that any person has violated or is about to violate any of the provisions of this title, the Secretary may bring a civil action for such relief (including injunctions) as may be appropriate."

Under the CSRA and FSA and implementing regulations, false reporting and failure to report may result in administrative enforcement action and litigation. The officers responsible for signing Form LM-2 are also subject to criminal penalties for false reporting and perjury under Sections 1001 of Title 18 and 1746 of Title 28 of the United States Code.

VII. RECORDKEEPING

The officers required to file Form LM-2 are responsible for maintaining records that will provide in sufficient detail the information and data necessary to verify the accuracy and completeness of the report. The records must be kept for at least 5 years after the date the report is filed. Any record necessary to verify, explain or clarify the report must be retained, including, but not limited to, vouchers, worksheets, receipts, applicable resolutions, and any electronic documents, including recordkeeping software, used to complete, read, and file the report.

VIII. FUNDS TO BE REPORTED

The labor organization must report financial information on Form LM-2 for all funds of the labor organization. Include any special purpose funds or accounts, such as strike funds, vacation funds, and scholarship funds even if they are not part of the labor organization's general treasury.

All labor organization political action committee (PAC) funds are considered to be labor organization funds. However, to avoid duplicate reporting, PAC funds that are kept separate from your labor organization's treasury are not required to be included in your organization's Form LM-2 if publicly available reports on the PAC funds are filed with a Federal or state agency.

Your organization is required to report financial information about any "subsidiary organizations." Financial information about your organization and its subsidiary organizations may be combined on a single Form LM-2 or you may attach to your Form LM-2 report the regular annual report of the financial condition and operations of the subsidiary organization with a signed certification by an independent public accountant, as described in Section X (Labor Organizations With Subsidiary Organizations).

If combining the information concerning subsidiary organizations, be sure to include the requested information and amounts for the subsidiary organizations as well as for all other assets of your union in all items.

SPECIAL INSTRUCTIONS FOR CERTAIN ORGANIZATIONS

IX. LABOR ORGANIZATIONS IN TRUSTEESHIP

Any labor organization that has placed a subordinate labor organization in trusteeship is responsible for filing the subordinate's annual financial report. A trusteeship is defined in section 3(h) of the LMRDA (29 U.S.C. 402) as "any receivership, trusteeship, or other method of supervision or control whereby a labor organization suspends the autonomy otherwise available to a subordinate body under its constitution or bylaws."

Annual financial reports filed for any labor organization in trusteeship must be filed on Form LM-2. The report must be signed by the president and treasurer or corresponding principal officers of the labor organization that imposed the trusteeship. The trustees of the subordinate labor organization must also sign and date Form LM-2. To add signature blocks, click on the “Add Signature Block” button on the bottom of page 1.

X. LABOR ORGANIZATIONS WITH SUBSIDIARY ORGANIZATIONS

The labor organization must disclose assets, liabilities, receipts, and disbursements of a subsidiary organization.

Within the meaning of these instructions, a subsidiary organization is defined as any separate organization of which the ownership is wholly vested in the reporting labor organization or its officers or its membership, which is governed or controlled by the officers, employees, or members of the reporting labor organization, and which is wholly financed by the reporting labor organization. A subsidiary organization is considered to be wholly financed if the initial financing was provided by the reporting labor organization even if the subsidiary organization is currently wholly or partially self-sustaining. An example of a subsidiary organization is a building corporation which holds title to a building; the labor organization owns the building corporation, selects the officers, and finances the operation of the building corporation.

A labor organization is required to report financial information for each of its subsidiary organizations using one of the following methods:

Method (1) — Consolidate the financial information for the subsidiary organization and the labor organization on a single Form LM-2.

Method (2) —File, with the labor organization’s Form LM-2, the regular annual report of the financial condition and operations of the subsidiary organization, accompanied by a statement signed by an independent public accountant certifying that the financial report presents fairly the financial condition and operations of the subsidiary organization and was prepared in accordance with generally accepted accounting principles.

Financial information reported separately for subsidiary organizations under method (2) must include the name of the subsidiary organization and the name and file number of the labor organization as shown on its Form LM-2. The financial report of the subsidiary organization must cover the same reporting period as that used by the reporting labor organization.

When method (2) is used and the subsidiary organization is an investment, the financial interest of the reporting labor organization in the subsidiary organization must be reported in Item 26 (Investments) and in Schedule 5 (Investments) of the labor organization’s Form LM-2. When method (2) is used and the subsidiary organization is of a non-investment nature, the financial interest of the reporting labor organization in the subsidiary organization must be reported in Item 28 (Other Assets) and in Schedule 7 (Other Assets) of the labor organization’s Form LM-2.

The same type of information required on Form LM-2 regarding disbursements to officers and employees and loans made by labor organizations must also be reported with respect to the subsidiary organization. In method (1) the information relating to the subsidiary organization must be combined with that of the labor organization and reported on the labor organization’s Form LM-2 on Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees) and Statement A, Item 24 (Loans Receivable) and Schedule 2 (Loans Receivable) in the detail required by the instructions. If method (2) is used, an attachment must be submitted containing the information required by the instructions for Schedules 2, 11, and 12.

The information regarding loans made by the subsidiary organization must include in Schedule 2 (Loans Receivable) a listing of the names of each officer, employee, or member of the labor organization and each officer or employee of the subsidiary organization whose total loan indebtedness to the subsidiary organization, to the labor organization, or to both at any time during the reporting period exceeded $250. However, if method (2) is used, the amount reported by the subsidiary organization should be only the amount owed to the subsidiary organization.

The annual financial report must also include on Schedule 11 (All Officers and Disbursements to Officers) all disbursements made by the subsidiary organization to or on behalf of its officers and officers of the labor organization. The report must also list on Schedule 12 (Disbursements to Employees) the name and position of the subsidiary organization's employees whose total gross salaries, allowances, and other disbursements from the subsidiary organization, the reporting labor organization, and any affiliates were more than $10,000. However, if method (2) is used, only the disbursements of the subsidiary organization for its employees should be reported.

XI. COMPLETING FORM LM-2

INTRODUCTION

Most pages have a "Save & Calculate" button to total and transfer data to fields in various parts of the form. You may click on one or more of these buttons as you fill out the form at any time.

You may click on the "Validate Form" button at any time to check for errors. This action will generate an "Errors Page" listing any errors that will need to be corrected before you will be able to sign the form. Clicking on the signature lines will also perform the validation function.

INFORMATION ITEMS 1–9

Items 1, 2, and 4-8 are "pre-filled" items. These fields are filled in by the software based on information you entered when you accessed and downloaded the form from our Web site. You cannot edit the information pre-filled in Items 1, 2, and 4-7.

1. FILE NUMBER — The software will enter the labor organization's 6-digit file number here and at the top of each page of Form LM-2. This is the number you entered when you downloaded Form LM-2. If the number is incorrect, you must download another copy of the form using the correct number. If the labor organization does not have the number on file and cannot obtain the number from prior reports filed with the Department, the number can be obtained from the OLMS Web site at www.unionreports.gov, or by contacting the nearest OLMS field office.

2. PERIOD COVERED — The software will enter the beginning and ending dates of the period covered by this report. These are the dates you entered when you downloaded Form LM-2. If the dates are incorrect, you must download another form using the correct dates.

If the labor organization changed its fiscal year, the ending date in Item 2 should be the labor organization's new fiscal year ending date and the labor organization should indicate in Item 69 (Additional Information) that the report is for a period of less than 12 months because its fiscal year has changed. For example, if the labor organization's fiscal year ending date changes from June 30 to December 31, a report must be filed for the partial year from July 1 to December 31. Thereafter, the labor organization's annual report should cover a full 12-month period from January 1 to December 31.

3. AMENDED, HARDSHIP EXEMPTED, OR TERMINAL REPORT — Do not complete this item unless this report is an amended, hardship exempted, or terminal report. Select Item 3(a) if the labor organization is filing an amended report correcting a previously filed report. Select Item 3(b) if the labor organization is filing under the hardship exemption procedures defined in Section IV. Select Item 3(c) if the labor organization has gone out of business by disbanding, merging into another labor organization, or being merged and consolidated with one or more labor organizations to form a new labor organization, and this is the labor organization's terminal report. Be sure the date the labor organization ceased to exist is entered in Item 2 (Period Covered) after the word "Through." See Section XII (Labor Organizations That Have Ceased to Exist) of these instructions for more information on filing a terminal report.

4. AFFILIATION OR ORGANIZATION NAME — The software accesses this information from the OLMS database and will enter the name of the national or international labor organization that granted the labor organization a charter. "Affiliates," within the meaning of these instructions, are labor organizations chartered by the same parent body, governed by the same constitution and bylaws, or having the relationship of parent and subordinate. For example, a parent body is an affiliate of all of its subordinate bodies, and all subordinate bodies of the same parent body are affiliates of each other.

If the labor organization has not reported such an affiliation, the software will enter the name of the labor organization as currently identified in the labor organization's constitution and bylaws or other organizational documents.

This item cannot be edited by the filer. If the labor organization needs to change this information, contact OLMS at (202) 693-0124.

5. DESIGNATION — The software will enter the specific designation that is used to identify the labor organization, such as Local, Lodge, Branch, Joint Board, Joint Council, District Council, etc. This field cannot be edited by the filer.

6. DESIGNATION NUMBER — The software will enter the number or other identifier, if any, by which the labor organization is known. This field cannot be edited by the filer.

7. UNIT NAME — The software will enter any additional or alternate name by which the labor organization is known, such as "Chicago Area Local." This field cannot be edited by the filer.

8. MAILING ADDRESS — The software accesses the union's mailing address on record in the OLMS database and enters it in Item 8. The first and last name of the person, if any, to whom such mail should be sent and any building and room number should be included. These fields can be edited.

9. PLACE WHERE RECORDS ARE KEPT — If the records required to be kept by the labor organization to verify this report are kept at the address reported in Item 8 (Mailing Address), answer "Yes." If not, answer "No" and provide in Item 69 (Additional Information) the address where the labor organization's records are kept.

INFORMATION ITEMS 10–21

Answer Items 10 through 21 as instructed. Select the appropriate box for those questions requiring a "Yes" or "No" answer; do not leave both boxes blank. Enter a single "0" in the boxes for items requiring a number or dollar amount if there is nothing to report.

10. TRUSTS OR FUNDS — Answer "Yes" to Item 10, if the labor organization has an interest in a trust or other fund as defined in 29 U.S.C. 402(l). Provide in Item 69 (Additional Information) the full name, address, and purpose of each trust or other fund. If a report has been filed for the trust or other fund under the Employee Retirement Income Security Act of 1974 (ERISA), report in Item 69 (Additional Information) the ERISA file number (Employer Identification Number — EIN) and plan number, if any.

A trust in which a labor organization is interested is defined in Section 3(l) of the LMRDA (29 U.S.C. 402(l)) as:

> …a trust or other fund or organization (1) which was created or established by a labor organization, or one or more of the trustees or one or more members of the governing body of which is selected or appointed by a labor organization, and (2) a primary purpose of which is to provide benefits for the members of such labor organization or their beneficiaries.

The determination whether a particular entity is a trust in which a labor organization is interested will be based on the facts in each case.

11. POLITICAL ACTION COMMITTEE FUNDS AND SUBSIDIARY ORGANIZATIONS — If the labor organization answered "Yes" to Item 11(a), in reference to a political action committee, provide in Item 69 (Additional Information) the full name of each separate political action committee (PAC) and list the name of any government agency, such as the Federal Election Commission or a state agency, with which the PAC has filed a publicly available report, and the relevant file number of the PAC. (PAC funds kept separate from the labor organization’s treasury need not be included in the labor organization’s Form LM-2 if publicly available reports on the PAC funds are filed with a Federal or state agency.)

If the labor organization answered “Yes” to Item 11(b), in reference to a subsidiary organization, provide in Item 69 (Additional Information) the name, address, and purpose of each subsidiary organization. Indicate whether the information concerning its financial condition and operations is included in this Form LM-2 or in a separate report. See Section X of these instructions for information on reporting subsidiary organizations.

12. AUDIT OR REVIEW OF BOOKS AND RECORDS — If the labor organization answered "Yes" to Item 12, indicate in Item 69 (Additional Information) whether the audit or review was performed by an outside accountant or a parent body auditor/representative. If an outside accountant performed the audit or review, provide the name of the accountant or accounting firm. Report any audit or review by an outside accountant or a parent body auditor/representative in which the labor organization's books and records were examined to verify their accuracy and validity. The term "audit or review" does not include providing assistance in developing a bookkeeping system, providing routine bookkeeping services, or merely compiling information from the labor organization's books and records to prepare Form LM-2 or other financial reports. Also, do not answer "Yes" to Item 12 if an audit committee or trustees of the labor organization performed the audit or review.

13. LOSSES OR SHORTAGES — Answer "Yes" to Item 13 if the labor organization experienced a loss, shortage, or other discrepancy in its finances during the period covered. Describe the loss or shortage in detail in Item 69 (Additional Information), including such information as the amount of the loss or shortage of funds or a description of the property that was lost, how it was lost, and to what extent, if any, there has been an agreement to make restitution or any recovery by means of repayment, fidelity bond, insurance, or other means.

14. FIDELITY BOND — Enter the maximum amount recoverable for a loss caused by any officer, employee, or agent of the labor organization who handled the labor organization's funds. Enter "0" if the labor organization was not covered by a fidelity bond during the reporting period.

NOTE: If a labor organization has property and annual financial receipts that exceeded $5,000, each of the labor organization's officers, employees, and agents who handles funds or other property of the labor organization must be bonded. The amount of the bond must be at least 10% of the value of the funds handled by the individual during the last reporting period, up to a maximum bond of $500,000. The bond must be obtained from a surety company approved by the Secretary of the Treasury. If you have any questions or need more information about bonding requirements, contact the nearest OLMS field office.

15. ACQUISITION OR DISPOSITION OF ASSETS — If the labor organization answered "Yes" to Item 15, describe in Item 69 (Additional Information) the manner in which the labor organization acquired or disposed of the asset(s), such as donating office furniture or equipment to charitable organizations, trading in assets, writing off a receivable, or giving away other tangible or intangible property of the labor organization. Include the type of asset, its value, and the identity of the recipient or donor, if any. Also report in Item 69 the cost or other basis at which any acquired assets were entered on the labor organization's books or the cost or other basis at which any assets disposed of were carried on the labor organization's books. For example, assets may be entered on the labor organization’s books at cost and carried at that value; carried at cost less accumulated depreciation; or carried at scrap value or other nominal value because the assets were fully depreciated or were expensed when purchased (that is, the cost was charged to current expenses rather than entered on the books and periodically depreciated).

For assets that were traded in, enter in Item 69 the cost, book value, and trade-in allowance.

16. PLEDGED OR ENCUMBERED ASSETS — If the labor organization answered "Yes" to Item 16, identify in Item 69 (Additional Information) all of the labor organization's assets pledged or encumbered in any way (such as those pledged as collateral for a loan) at the end of the reporting period. Also report in Item 69 their fair market value, and provide details of transactions related to the encumbrance.

17. CONTINGENT LIABILITIES — If the labor organization answered "Yes" to Item 17, describe in Item 69 (Additional Information) the transactions or events resulting in the contingent liabilities and include the identity of the claimant or creditor. Contingent liabilities are potential obligations that may or may not develop into actual liabilities in the future. Examples of a contingent liability are a loan co-signed by the labor organization, or a pending lawsuit that could result in the labor organization being ordered to pay damages or make other payments.

A pending administrative or judicial action is considered a contingent liability that must be reported in Item 17 if, in the opinion of legal counsel, it is reasonably possible that the labor organization will be required to make some payment. Such administrative or judicial actions must be reported as contingent liabilities regardless of whether or not the possible losses would have a materially adverse effect on the labor organization's financial condition. List in Item 69 each administrative or judicial action, including the case number, court, and caption.

18. CHANGES IN CONSTITUTION AND BYLAWS OR PRACTICES AND PROCEDURES — If the labor organization answered "Yes" to Item 18 because the labor organization's constitution and bylaws were changed during the reporting period (other than rates of dues and fees), a dated copy of the new constitution and bylaws must be submitted to OLMS as an electronic attachment to the Form LM-2.

If the labor organization is governed by a uniform or model constitution and bylaws prescribed by the labor organization's parent national or international body, the labor organization's parent body may file the constitution and bylaws on the labor organization's behalf. If the parent body files a constitution and bylaws on the labor organization's behalf, answer "Yes" to Item 18 and state that fact in Item 69 (Additional Information). If the labor organization has any supplemental governing documents or has modified a model constitution and bylaws, the labor organization must file these documents. If the labor organization answered "Yes" to Item 18 because the labor organization changed any of the practices/procedures listed below during the reporting period and the practices/procedures are not described in the labor organization's constitution or bylaws, the labor organization must file an amended Form LM-1 (Labor Organization Information Report) to update information on file with the Department:

- qualifications for or restrictions on membership;
- levying assessments;
- participating in insurance or other benefit plans;
- authorizing disbursement of labor organization funds;
- auditing financial transactions of the labor organization;
- calling regular and special meetings;
- authorizing bargaining demands;
- ratifying contract terms;
- authorizing strikes;
- disciplining or removing officers or agents for breaches of their trust;
- imposing fines and suspending or expelling members including the grounds for such action and any provision made for notice, hearing, judgment on the evidence, and appeal procedures;
- selecting officers and stewards and any representatives to other bodies composed of labor organizations' representatives;
- invoking procedures by which a member may protest a defect in the election of officers (including not only all procedures for initiating an election protest but also all procedures for subsequently appealing an adverse decision, e.g., procedures for appeals to superior or parent bodies, if any); and
- issuing work permits.

Information on obtaining Form LM-1 may be obtained from the OLMS Web site at www.olms.dol.gov or from any OLMS field office.

NOTE: Federal employee labor organizations subject solely to the Civil Service Reform Act or Foreign Service Act are not required to submit an amended Form LM-1 to describe revised or changed practices/procedures.

19. NEXT REGULAR ELECTION — Enter the month and year of the labor organization's next regular election of general officers (president, vice president, treasurer, secretary, etc.). Do not report the date of any interim election to fill vacancies.

20. NUMBER OF MEMBERS — After Schedule 13 is completed and the "Save & Calculate" button is clicked, the software will enter the total number of members into Item 20.

21. DUES AND FEES — Enter the dues and fees established by the labor organization. If more than one rate applies, enter the minimum and maximum rates. Enter "0" where appropriate.

Line (a): Enter the regular dues, fees or other periodic payments that a member must pay to be in good standing in the labor organization, including the calendar basis for the payment (per month, per year, etc.). Include only the dues or fees of regular members and not dues or fees of members with special rates, such as apprentices, retirees, or unemployed members.

Line (b) If individuals covered by your organization's collective bargaining agreement(s) pay "working" dues in addition to their regular dues, enter the amount or percent of "working" dues, including the basis for the payment (per hour, per month, etc.).

Line (c): Enter the initiation fees required from new members.

Line (d): Enter the fees other than dues required from transferred members. Such fees are those charged to persons applying for a transfer of membership to the labor organization from another labor organization with the same affiliation. Do not report fees charged to members transferring from one class of membership to another within the labor organization.

Line (e): If the labor organization issues work permits, enter the fees required and enter the calendar basis for the payment (per month, per year, etc.). Work permit fees are fees charged to nonmembers of the labor organization who work within its jurisdiction. Do not report as work permit fees those fees charged to nonmember applicants for membership pending acceptance of their membership application, or fees charged to persons applying for transfer of membership to the labor organization pending acceptance of their application for transfer.

FINANCIAL DETAILS

REPORT ONLY DOLLAR AMOUNTS

Report all amounts in dollars only. Round cents to the nearest dollar. Amounts ending in $.01 through $.49 should be rounded down. Amounts ending in $.50 through $.99 should be rounded up.

REPORTING CLASSIFICATIONS

Complete all items and lines on the form. Do not use different accounting classifications or change the wording of any item or line.

BEGINNING AND ENDING AMOUNTS

Entries in Schedules 2 and 9 and in Statement A must report amounts for both the start and the end of the reporting period. The amounts entered for the start of the reporting period on the labor organization's report should be identical to the amounts entered for the end of the reporting period on last year's report. If the amounts are not the same, fully explain the difference in Item 69 (Additional Information).

COMPLETE SCHEDULES FIRST

Complete Schedules 1 through 20 before completing Statements A and B. Be sure to complete all applicable lines in Schedules 1 through 20. As you complete the schedules, the software will transfer some of the totals to the appropriate items in Statements A and B. You must enter the remaining totals manually.

COMPLETE ALL ITEMS 22 THROUGH 68

Complete all items in Statement A and Statement B. Enter "0" where appropriate.

SCHEDULES 1 THROUGH 12

SCHEDULE 1 – ACCOUNTS RECEIVABLE AGING SCHEDULE

The labor organization must report 1) all accounts with an entity or individual that aggregate to a value of $5,000 or more and that are 90 days or more past due at the end of the reporting period or were liquidated, reduced or written off during the reporting period; and 2) the total aggregated value of all other accounts receivable.

If additional lines are needed, click the "Add More Accounts Receivable" button at the top of the schedule. The software will add lines to the schedule in increments of ten.

Column (A): Enter the name of each entity or individual with which the labor organization has an account receivable of $5,000 or more that is 90 days or more past due at the end of the reporting period or that was liquidated, reduced or written off during the reporting period without the receipt of cash sufficient to cover the total value of the account receivable.

Column (B): Enter the total amount of money owed to the labor organization by each listed entity or individual at the end of the reporting period. Enter on the "Total from all other accounts receivable" line the total amount of money owed to the labor organization in all other accounts receivable not required to be itemized in Schedule 1.

Click the "Save & Calculate" button at the top of the schedule and the software completes the "Total of all itemized accounts receivable" line" in Column (B) and enters the total accounts receivable in Column (B) and in Item 23, Column (B) of Statement A.

Column (C): Enter the total amount of money owed to the labor organization by each listed entity or individual at the end of the reporting period that is 90 to 180 days past due. Enter the total amount of money owed to the labor organization in all other accounts receivable (those of less than $5,000) that are 90 to 180 days past due and are not required to be itemized in Schedule 1 on the "Total from all other accounts receivable" line.

Click the "Save & Calculate" button at the top of the schedule and the software completes the "Total of all itemized accounts receivable" line in Column (C) and enters the total accounts receivable that were 90 to 180 days past due in Column (C).

Column (D): Enter the total amount of money owed to the labor organization by each listed entity or individual at the end of the reporting period that is more than 180 days past due. Enter the total amount of money owed to the labor organization in all other accounts receivable (those of less than $5,000 and not require to be itemized in Schedule 1) that are more than 180 days past due on the "Total from all other accounts receivable" line.

Click the "Save & Calculate" button at the top of the schedule and the software completes the "Total of all itemized accounts receivable" line in Column (D) and enters the total accounts receivable that were more than 180 days past due in Column (D).

Column (E): Enter the total amount of money owed to the labor organization by each entity or individual that was liquidated, reduced or written off during the reporting period by the reporting labor organization without the receipt of cash sufficient to cover the total value of the account receivable. Enter on the "Total from all other accounts receivable" line the total amount of money owed to the labor organization in all other accounts receivable (those of less than $5,000 and not required to be itemized in Schedule1) that was liquidated, reduced or written off during the reporting period by the reporting labor organization without the receipt of cash sufficient to cover the total value of the account receivable.

Click the "Save & Calculate" button at the top of the schedule and the software completes the "Total of all itemized accounts receivable" line in Column (E) and enters the total liquidated accounts receivable in Column (E).

Provide in Item 69 (Additional Information) all details and circumstances in connection with the liquidation, reduction or writing off of any account receivable, in accordance with the instructions for Item 15 (Acquisition or Disposition of Assets).

SCHEDULE 2 – LOANS RECEIVABLE

Report details of all direct and indirect loans (whether or not evidenced by promissory notes or secured by mortgages) owed to the labor organization at any time during the reporting period by individuals, business enterprises, benefit plans, and other entities including labor organizations. An example of an indirect loan is a disbursement by the labor organization to an educational institution for the tuition expense of an officer, employee, or member that must be repaid to the labor organization by that individual. Be sure to report all loans that were made and repaid in full during the reporting period. Do not include investments in corporate bonds or mortgages purchased on a block basis through a bank or similar institution that must be reported in Schedule 5 (Investments Other Than U.S. Treasury Securities).

NOTE: Advances, including salary advances, are considered loans and must be reported in Schedule 2 (Loans Receivable). However, advances to officers and employees of the labor organization for travel expenses necessary for conducting official business are not considered loans if the following conditions are met:

- The amount of an advance for a specific trip does not exceed the amount of expenses reasonably expected to be incurred for official travel in the near future, and the amount of the advance is fully repaid or fully accounted for by vouchers or paid receipts within 30 days after the completion or cancellation of the travel.
- The amount of a standing advance to an officer or employee who must frequently travel on official business does not unreasonably exceed the average monthly travel expenses for which the individual is separately reimbursed after submission of vouchers or paid receipts, and the individual does not exceed 60 days without engaging in official travel.

See the instructions for Schedules 7 (Other Assets), 11 (All Officers and Disbursements to Officers) and 12 (Disbursements to Employees) for reporting travel advances that meet these criteria.

If additional lines are needed, click the “Add More Loans Receivable” button at the top of the schedule. The software will add lines to the schedule in increments of ten.

Column (A): Enter the following information:

- The name of each officer, employee, or member whose total loan indebtedness to the labor organization, including any subsidiary organization, at any time during the reporting period exceeded $250, and the name of each business enterprise which had any loan indebtedness, regardless of amount, at any time during the reporting period;
- The purpose of each loan;
- The security given for each loan; and
- The terms of repayment for each loan.

For each officer or employee listed, indicate after each name either "O" (officer) or "E" (employee).

Column (B): Enter the loan amounts outstanding at the start of the reporting period from each listed individual and business enterprise. Enter the total of loans made to officers, employees, or members whose total individual loan indebtedness to the labor organization at any time during the reporting period did not exceed $250, and all loans, regardless of amount, made to other individuals and entities on the “Total of loans not listed above” line.

Click the “Save & Calculate” button at the top of the schedule and the software will enter the total for Column (B) on the “Total of all lines above” line in Schedule 2 and in Item 24 (Loans Receivable), Column (A) of Statement A.

Column (C): Enter the amount of loans made during the reporting period to each listed individual and business enterprise. Enter the total of all other loans made during the reporting period on the “Total of loans not listed above” line.

Click the “Save & Calculate” button at the top of the schedule and the software will enter the total for Column (C) on the “Total of all lines above” line in Schedule 2 and in Item 61 (Loans Made) of Statement B.

Columns (D)(1) and (D)(2): Enter the amount of loan repayments during the reporting period from each listed individual and business enterprise. Report in these columns only the portion of the payments applied toward principal; interest received must be reported in Item 40 (Interest). Use Column (D)(1) to report repayments received in cash. Use Column (D)(2) to report repayments made in a manner other than cash, such as repayments made by officers or employees by means of deductions from their salaries. Enter the amount of loan repayments from all other loans on the “Total of loans not listed above” line.

Click the “Save & Calculate” button at the top of the schedule and the software will enter the total for Columns (D)(1) and (D)(2) on the “Total of all lines above” line in Schedule 2 and the total from Column (D)(1) in Item 45 (Repayments of Loans Made) of Statement B. Explain in Item 69 (Additional Information) any non-cash amounts reported in Column (D)(2).

Column (E): Enter the loan amounts outstanding at the end of the reporting period for each listed individual and business enterprise. Enter the total amount outstanding at the end of the reporting period for all other loans on the “Total of loans not listed above” line.

Click the “Save & Calculate” button at the top of the schedule and the software will enter the total for Column (E) on the “Total of all lines above” line in Schedule 2 and in Item 24 (Loans Receivable), Column (B) of Statement A. If any loans receivable were liquidated, reduced or written off during the reporting period, the reason and the amount must be reported in Item 69 (Additional Information).

NOTE: Section 503(a) of the LMRDA (29 U.S.C. 503) prohibits labor organizations from making direct or indirect loans to any officer or employee of the labor organization which results in a total indebtedness on the part of such officer or employee to the labor organization in excess of $2,000 at any time.

SCHEDULE 3 – SALE OF INVESTMENTS AND FIXED ASSETS

Report details of the sale or redemption by the labor organization of U.S. Treasury securities, marketable securities, other investments, and fixed assets, including those fixed assets that were expensed (that is, the cost of the asset was charged to current expenses, rather than entered on the books and periodically depreciated), during the reporting period. Include receipts from sales of mortgages that were purchased on a block basis through a bank or similar institution. Do not include the receipts from repayments by individual mortgagors, which must be reported in Schedule 2 (Loans Receivable) as loan repayments.

If additional lines are required click the “Add More Investments and Fixed Assets Sales” button at the top of the schedule. The software will add lines to the schedule in increments of ten.

Column (A): Enter a general description of the type of investment or fixed asset sold, such as U.S. Treasury securities, stocks, bonds, land, automobiles, etc. If land or buildings were sold, enter the location of the property, including the street address, if appropriate.

Column (B): Enter the total cost of each type of investment (including any transaction costs) or fixed asset described in Column (A).

Column (C): Enter the value at which the investments or fixed assets were shown on the labor organization's books.

Column (D): Enter the gross sales (or contract) price of the investments or fixed assets.

Column (E): Enter the net amount received from the sale of the investments or fixed assets. If the amount received during the reporting period is less than the amount due (gross sales price less any deductions for selling expenses and repayments of secured loans or mortgages), the additional amount due to the labor organization must be reported in Schedule 7 (Other Assets) with a description sufficient to identify the type of asset. However, if a mortgage or note is taken back, it must be reported as a new loan in Schedule 2 (Loans Receivable).

Click the “Save & Calculate” button at the top of the schedule and the software enters the totals for Columns (B) through (E) on the “Total of all lines above” line.

Enter the total amount from the sale or redemption of U.S. Treasury securities, marketable securities, or other investments that was promptly reinvested (i.e., "rolled over") in U.S. Treasury securities, marketable securities, or other investments during the reporting period on the “Less Reinvestments” line. Calculate the total amount reinvested by adding, for each investment, the lower of each investment's original cost or the amount received from the sale or redemption that was actually reinvested. If only a portion of the amount received was reinvested, only the reinvested portion may be included on the Less Reinvestments line. Interest and dividends received during the reporting period must be reported in Items 40 (Interest) and 41 (Dividends).

Click the "Save & Calculate" button at the top of the schedule and the software will enter the total "Net Sales" in Column (E) and in Item 43 (Sale of Investments and Fixed Assets) of Statement B.

SCHEDULE 4 – PURCHASE OF INVESTMENTS AND FIXED ASSETS

Report details of the purchase by the labor organization of U.S. Treasury securities, marketable securities, other investments, and fixed assets, including those fixed assets that were expensed (that is, the cost of the asset was charged to current expenses, rather than entered on the books and periodically depreciated), during the reporting period. Include disbursements for mortgages that were purchased on a block basis through a bank or similar institution.

If additional lines are needed, click the "Add Investments And Fixed Assets Purchases" button at the top of the schedule. The software will add lines to the schedule in increments of ten.

Column (A): Enter a general description of the type of investment or fixed asset purchased, such as U.S. Treasury securities, stocks, bonds, land, automobiles, etc. If land or buildings were purchased, enter the location of the property, including the street address, if appropriate.

Column (B): Enter the total cost of each type of investment (including any transaction costs) or fixed asset described in Column (A).

Column (C): Enter the value at which the investments or fixed assets were entered on the labor organization's books. If assets were traded in on assets purchased, answer Item 15 (Acquisition or Disposition of Assets) "Yes," and provide in Item 69 (Additional Information) the cost, book value, and trade-in allowance in accordance with the instructions for Item 15.

Column (D): Enter the total amount disbursed for each type of investment or fixed asset purchased during the reporting period. Do not include any unpaid balance that must be reported in Schedule 9 (Loans Payable) or Item 32 (Mortgages Payable) of Statement A.

Click the "Save & Calculate "button at the top of the schedule and the software will enter the totals for Columns (B) through (D) on the "Total of all lines above" line.

Enter the total amount from the sale or redemption of U.S. Treasury securities, marketable securities, or other investments that was promptly reinvested (i.e., "rolled over") in U.S. Treasury securities, marketable securities, or other investments during the reporting period on the "Less Reinvestments" line. Calculate the total amount reinvested by adding, for each investment, the lower of each investment's original cost or the amount received from the sale or redemption that was actually reinvested. If only a portion of the amount received was reinvested, only the reinvested portion may be included on the Less Reinvestments line. Interest and dividends received during the reporting period must be reported in Items 40 (Interest) and 41 (Dividends). The total on the Less Reinvestments line must agree with the amount reported as Reinvestments on Schedule 3 (Sale of Investments and Fixed Assets).

Click the "Save & Calculate" button at the top of the schedule and the software will enter the "Net Purchases" in Column (D) and in Item 60 (Purchase of Investments and Fixed Assets) of Statement B.

SCHEDULE 5 – INVESTMENTS OTHER THAN U.S. TREASURY SECURITIES

Report details of all the labor organization's investments at the end of the reporting period, other than U.S. Treasury securities. Include mortgages purchased on a block basis and investments in any subsidiary organization not reported on a consolidated basis in accordance with method (1) explained in Section X of these instructions. Do not include savings accounts, certificates of deposit, or money market accounts, which must be reported in Item 22 (Cash) of Statement A.

Line A: Enter in Column (B) the total cost of all the labor organization's marketable securities including transaction costs such as brokerage commissions. Marketable securities are those for which current market values can be obtained from published reports of transactions in listed securities or in securities traded "over the counter," such as corporate stocks and bonds, stock and bond mutual funds, state and municipal bonds, and foreign government securities.

Line B: Enter in Column (B) the total book value of all the labor organization's marketable securities. Book value is the lower of cost or market value.

Line C: List in Column (A) each Marketable Security that has a book value over $5,000 and exceeds 5% of the total book value entered in Line B, Column (B) above and enter its book value in Column (B).

If additional lines are needed to complete Line C, click the "Add More Marketable Securities" button in the schedule. The software will add lines to the schedule in increments of ten.

Line D: Enter in Column (B) the total cost, including any transaction costs, of all the labor organization's other investments (that is, those that are not U.S. Treasury securities or marketable securities). Include mortgages purchased on a block basis.

Line E: Enter in Column (B) the total book value of such other investments. Book value is the lower of cost or market value.

Line F: List in Line F, Column (A) each Other Investment that has a book value over $5,000 and exceeds 5% of the total book value entered on in Column (B) above and enter its book value in Column (B).

If additional lines are needed to complete Line F, click the "Add More Marketable Securities" button in the schedule. The software adds lines to the schedule in increments of ten.

NOTE: If your organization has a subsidiary organization for which a separate report is being submitted in accordance with Section X of these instructions, the subsidiary organization must be reported in Schedule 5 if it is an investment. Enter in Line F the name of each subsidiary organization in Column (A) and its book value in Column (B).

If additional lines are required, click the Add More Other Investments button on the top of the schedule. The software adds lines to the schedule in increments of ten.

Line G: Click the "Save & Calculate" button at the top of the schedule and the software will enter the total of Lines B and E on Line G and in Item 26 (Investments), Column (B) of Statement A.

SCHEDULE 6 – FIXED ASSETS

Report details of all fixed assets, such as land, buildings, automobiles and other vehicles, and office furniture and equipment owned by the labor organization at the end of the reporting period. Land and buildings must be itemized, whereas automobiles and other vehicles, and office furniture and equipment should be aggregated. Include fixed assets that were expensed (that is, the cost of the asset was charged to current expenses, rather than entered on the books and periodically depreciated), fully depreciated, or carried on the labor organization's books at scrap value or other nominal value.

Column (A): Enter under "Line A. Land (give location)" the location of any land and under "Line B. Buildings (give location)" the location of any buildings owned by the labor organization.

If additional lines are needed, click the "Add More Land Assets" button on Line A or the "Add More Building Assets" button on Line B, as applicable. The software will add lines to the schedule in increments of ten.

Column (B): Enter the cost or other basis of the fixed assets listed in Column (A).

Column (C): Enter the accumulated depreciation, if any, of the fixed assets (except land) listed in Column (A) whose cost or other basis is reported in Column (B). If the labor organization "expenses" fixed assets, also include in Column (C) the amount that the labor organization charged to expenses when the assets were purchased.

Column (D): Enter the amount at which the fixed assets listed in Column (A) are carried on the labor organization's books. Include the nominal amount, if any, at which fully depreciated assets are carried on the labor organization's books. The amount reported in Column (D) should be the difference between Columns (B) and (C).

Column (E): Enter the fair market value of land and of all assets listed in Column (A) that were expensed, fully depreciated, or depreciated to scrap value or nominal value. It is not necessary to secure a formal appraisal of the assets; a good faith estimate is sufficient. The value used for insurance purposes or for tax appraisals, for example, will normally be acceptable as representing the fair market value.

Click the “Save & Calculate” button at the top of the schedule and the software will enter the totals of Columns (B) through (E) on Line F, and the total on Line F, Column (D) in Item 27 (Fixed Assets), Column (B) of Statement A.

SCHEDULE 7 – OTHER ASSETS

Report details of all the labor organization's assets at the end of the reporting period other than Item 22 (Cash), Item 23 (Accounts Receivable), Item 24 (Loans Receivable), Item 25 (U.S. Treasury Securities), Item 26 (Investments), and Item 27 (Fixed Assets).

The labor organization's other assets must be described in Column (A) and may be classified by general groupings or bookkeeping categories, such as utility deposits, inventory of supplies for resale, or travel advances that are not required to be reported as loans as explained in the instructions for Schedule 2 (Loans Receivable), if the description is sufficient to identify the type of assets. Enter in Column (B) the value as shown on the labor organization's books of each asset or group of assets described in Column (A).

NOTE: If your organization has a subsidiary organization for which a separate report is being submitted in accordance with Section X of these instructions, the value of the subsidiary organization as shown on your organization’s books must be reported in Schedule 7 if it is of a non-investment nature. Enter in Column (A) the name of any such subsidiary organization. Enter in Column (B) the value as shown on your organization’s books of the net assets of any such subsidiary organization.

If additional lines are needed, click the “Add More Other Assets” button at the top of the schedule. The software will add lines to the schedule in increments of ten.

Click the “Save & Calculate” button at the top of the schedule and the software will enter the Total Other Assets in Column (B) of Schedule 7 and in Item 28 (Other Assets), Column (B) of Statement A.

SCHEDULE 8 – ACCOUNTS PAYABLE AGING SCHEDULE

The labor organization must report 1) individual accounts that are valued at $5,000 or more and that are 90 days or more past due at the end of the reporting period or were liquidated, reduced or written off during the reporting period; and 2) the total aggregated value of all other accounts.

If additional lines are needed, click the “Add More Accounts Payable Aging” button at the top of the schedule. The software will add lines to the schedule in increments of ten.

Column (A): Enter the name of each entity or individual with which the labor organization has an account payable of $5,000 or more that is 90 days or more past due at the end of the reporting period or that was liquidated, reduced or written off during the reporting period without the disbursement of cash sufficient to cover the total value of the account payable.

Column (B): Enter the total amount of money owed by the labor organization to each listed entity or individual at the end of the reporting period. Enter the total amount of money owed by the labor organization in all other accounts payable not required to be itemized in Schedule 8 on the “Totals from all other accounts payable” line.

Click the “Save & Calculate” button at the top of the schedule and the software will complete the “Total of all itemized accounts payable” line in Column (B) and enter the total accounts payable in Column (B) and in Item 30, Column (D) of Statement A.

Column (C): Enter the total amount of money owed by the labor organization to the listed entity or individual at the end of the reporting period that is 90 to 180 days past due. Enter the total amount of money owed by the labor organization in all other accounts payable (those of less than $5,000) that are 90 to 180 days past due on the “Totals from all other accounts payable” line.

Click the “Save & Calculate” button at the top of the schedule and the software will complete the “Total of all itemized accounts payable” line in Column (C) and enter the total accounts payable that were 90 to 180 days past due in Column (C).

Column (D): Enter the total amount of money owed by the labor organization to each entity or individual at the end of the reporting period that is more than 180 days past due. Enter the total amount of money owed by the labor organization in all other accounts payable (those of less than $5,000 and not required to be itemized in Schedule 8) that are more than 180 days past due and on the “Total from all other accounts payable” line.

Click the “Save & Calculate” button at the top of the schedule and the software will complete the “Total of all itemized accounts payable” line in Column (D) and enter the total accounts payable that were more than 180 days past due in Column (D).

Column (E): Enter the total amount of money owed by the labor organization to each entity or individual that was written off during the reporting period by the reporting labor organization without the disbursement of cash sufficient to cover the total value of the account payable. Enter the total amount of money owed by the labor organization in all other accounts payable (those of less than $5,000 and not required to be itemized in Schedule 8) that was written off during the reporting period by the reporting labor organization without the disbursement of cash sufficient to cover the total value of the account payable on the “Total from all other accounts payable” line.

Click the “Save & Calculate” button at the top of the schedule and the software will complete the “Total of all itemized accounts payable” line in Column (E) and enter the total liquidated accounts payable in Column (E).

Provide in Item 69 (Additional Information) all details and circumstances in connection with the writing off of the account payable, including the reason and amount.

SCHEDULE 9 – LOANS PAYABLE

Report details of all loans payable on which the labor organization owed money at any time during the reporting period except those secured by mortgages or similar liens on real property (land or buildings) that must be reported in Item 32 (Mortgages Payable) of Statement A.

If additional lines are needed, click the “Add More Loans Payable” button at the top of the schedule. The software will add lines to the schedule in increments of ten.

Column (A): Enter the name of each business enterprise to which a loan was payable. Also list the source of all other loans by general categories, such as labor organizations, individuals, etc.

Column (B): For each loan source listed in Column (A), enter the amount, if any, owed by the labor organization at the start of the reporting period.

Click the “Save & Calculate” button at the top of the schedule and the software will enter the total for Column (B) on the “Total of all above lines” line in Schedule 9 and in Item 31(Loans Payable), Column (C) of Statement A.

Column (C): For each loan source listed in Column (A), enter the amount, if any, obtained by the labor organization during the reporting period. If, due to discounting by a bank or for any other reason, the amount received from a loan was less than the face value of the note or the amount repayable, enter the amount actually received and explain in Item 69 (Additional Information).

Click the “Save & Calculate” button at the top of the schedule and the software will enter the total for Column (C) on the “Total of all above lines” line in Schedule 9 and in Item 44 (Loans Obtained) of Statement B.

Columns (D)(1) and (D)(2): For each loan source listed in Column (A), enter the amount, if any, that the labor organization repaid to the lender during the reporting period. Report only repayments of principal; interest paid must be reported in Schedule 18 (General Overhead). Use Column (D)(1) to report repayments made in cash. Use Column (D)(2) to report repayments made in a manner other than by cash, such as repayments made to a creditor by offsetting an amount owed by the creditor to the labor organization.

Click the “Save & Calculate” button at the top of the schedule and the software will enter the total for Columns (D)(1) and (D)(2) on the “Total of all above lines” line in Schedule 9 and the total for Column (D)(1) in Item 62 (Repayment of Loans Obtained) of Statement B. Explain in Item 69 (Additional Information) any non-cash amounts reported in Column (D)(2).

Column (E): For each loan source listed in Column (A), enter the balance, if any, that the labor organization owed the listed lender at the end of the reporting period. If any loans payable were written off during the reporting period, the reason and amount must be reported in Item 69 (Additional Information).

Click the “Save & Calculate button” at the top of the schedule and the software will enter the total for Column (E) on the “Total of all above lines” line in Schedule 9 and in Item 31 (Loans Payable), Column (D) of Statement A.

SCHEDULE 10 – OTHER LIABILITIES

Report details of all the labor organization's liabilities at the end of the reporting period other than Item 30 (Accounts Payable), Item 31 (Loans Payable), and Item 32 (Mortgages Payable) of Statement A.

Any portion of withheld taxes or any other payroll or other deductions, which have not been transmitted at the end of the reporting period, are liabilities of the labor organization and must be reported in Schedule 10. Payroll or other deductions that are retained by the labor organization (such as repayments of loans to officers or employees) must be fully explained in Item 69 (Additional Information).

The labor organization's other liabilities must be described in Column (A) and may be classified by general groupings or bookkeeping categories if the description is sufficient to identify the type of liability. List separately any payroll taxes withheld but not yet paid, other unpaid payroll taxes of the labor organization, such as FICA taxes, and any funds collected on behalf of affiliates or members and not disbursed by the end of the reporting period. Do not include reserves for special purposes (for example, "Reserve for Building Fund") that are actually an allocation of certain assets for specific purposes rather than a liability.

If additional lines are needed, click the “Add More Other Liabilities” button at the top of the schedule. The software will add lines to the schedule in increments of ten.

Enter in Column (B) the amount of each liability described in Column (A). Click the Save button at the top of the schedule and the software will enter the total in Column (B) of Schedule 10 and in Item 33 (Other Liabilities), Column (D) of Statement A.

SCHEDULE 11 – ALL OFFICERS AND DISBURSEMENTS TO OFFICERS

List all the labor organization's officers and report all salaries and other direct and indirect disbursements to officers during the reporting period. Also report the percentage of time spent by each officer in the categories provided.

If additional lines are required, click the “Add More Disbursements to Officers” button at the top of the schedule. The software will add lines to the schedule in increments of ten.

NOTE: A "direct disbursement" to an officer is a payment made by the labor organization to the officer in the form of cash, property, goods, services, or other things of value.

An "indirect disbursement" to an officer is a payment made by the labor organization to another party for cash, property, goods, services, or other things of value received by or on behalf of the officer. "On behalf of the officer" refers to a payment received by a party other than the officer or the labor organization for the personal interest or benefit of the officer. Such payments include those made through a credit arrangement under which charges are made to the account of the labor organization and are paid by the labor organization. For example, when a union, through its credit arrangements, is billed directly and pays the hotel bills of an officer who, during his workweek, resides at a hotel in the city where the union headquarters is located away from his legal residence in another city, the payments must be reported as disbursements to the officer.

Column (A): Enter in (A) the last name, first name, and middle initial of each person who held office in the labor organization at any time during the reporting period. Include all the labor organization's officers whether or not any salary or other disbursements were made to them or on their behalf by the labor organization. "Officer" is defined in section 3(n) of the LMRDA (29 U.S.C. 402) as "any constitutional officer, any person authorized to perform the functions of president, vice president, secretary, treasurer, or other executive functions of a labor organization, and any member of its executive board or similar governing body."

Column (B): Enter in (B) the title of the position each officer listed held during the reporting period. If an officer held more than one position during the reporting period, list each additional position and the dates on which the officer held the position in Item 69 (Additional Information).

Column (C): Use the drop-down menu to select the status of each officer: "N" for a new officer who took office during the reporting period; "P" for a past officer who was not in office at the end of the reporting period; or "C" for a continuing officer who was in office before the reporting period and was still in office at the end of the reporting period. If any officer was not elected at a regular election in accordance with the labor organization's constitution and bylaws or other governing documents on file with OLMS, explain the manner in which the officer was chosen in Item 69 (Additional Information).

Column (D): Enter the gross salary of each officer (before tax withholdings and other payroll deductions). Include disbursements for "lost time" or time devoted to union activities.

Column (E): Enter the total allowances made by direct and indirect disbursements to each officer on a daily, weekly, monthly, or other periodic basis. Do not include allowances paid on the basis of mileage or meals which must be reported in Column (F) or (G), as applicable.

Column (F): Enter all direct and indirect disbursements to each officer that were necessary for conducting official business of the labor organization, except salaries or allowances which must be reported in Columns (D) and (E), respectively.

Examples of disbursements to be reported in Column (F) include all expenses that were reimbursed directly to an officer, meal allowances and mileage allowances, expenses for officers' meals and entertainment, and various goods and services furnished to officers but charged to the labor organization. Such disbursements should be included in Column (F) only if they were necessary for conducting official business; otherwise, report them in Column (G). Also include in Column (F) travel advances that are not considered loans as explained in the instructions for Schedule 2 (Loans Receivable).

Do not report the following disbursements in Schedule 11:

- Reimbursements to an officer for the purchase of investments or fixed assets, such as reimbursing an officer for a file cabinet purchased for office use, which must be reported in Schedule 4 (Purchase of Investments and Fixed Assets) and explained in Item 69 (Additional Information);
- Indirect disbursements for temporary lodging (room rent charges only) or transportation by public carrier necessary for conducting official business while the officer is in travel status away from his or her home and principal place of employment with the labor organization if payment is made by the labor organization directly to the provider or through a credit arrangement and these disbursements are reported in disbursement Schedules 15 through 19;
- Disbursements made by the labor organization to someone other than an officer as a result of transactions arranged by an officer in which property, goods, services, or other things of value were received by or on behalf of the labor organization rather than the officer, such as rental of offices and meeting rooms, purchase of office supplies, refreshments and other expenses of membership banquets or meetings, and food and refreshments for the entertainment of groups other than the officers and membership on official business;
- Office supplies, equipment, and facilities furnished to officers by the labor organization for use in conducting official business; and
- Maintenance and operating costs of the labor organization's assets, including buildings, office furniture, and office equipment;

however, see "Special Rules for Automobiles" below.

Column (G): Enter all other direct and indirect disbursements to each officer. Include all disbursements for which cash, property, goods, services, or other things of value were received by or on behalf of each officer and were essentially for the personal benefit of the officer and not necessary for conducting official business of the labor organization.

Include in Column (G) all disbursements for transportation by public carrier between the officer's home and place of employment or for other transportation not involving the conduct of official business. Also, include the operating and maintenance costs of all the labor organization's assets (automobiles, etc.) furnished to officers essentially for the officers' personal use rather than for use in conducting official business.

Do not include in Column (G) loans to officers, which must be reported in Schedule 2 (Loans Receivable) or disbursements for benefits to officers, which must be reported in disbursement Schedule 20 (Benefits).

Column (H): Click the “Save & Calculate” button at the top of the schedule and the software will add the amounts in Columns (D) through (G) on each line and enter the individual totals in Column (H).

The software will also enter the totals for all officers listed in Columns (D) through (H) on the ”Total Officers Disbursements” line.

Enter the total amount of withheld taxes, payroll deductions, and all other deductions on the ”Less Deductions” line.

Click the “Save & Calculate” button at the top of the schedule and the software will subtract the “Less Deductions” line from the “Total Officers Disbursements” line and enter the difference on the “Net Disbursements” line.

Line (I): Enter the estimated percentage of time spent by the officer on activities that fall within Schedules 15 through 19 in the box next to that schedule. You may round to the nearest 10%. When the time reported by an individual in an activity is less than 5% of his or her total work time, the officer’s best estimate to the nearest percentage should be reported rather than rounding to zero. The total must equal 100%. It is understood that these figures may be imprecise. For instance, the president of an intermediate body may spend four months working intensely on a multi-state contract negotiation, two months lobbying against a state referendum, two more months on a contentious organizing drive, and throughout these activities he had to keep up with his other duties as president. The president’s good-faith estimate might be to report 50% on Schedule 15 – Representational Activities, 17% on Schedule 16 – Political Activities and Lobbying, 3% on Schedule 17 – Contributions, Gifts, and Grants, and 30% on Schedule 19 – Union Administration. The example is not intended to be a representation of a typical allocation of time but it should be used to help understand the rationale that should be employed when making these determinations.

Click the “Save & Calculate” button at the top of the schedule. Using these percentages, the software aggregates the amount of total disbursements (Column (H)) allocated to each schedule for every officer and enters the total on Line 3 of the Detailed Summary Page for Schedules 15-19.

SPECIAL RULES FOR AUTOMOBILES

Include in Column (G) of Schedule 11 that portion of the operating and maintenance costs of any automobile owned or leased by the labor organization to the extent that the use was for the personal benefit of the officer to whom it was assigned. This portion may be computed on the basis of the mileage driven on official business compared with the mileage for personal use. The portion not included in Column (G) must be reported in Column (F).

Alternatively, rather than allocating these operating and maintenance costs between Columns (F) and (G), if 50% or more of the officer's use of the vehicle was for official business, the labor organization may enter in Column (F) all disbursements relative to that vehicle with an explanation in Item 69 (Additional Information) indicating that the vehicle was also used part of the time for personal business. Likewise, if less than 50% of the officer's use of the vehicle was for official business, the labor organization may report all disbursements relative to the vehicle in Column (G) with an explanation in Item 69 indicating that the vehicle was also used part of the time on official business.

The amount of decrease in the market value of an automobile used over 50% for the personal benefit of an officer must also be reported in Item 69.

SCHEDULE 12 – DISBURSEMENTS TO EMPLOYEES

Report all direct and indirect disbursements to employees of the labor organization during the reporting period. Also report the percentage of time spent by each employee in the categories provided. If additional lines are required, click the Add More Disbursements to Employees button on the top of the schedule. The software adds lines to the schedule in increments of ten.

Include disbursements to individuals other than officers who receive lost time payments even if the labor organization does not otherwise consider them to be employees or does not make any other direct or indirect disbursements to them. The definitions of "direct disbursements" and "indirect disbursements" are the same as the definitions stated above in Schedule 11.

If additional lines are required, click the “Add More Disbursements to Employees” button at the top of the schedule. The software will add lines to the schedule in increments of ten.

Column (A): Enter the last name, first name, and middle initial of each employee who during the reporting period received $10,000 or more in gross salaries, allowances, and other direct and indirect disbursements from the labor organization (including any subsidiary organizations) or from any affiliates of the labor organization. (“Affiliates” means labor organizations chartered by the same parent body, governed by the same constitution and bylaws, or having the relation of parent and subordinate.) The labor organization’s report, however, should not include disbursements made by affiliates but should include only the disbursements made by the labor organization.

Column (B): Enter the position each listed employee held in the labor organization (including any subsidiary organizations).

Column (C): Enter the name of any affiliate that paid any salaries, allowances, or expenses on behalf of a listed employee. If a subsidiary of the labor organization paid any salaries, allowances, or expenses on behalf of a listed employee, see Section X of these Instructions for information about reporting these disbursements.

Columns (D) through (G) and Line (I): To complete Columns (D) through (G) and Line (I), follow the instructions for Columns (D) through (G) and for Line (I) of Schedule 11.

Column (H): Click the “Save & Calculate” button at the top of the schedule and the software will add the amounts in Columns (D) through (G) on each line and enter the individual totals in Column (H).

Enter in Columns (D) through (G) on the “Total Received By All Other Employees Making $10,000 Or Less,“ the totals of all gross salaries, allowances, and other disbursements for all employees of the labor organization not required to be listed above.

Click the “Save & Calculate” button and at the top of the schedule and the software will add the amounts in Columns (D) through (G) on the “Total Received By All Other Employees Making $10,000 or Less” line and enter the total in Column (H). The software will also enter the total of all amounts listed in Columns (D) through (H) on the “Total Employees Disbursements” line.

Enter the total amount of withheld taxes, payroll deductions, and all other deductions on the ”Less Deductions” line.

Click the “Save & Calculate” button on the page the software will subtract the “Less Deductions” line from the “Total Employees Disbursements” line and enter the difference on the “Net Disbursements” line.

SCHEDULE 13 – MEMBERSHIP STATUS INFORMATION

Enter in Column (A) the categories of membership tracked by the reporting labor organization. Define each category of membership in Item 69 (Additional Information). The definition should include a description of the members covered by the category and indicate whether the members pay full dues.

In Column (B) enter the number of members for each of the membership categories listed in Column (A).

If additional lines are required, click the “Add More Membership Statuses” button at the top of the schedule. The software will add lines to the schedule in increments of ten.

Members (Total of all lines above) – Click the “Save & Calculate” button at the top of the schedule and the software will enter on this line the total number of all members reported in Column (B). The software will also enter the total number of members in your organization in Item 20 (Number of Members).

Agency Fee Payers Line – Enter the total number of agency fee payers in your organization. Agency fee paying nonmembers are those who make payments in lieu of dues to the reporting labor organization as a condition of employment under a union security provision in a collective bargaining agreement.

Total Members/Fee Payers Line – Click the “Save & Calculate” button at the top of the schedule and the software will enter the total of all members of the labor organization and agency fee payers reported in Column (B) This total in Column (B) is not the total number of members of the labor organization reportable in Item 20.

Check the "Yes" box in Column (C) if the category of membership listed in Column (A) is generally eligible to vote in all union elections held by the labor organization. Describe in Item 69 (Additional Information) any voting restrictions that apply to a category in Column (A).

SCHEDULES 14 THROUGH 19

Schedules 14 through 19 provide detailed information on the financial operations of the labor organization in categories that reflect the services provided to union members. Receipts and disbursements are allocated to Schedules 14 through 19 and are either listed as individual entries or as aggregated entries. **Note that before completing the Detailed Summary Page for Schedules 14 through 19, you must complete the itemization pages as described below.**

Allocating Receipts

Each receipt of the labor organization must be allocated to one of the receipt items in Statement B. Some of these items have backup schedules that require more detailed information. If a receipt does not conform to one of the defined items in Statement B it must be included in Schedule 14 (Other Receipts) in which any "major" receipts during the reporting period must be separately identified. A "major" receipt includes: 1) any individual receipt of $5,000 or more; or 2) total receipts from any single entity or individual that aggregate to $5,000 or more during the reporting period. All other receipts in this schedule are aggregated. This process is discussed further below.

Allocating Disbursements

Each disbursement of the labor organization must be allocated to one of the disbursement items in Statement B. Some of these items have backup schedules that require more detailed information. Schedules 15 through 19 reflect various services provided to union members by the union in which all "major" disbursements during the reporting period in the various categories must be separately identified. A "major" disbursement includes: 1) any individual disbursement of $5,000 or more; or 2) total disbursements to any single entity or individual that aggregate to $5,000 or more during the reporting period. All other disbursements in these schedules are aggregated.

All disbursements, other than those reported elsewhere in Statement B, must be allocated to Schedules 15 though 19, as appropriate.

Example 1: If the labor organization received a settlement of $4,999 in a small claims lawsuit, the receipt would not be individually identified, as long as the settlement was the only receipt from the entity or individual during the reporting period. The receipt would be aggregated with other small receipts in Line 3 of Schedule 14 (Other Receipts) on the Detailed Summary Page as discussed below.

Example 2: If the labor organization made three payments of $1,800 each to an office supplies vendor for office supplies used by employees engaged in contract negotiations during the reporting period, a single disbursement to the vendor of $5,400 would be listed in Line 1 on an itemization page for that vendor for Schedule 15

(Representational Activities) as discussed below.

Example 3: If a union pays a total of $5,500 to a printing company during the reporting year and determines that $5,050 should be allocated to organizing costs, that amount must be identified in an itemization page for the printing company for Schedule 15 (Representational Activities). If the remaining $450 paid to the same printer over the course of the year was attributable to charitable expenses, that amount will be reported in Line 5 of Schedule 17 (Contributions, Gifts, and Grants) on the Detailed Summary Page but the printer need not be identified as a recipient of any funds expended for Contributions, Gifts, and Grants, since the total paid to the printer during the reporting year for services related to Contributions, Gifts, and Grants did not exceed $5,000.

Example 4: The labor organization has an ongoing contract with a law firm that provides a wide range of legal services. The labor organization makes a single payment of $10,000 each month to the law firm. In a particular month the law firm spent 50% of its time on contract negotiation litigation and 50% advising the labor organization regarding, and working for the enactment of, a new Federal law. The labor organization must allocate the payment for that month as two distinct disbursements of $5,000 each to Schedule 15 (Representational Activities), and Schedule 16 (Political Activities and Lobbying).

Procedures for Completing Schedules 14 Through 19

Before completing the Detailed Summary Page for Schedules 14 through 19, complete an itemization page for each payer/payee for whom there is (1) an individual receipt/disbursement of $5,000 or more or (2) total receipts/disbursements that aggregate to $5,000 or more during the reporting period. Do not complete an itemization page for disbursements to officers or employees because these disbursements are reported in Lines 3 and 4 of the Detailed Summary Page.

Enter in Column (A) the full name and business address of the entity or individual from which the receipt was received or to which the disbursement was made. Do not abbreviate the name of the entity or individual. If you do not know and cannot reasonably attain the full address, the city and state are sufficient.

Enter in Column (B) the type of business or job classification of the entity or individual, such as printing company, office supplies vendor, lobbyist, think tank, marketing firm, legal counsel, etc.

If additional lines are needed to complete Columns (C) through (E) of the itemization page, click the “More Receipts For This Payer” for Schedule 14 or the “More Disbursements for This Payee” for Schedules 15 through 19 button in Column (A) of the itemization page. The software will add lines to the itemization page in increments of ten.

Enter in Column (C) the purpose of each individual receipt/disbursement for that payee/payer of $5,000 or more, which means a brief statement or description of the reason the receipt/disbursement was made. Examples of adequate descriptions include the following: preparing organizing campaign pamphlets, staffing a help desk, opposition research, litigation regarding representation issues, litigation regarding a refusal to bargain charge, grievance arbitration, get-out-the-vote, voter education, advocating or opposing legislation, job retraining, etc.

Enter in Column (D) the date that the receipt/disbursement was made. The format for the date must be mm/dd/yyyy. The date of receipt/disbursement for reporting purposes is the date the labor organization actually received or disbursed the money.

Enter in Column (E) the amount of the receipt/disbursement.

Click the “Save & Calculate” button at the top of the itemization page and the software will enter total of all itemized transactions for this payee/payer on the “Total of All Itemized Transaction with this Payee/Payer” line.

Enter the total of all non-itemized transactions for the payee/payer (that is, all individual transactions of less than $5,000 each) on the “Total of All Non-Itemized Transactions with this Payee/Payer” line.

Click the Save & Calculate” button at the top of the itemization page again and the software will enter the total of all transactions for this payee/payer, both itemized and non-itemized, on the "Total of All Transactions with this Payee/Payer for this Schedule" line.

Special Instructions for Reporting Credit Card Disbursements

Disbursements to credit card companies may not be reported as a single disbursement to the credit card company as the vendor. Instead, charges appearing on credit card bills paid during the reporting period must be allocated to the recipient of the payment by the credit card company according to the same process as described above.

The Department recognizes that filers will not always have the same access to information regarding credit card payments as with other transactions. Filers should report all of the information required in the itemization schedules that is available to the union.

For instance, in the case of a credit card transaction for which the receipt(s) and monthly statement(s) do not provide the full legal name of a payee and the union does not have access to any other documents that would contain the information, the union should report the name as it appears on the receipt(s) and statement(s). Similarly, if the receipt(s) and statement(s) do not include a full street address, the union should report as much information as is available and no less than the city and state.

Once these transactions have been incorporated into the union's recordkeeping system they can be treated like any other transaction for purposes of assigning a description and purpose.

In instances when a credit card transaction is canceled and the charge is refunded in whole or part by entry of a credit on the credit card statement, the charge should be treated as a disbursement, and the credit should be treated as a receipt. In reporting a credit of $5,000 or more as a receipt, Column (C) must indicate that the receipt was in refund of a disbursement, and must identify the disbursement by date and amount.

Special Procedures for Reporting Confidential Information

Filers may use the procedure described below to report the following types of information:

- Information that would identify individuals paid by the union to work in a non-union bargaining unit in order to assist the union in organizing employees, provided that such individuals are not employees of the union who receive more than $10,000 in the aggregate in the reporting year from the union. Employees receiving more than $10,000 must be reported on Schedule 12 – Disbursements to Employees;
- Information that would expose the reporting union's prospective organizing strategy. The union must be prepared to demonstrate that disclosure of the information would harm an organizing drive. Absent unusual circumstances, information about past organizing drives should not be treated as confidential;
- Information that would provide a tactical advantage to parties with whom the reporting union or an affiliated union is engaged or will be engaged in contract negotiations. The union must be prepared to demonstrate that disclosure of the information would harm a contract negotiation. Absent unusual circumstances information about past contract negotiations should not be treated as confidential;
- Information pursuant to a settlement that is subject to a confidentiality agreement, or that the union is otherwise prohibited by law from disclosing; and,
- Information in those situations where disclosure would endanger the health or safety of an individual.

With respect to these specific types of information, if the reporting union can demonstrate that itemized disclosure of a specific major receipt or disbursement, or aggregated receipt or disbursement would be adverse to the union's legitimate interests, the union may include the receipt or disbursement in Line 3 of Summary Schedule 14 (Other Receipts) or in Line 5 of Summary Schedules 15 (Representational Activities) or 19 (Union Administration). In Item 69 (Additional Information) the union must identify each schedule from which any itemized receipts or disbursements were excluded because of an asserted legitimate interest in confidentiality based on one of the first three reasons listed above. No notation need be made for exclusion of information disclosure of which is prohibited by law or that would endanger the health or safety of an individual. The notation must describe the general types of information that were omitted from the schedule, but the name of the payer/payee, date, and amount of the transaction(s) is not required. This procedure may not be used for Schedules 16 through 18.

A union member, however, has the statutory right "to examine any books, records, and accounts necessary to verify" the union's financial report if the member can establish "just cause" for access to the information. 29 U.S.C. 431(c); 29 U.S.C. CFR 403.8 (2002). Any exclusion of itemized receipts or disbursements from Schedules 14, 15, or 19 for one of the first three reasons listed above would constitute a *per se* demonstration of "just cause" for purposes of this Act. Consequently, any union member (and the Department), upon request, has the right to review the undisclosed information that otherwise would have appeared in the applicable schedule if the union withholds the information in order to protect confidentiality interests. Exclusion of information disclosure of which is prohibited by law or that would endanger the health or safety of an individual creates no per se demonstration of "just cause."

<u>Procedures for Completing the Detailed Summary Page</u>

The Detailed Summary Page is used to summarize Schedules 14 through 19.

For Summary Schedule 14 (Other Receipts) the software enters on Line 1 the total of all itemized receipts during the reporting period from named payers. This is the sum of the amounts entered on the "Total of All Itemized Transactions with this Payee/Payer" line on all itemization pages for Schedule 14.

The software enters on Line 2 the total of all non-itemized receipts from named payers. This is the sum of the amounts entered on the "Total of All Non-Itemized Transactions with this Payee/Payer" line in all itemization pages for Schedule 14.

Enter on Line 3 the total of all other receipts during the reporting period relating to the schedule. This is the total from your organization's books of all receipts during the reporting period relating to this schedule for payers who did not have a single receipt of $5,000 or more or receipts that aggregated $5,000 or more.

The software enters on Line 4 the total of Lines 1 through 3 and forwards this total to Item 48 of Statement B.

For Summary Schedules 15 –19, the software enters on Line 1 of each summary schedule the total of all itemized disbursements during the reporting period to named vendors. This is the sum of the amounts entered on the "Total of All Itemized Transactions with this Payee/Payer" line in all itemization pages for the schedule..

The software enters on Line 2 of each summary schedule the total of all non-itemized disbursements to named vendors. This is the sum of the amounts entered on the "Total of All Non-Itemized Transactions with this Payee/Payer" line in all itemization pages for the schedule

The software enters on Line 3 the total of all disbursements to officers allocated to the schedule. This is the sum of the amounts that correspond to the percentages entered on Line (I) of Schedule 11.

The software enters in Line 4 the total of all disbursements to employees allocated to the schedule. This is the sum of the amounts that correspond to the percentages entered on Line (I) of Schedule 12.

Enter on Line 5 the total of all other disbursements during the reporting period relating to the schedule. This is the total from your organization's books of all disbursements during the reporting period relating to this schedule for payees who did not have a single disbursement of $5,000 or more or disbursements that aggregated $5,000 or more.

The software enters on Line 6 the total of Lines 1 through 5 and forwards this total to the appropriate line item of Statement B.

For example, if in Schedule 15 (Representational Activities) a labor organization has $200,000 in itemized disbursements of $5,000 or more to vendors, $35,000 in non-itemized disbursements of less than $5,000 each to those vendors, $100,000 in salary disbursements to officers, $50,000 in salary disbursements to employees, and $7,000 in disbursements to vendors who did not receive a major disbursement for representational activities, then the software will enter $200,000 in Line 1, $35,000 in Line 2, $100,000 in Line 3, $50,000 in Line 4, and the filer will enter $7,000 in Line 5 of Schedule 15 on the Detailed Summary Page. The total of Lines 1 through 5 is $392,000, which the software will enter in Line 6 of the summary schedule and Item 50 (Representational Activities) of Statement B.

SCHEDULE 14 – OTHER RECEIPTS

Report the labor organization's receipts from all sources during the reporting period, other than those that must be reported elsewhere in Statement B, such as reimbursements from officers and employees for excess expense payments or travel advances not reported as loans in Schedule 2 (Loans Receivable); receipts from fundraising activities such as raffles, bingo games, and dances; funds received from a parent body, other unions, or the public for strike fund assistance; and receipts from another labor organization that merged into the labor organization.

For all itemized receipts in this category:

Enter in Column (A) of an itemization page the full name and business address of the entity or individual from which the union received $5,000 or more in Other Receipts during the reporting period. Do not abbreviate the name of the entity or individual. If you do not know and cannot reasonably obtain the full address of the entity or individual, the city and state are sufficient.

Enter in Column (B) the type of business or job classification of the entity or individual from which the union received $5,000 or more in Other Receipts during the reporting period.

If additional lines are needed to complete Columns (C) through (E) for this Payer, click the “Add More Receipts for This Payer” button in Column (A) of the itemization page. The software will add lines to the itemization page in increments of ten.

Enter in Column (C) the purpose of each individual receipt of $5,000 or more from the payer in sufficient detail to determine why the receipt cannot be allocated to another schedule.

Enter in Column (D) the date that each individual receipt of $5,000 or more was received. The format for the date must be mm/dd/yyyy. The date of receipt for reporting purposes is the date the labor organization actually received the money.

Enter in Column (E) the amount of each individual receipt of $5,000 or more.

Enter the total of all non-itemized receipts from this payer (that is, all individual receipts of less than $5,000 each) on the “Total Non-Itemized Transactions with this Payee/Payer” line.

When you have completed entering all of the information for this payer, click the “Save & Calculate” button at the top of the itemization page and the software will enter the total in Column (E) on the “Total Itemized Transactions with this Payee/Payer” and the “Total of All Transactions with this Payee/Payer for This Schedule” lines.

An itemization page must be completed for each payer. Only one payer should be reported per page.

To create a new Other Receipts itemization page for a new payer, click the “Add More Other Receipts” button at the top of the itemization page and a new itemization page will open. Follow the instructions above to complete any additional Other Receipts itemization pages.

By clicking the “Show Payer” drop down arrow at the top of a Schedule 14 itemization page, you can select and view all of the Other Receipts itemization pages you have completed.

As you complete each itemization page, click the “Save & Calculate” button at the top of the page and the total itemized transactions will be added to line 1 of Summary Schedule 14 on the Detailed Summary Page, and the total non-itemized transactions will be added to Line 2 of the Summary Schedule.

Enter on Line 3 of Summary Schedule 14 the total amount of all other receipts relating to this schedule from other payers during the reporting period. This is the total from your organization's books of all receipts relating to this schedule from payers who did not provide a single receipt of $5,000 or more or receipts that aggregated $5,000 or more.

The software adds Lines 1 through 3 and enters the total on Line 4 of Summary Schedule 14 and in Item 48 (Other Receipts) of Statement B.

SCHEDULE 15 – REPRESENTATIONAL ACTIVITIES

Report the labor organization's direct and indirect disbursements to all entities and individuals during the reporting period associated with preparation for, and participation in, the negotiation of collective bargaining agreements and the administration and enforcement of the agreements made by the labor organization. Do not include strike benefits that must be reported in Item 57 (Strike Benefits) of Statement B. The union must also report disbursements associated with efforts to become the exclusive bargaining representative for any unit of employees, or to keep from losing a unit in a decertification election or to another labor organization, or to recruit new members.

For all major disbursements in this category:

Enter in Column (A) of an itemization page the full name and business address of the entity or individual to which the disbursement was made. Do not abbreviate the name of the entity or individual. If you do not know and cannot reasonably obtain the full address of the entity or individual, the city and state are sufficient.

Enter in Column (B) the type of business or job classification of the entity or individual to which the union disbursed $5,000 or more in Representational Activities during the reporting period, such as printing company, office supplies vendor, legal counsel, etc.
If additional lines are required to complete Columns (C) through (E) for this Payee, click the "Add More Disbursements for This Payee" button in Column (A) of the itemization page. The software adds lines to the itemization page in increments of ten.

Enter in Column (C) the purpose of each individual disbursement of $5,000 or more, which means a brief statement or description of the reason the disbursement was made. Examples of adequate descriptions include the following: contract negotiation, grievance arbitration, litigation regarding the interpretation of a collective bargaining agreement, preparing organizing campaign pamphlets, staffing a help desk, opposition research, litigation regarding representation issues, litigation regarding a refusal to bargain, etc. Neither the name of the employer nor the specific bargaining unit that is the subject of the organizing activity need be identified.

Enter in Column (D) the date that each individual disbursement of $5,000 or more was made. The format for the date must be mm/dd/yyyy. The date of disbursement for reporting purposes is the date the labor organization actually disbursed the money.

Enter in Column (E) the amount of each individual disbursement of $5,000 or more.

Enter the total of all non-itemized disbursements to this payee (that is, all individual disbursements of less than $5,000 each) on the "Total Non-Itemized Transactions with this Payee/Payer" line.

When you have completed entering all of the information for this payee, click the "Save & Calculate" button at the top of the itemization page and the software will enter the totals in Column (E) on the "Total Itemized Transactions with this Payee/Payer" line and on the "Total of All Transactions with this Payee/Payer for This Schedule" line.

An itemization page must be completed for each payee who met the itemization threshold during the reporting period. Only one payee should be reported per page.

To create a new Representational Activities itemization page for a new payee, click the "Add More Representational Activities" button at the top of the itemization page and a new itemization page will open. Follow the instructions above to complete any additional Representational Activities itemization pages.

By clicking the "Show Payee" drop down arrow at the top of the Schedule 15 page, you can select and view all of the Representational Activities Itemization pages you have completed.

As you complete each itemization page, click the "Save & Calculate" button at the top of the page and the total itemized transactions will be added to line 1 of Summary Schedule 15 on the Detailed Summary Page and the total non-itemized transactions will be added to Line 2 of the Summary Schedule.

The software enters in Line 3 of Summary Schedule 15 the total of all disbursements to officers allocated to the schedule. This is the sum of the amounts that correspond to the percentages entered in Line (I) of Schedule 11.

The software enters in Line 4 of Summary Schedule 15 the total of all disbursements to employees allocated to the schedule. This is the sum of the amounts that correspond to the percentages entered in Line (I) of Schedule 12.

Enter the total amount of all other disbursements relating to this schedule made to other payees during the reporting period on Line 5 of Summary Schedule 15. This is the total from your organization's books of all disbursements relating to this schedule made to payees who did not have a single disbursement of $5,000 or more or disbursements that aggregated $5,000 or more.

The software adds Lines 1 through 5 and enters the total on Line 6 of Summary Schedule 15 and in Item 50 (Representational Activities) of Statement B.

SCHEDULE 16 – POLITICAL ACTIVITIES AND LOBBYING

Report the labor organization's direct and indirect disbursements to all entities and individuals during the reporting period associated with political disbursements or contributions in money. Also report the labor organization's direct and indirect disbursements to all entities and individuals during the reporting period associated with dealing with the executive and legislative branches of the Federal, state, and local governments and with independent agencies and staffs to advance the passage or defeat of existing or potential laws or the promulgation or any other action with respect to rules or regulations (including litigation expenses). It does not matter whether the lobbying attempt succeeds.

A political disbursement or contribution is one that is intended to influence the selection, nomination, election, or appointment of anyone to a Federal, state, or local executive, legislative or judicial public office, or office in a political organization, or the election of Presidential or Vice Presidential electors, and support for or opposition to ballot referenda. It does not matter whether the attempt succeeds. Include disbursements for communications with members (or agency fee paying nonmembers) and their families for registration, get-out-the-vote and voter education campaigns, the expenses of establishing, administering and soliciting contributions to union segregated political funds (or PACs), disbursements to political organizations as defined by the IRS in 26 U.S.C. 527, and other political disbursements.

For all major disbursements in this category:

Enter in Column (A) of an itemization page the full name and business address of the entity or individual to which the disbursement was made. Do not abbreviate the name of the entity or individual. If you do not know and cannot reasonably obtain the full address of the entity or individual, the union may report only the city and state.

Enter in Column (B) the type of business or job classification of the entity or individual to which the union disbursed $5,000 or more for Political Activities and Lobbying during the reporting period, such as campaign advisor, lobbyist, marketing firm, fund raiser, think tank, issue advocacy group, printing company, office supplies vendor, legal counsel, etc.

If additional lines are needed to complete Columns (C) through (E) for this Payee, click the "Add More Disbursements for This Payee" button in Column (A) of the itemization page. The software will add lines to the itemization page in increments of ten.

Enter in Column (C) the purpose of each individual disbursement of $5,000 or more, which means a brief statement or description of the reason the disbursement was made. Examples of adequate descriptions include the following: a registration drive, get-out-the-vote campaign, voter education campaign, fund raising, advocating or opposing legislation (including litigation challenging such legislation) advocating or opposing regulations (including litigation challenging such regulations), etc. The specific campaign, legislation, regulation, referendum, etc. should be identified whenever possible. Distinguish between activities in the United States and activities in foreign countries.

Enter in Column (D) the date that each individual disbursement of $5,000 or more was made. The format for the date must be mm/dd/yyyy. The date of disbursement for reporting purposes is the date the labor organization actually disbursed the money.

Enter in Column (E) the amount of each individual disbursement of $5,000 or more.

Enter the total of all non-itemized disbursements to this payee (that is, all individual disbursements of less than $5,000 each) on the "Total Non-Itemized Transactions with this Payee/Payer" line.

When you have completed entering all of the information for this payee, click the "Save & Calculate" button at the top of the itemization page and the software will add the amounts in Column (E), and enter the sum on the "Total Itemized Transactions with this Payee/Payer" line and complete the "Total of All Transactions with this Payee/Payer for This Schedule" line.

An initial itemization page must be completed for each payee who met the itemization threshold during the reporting period. Only one payee should be reported per page.

To create a new "Political Activities And Lobbying" itemization page for a new payee, click the "Add More Political Activities And Lobbying Activities" button at the top of the page and a new itemization page opens. Follow the instructions above to complete any additional Political Activities And Lobbying itemization pages.

By clicking the Show Payee drop down arrow at the top of the Schedule 16 page, you can select and view all of the "Political Activities And Lobbying "itemization pages you have completed.

As you complete each itemization page, click the "Save & Calculate" button at the top of the page and the total itemized transactions will be added to line 1 of Summary Schedule 16 on the Detailed Summary Page and the total non-itemized transactions will be added to Line 2 of the Summary Schedule.

The software enters in Line 3 of Summary Schedule 16 the total of all disbursements to officers allocated to the schedule. This is the sum of the amounts that correspond to the percentages entered in Line (I) of Schedule 11.

The software enters in Line 4 of Summary Schedule 16 the total of all disbursements to employees allocated to the schedule. This is the sum of the amounts that correspond to the percentages entered in Line (I) of Schedule 12.

Enter the total amount of all other transactions relating to this schedule made to other payees during the reporting period on Line 5 of Summary Schedule 16. This is the total from your organization's books of all transactions relating to this schedule made to payees who did not have a single disbursement of $5,000 or more or transactions that aggregated $5,000 or more.

The software adds Lines 1 through 5 and enters the total on Line 6 of Summary Schedule 16 and in Item 51 (Political Activities and Lobbying) of Statement B.

SCHEDULE 17 – CONTRIBUTIONS, GIFTS, AND GRANTS

Report the labor organization's direct and indirect disbursements to all entities and individuals during the reporting period associated with contributions, gifts, and grants, other than those listed on Schedules 15, 16, and 20. Include, for example, charitable contributions, contributions to scholarship funds, etc.

For all major disbursements in this category:

Enter in Column (A) of an itemization page the full name and business address of the entity or individual to which the disbursement was made. Do not abbreviate the name of the entity or individual. If you do not know and cannot reasonably obtain the full address of the entity or individual, the union may report only the city and state.

Enter in Column (B) the type of business or job classification of the entity or individual to which the union disbursed $5,000 or more in Contributions, Gifts, and Grants during the reporting period, such as charity, scholarship fund, state or local affiliate, etc.

If additional lines are needed to complete Columns (C) through (E) for this Payee, click the "Add More Disbursements for This Payee" button in Column (A) of the itemization page. The software will add lines to the itemization page in increments of ten.

Enter in Column (C) the purpose of each individual disbursement of $5,000 or more, which means a brief statement or description of the reason the disbursement was made. Examples of adequate descriptions include the following: medical research, community development, job retraining, education, disaster and relief assistance, athletic and youth sponsorships, etc.

Enter in Column (D) the date that each individual disbursement of $5,000 or more was made. The format for the date must be mm/dd/yyyy. The date of disbursement for reporting purposes is the date the labor organization actually disbursed the money.

Enter in Column (E) the amount of each individual disbursement of $5,000 or more.

Enter the total of all non-itemized disbursements to this payee (that is, all individual disbursements of less than $5,000 each) on the "Total Non-Itemized Transactions with this Payee/Payer" line.

When you have completed entering all of the information for this payee, click the "Save & Calculate" button at the top of the itemization page and the software will add the amounts in Column (E) and enter the sum on the "Total Itemized Transactions with this Payee/Payer" line, and it will complete the "Total of All Transactions with this Payee/Payer for This Schedule" line.

An initial itemization page must be completed for each payee who met the itemization threshold during the reporting period. Only one payee should be reported per page.

To create a new "Contributions, Gifts & Grants" itemization page for a new payee, click the "Add Contributions, Gifts & Grants" button on the top of the page and a new page opens. Follow the instructions above to complete any additional "Contributions, Gifts & Grants" itemization pages.

By clicking the "Show Payee" drop down arrow at the top of the Schedule 17 page, you can select and view all of the "Contributions, Gifts and Grants "itemization pages you have completed.

As you complete each itemization page, click the "Save & Calculate" button at the top of the page and the total itemized transactions will be added to line 1 of Summary Schedule 17 on the Detailed Summary Page and the total non-itemized transactions will be added to Line 2 of the Summary Schedule.

The software enters in Line 3 of Summary Schedule 17 the total of all disbursements to officers allocated to the schedule. This is the sum of the amounts that correspond to the percentages entered in Line (I) of Schedule 11.

The software enters in Line 4 of Summary Schedule 17 the total of all disbursements to employees allocated to the schedule. This is the sum of the amounts that correspond to the percentages entered in Line (I) of Schedule 12.

Enter the total amount of all other transactions relating to this schedule made to other payees during the reporting period on Line 5 of Summary Schedule 17. This is the total from your organization's books of all disbursements relating to this schedule made to payees who did not have a single disbursement of $5,000 or more or disbursements that aggregated $5,000 or more.

The software totals Lines 1 through 5 and enters that amount on Line 6 of Summary Schedule 17 and in Item 52 (Contributions, Gifts and Grants) of Statement B.

SCHEDULE 18 – GENERAL OVERHEAD

Report the labor organization's direct and indirect disbursements to all entities and individuals during the reporting period associated with general overhead that cannot be allocated to any of the other disbursement categories in Statement B.

Some disbursements for overhead do not support a specific function, so these disbursements should be reported in this schedule. Include support personnel at the labor organization's headquarters, such as building maintenance personnel and security guards, and other overhead costs. Not all support staff should be included in General Overhead. For instance, the salary of an assistant, whenever possible, should be allocated at the same ratio as the person or persons to whom they provide support.

For all major disbursements in this category:

Enter in Column (A) of an Initial Itemization Page the full name and business address of the entity or individual to which the disbursement was made. Do not abbreviate the name of the entity or individual. If you do not know and cannot reasonably obtain the full address of the entity or individual, the union may report only the city and state.

Enter in Column (B) the type of business or job classification of the entity or individual to which the union disbursed $5,000 or more in General Overhead during the reporting period, such as office supplies vendor, landlord, mortgage lender, cleaning firm, security firm, etc.

If additional lines are needed to complete Columns (C) through (E) for this Payee, click the “More Disbursements for This Payee” button in Column (A) of the itemization page. The software will add lines to the itemization page in increments of ten.

Enter in Column (C) the purpose of the disbursement of $5,000 or more, in sufficient detail to determine why the disbursement cannot be allocated to another schedule.

Enter in Column (D) the date that each individual disbursement of $5,000 or more was made. The format for the date must be mm/dd/yyyy. The date of disbursement for reporting purposes is the date the labor organization actually disbursed the money.

Enter in Column (E) the amount of each individual disbursement of $5,000 or more.

Enter the total of all non-itemized disbursements to this payee (that is, all individual disbursements of less than $5,000 each) on the “Total Non-Itemized Transactions with this Payee/Payer” line.

When you have completed entering all of the information for this payee, click the “Save & Calculate” button at the top of the itemization page and the software will add the amounts in Column (E) and enter the sum on the “Total Itemized Transactions with this Payee/Payer” line, and it will complete the “Total of All Transactions with this Payee/Payer for This Schedule” line.

An itemization page must be completed for each payee who met the itemization threshold during the reporting period. Only one payee should be reported per page.

To create a new “General Overhead” itemization page for a new payee, click the “Add More Overhead” button at the top of the page and a new itemization page opens. Follow the instructions above to complete any additional “General Overhead” itemization pages.

By clicking the “Show Payee” drop down arrow at the top of the Schedule 18 page, you can select and view all of the General Overhead itemization pages you have completed.

As you complete each itemization page, click the “Save & Calculate” button at the top of the page and the total itemized transactions will be added to line 1 of Summary Schedule 18 on the Detailed Summary Page and the total non-itemized transactions will be added to Line 2 of the Summary Schedule.

The software enters in Line 3 of Summary Schedule 18 the total of all disbursements to officers allocated to the schedule. This is the sum of the amounts that correspond to the percentages entered in Line (I) of Schedule 11.

The software enters in Line 4 of Summary Schedule 18 the total of all disbursements to employees allocated to the schedule. This is the sum of the amounts that correspond to the percentages entered in Line (I) of Schedule 12.

Enter the total amount of all other transactions relating to this schedule made to other payees during the reporting period on Line 5 of Summary Schedule 18. This is the total from your organization’s books of all disbursements relating to this schedule made to payees who did not have a single disbursement of $5,000 or more or disbursements that aggregated $5,000 or more.

The software totals Lines 1 through 5 and enters that amount on Line 6 of Summary Schedule 18 and in Item 53 (General Overhead) of Statement B.

SCHEDULE 19 – UNION ADMINISTRATION

Report the labor organization's direct and indirect disbursements to all entities and individuals during the reporting period associated with union administration. Union administration includes disbursements relating to the nomination and election of union officers, the union’s regular membership meetings, intermediate, national and international meetings, union disciplinary proceedings, the administration of trusteeships, and the administration of apprenticeship and member education programs (not including political education which should be reported in Schedule 16).

For all major disbursements in this category:

Enter in Column (A) of an itemization Page the full name and business address of the entity or individual to which the disbursement was made. Do not abbreviate the name of the entity or individual. If you do not know and cannot reasonably obtain the full address of the entity or individual, the union may report only the city and state.

Enter in Column (B) the type of business or job classification of the entity or individual to which the union disbursed $5,000 or more for Union Administration during the reporting period, such as printing company, office supplies vendor, legal counsel, etc.

If additional lines are needed to complete Columns (C) through (E) for this Payee, click the “More Disbursements for This Payee” button in Column (A) of the itemization page. The software will add lines to the itemization page in increments of ten

Enter in Column (C) the purpose of the disbursement of $5,000 or more in sufficient detail to determine why the disbursement cannot be allocated to another schedule. For example, printing of election ballots, rental of meeting facilities for a union convention, printing of transcripts of trusteeship hearing, etc.

Enter in Column (D) the date that each individual disbursement of $5,000 or more was made. The format for the date must be mm/dd/yyyy. The date of disbursement for reporting purposes is the date the labor organization actually disbursed the money.

Enter in Column (E) the amount of each individual disbursement of $5,000 or more.

Enter the total of all non-itemized disbursements to this payee (that is, all individual receipts of less than $5,000 each) on the “Total Non-Itemized Transactions with this Payee/Payer” line.

When you have completed entering all of the information for this payee, click the “Save & Calculate” button at the top of the itemization page and the software will add the amounts in Column (E), and enter the sum on the “Total Itemized Transactions with this Payee/Payer” line, and it will complete the “Total of All Transactions with this Payee/Payer for This Schedule” line.

An itemization page must be completed for each payee who met the itemization threshold during the reporting period. Only one payee should be reported per page.

To create a new “Union Administration” itemization page for a new payee, click the “Add More Administration” button at the top of the page and a new itemization page opens. Follow the instructions above to complete any additional “Union Administration” itemization pages.

By clicking the “Show Payee“ drop down arrow at the top of the Schedule 19 page, you can select and view all of the Union Administration Itemization pages you have completed.

As you complete each itemization page, click the “Save & Calculate” button at the top of the page and the total itemized transactions will be added to line 1 of Summary Schedule 19 on the Detailed Summary Page and the total non-itemized transactions will be added to Line 2 of the Summary Schedule.

The software enters in Line 3 of Summary Schedule 19 the total of all disbursements to officers allocated to the schedule. This is the sum of the amounts that correspond to the percentages entered in Line (I) of Schedule 11.

The software enters in Line 4 of Summary Schedule 19 the total of all disbursements to employees allocated to the schedule. This is the sum of the amounts that correspond to the percentages entered in Line (I) of Schedule 12.

Enter the total amount of all other transactions relating to this schedule made to other payees during the reporting period on Line 5 of Summary Schedule 19. This is the total from your organization's books of all disbursements relating to this schedule made to payees who did not have a single disbursement of $5,000 or more or disbursements that aggregated $5,000 or more.

The software totals Lines 1 through 5 and enters that amount on Line 6 of Summary Schedule 19 and in Item 54 (Union Administration) of Statement B.

SCHEDULE 20 – BENEFITS

[Note: Do not use the Itemization Pages for Schedule 20. Instead use the separate Schedule 20]

Report the labor organization's direct and indirect disbursements to all entities and individuals during the reporting period associated with direct and indirect benefits for officers, employees, members, and their beneficiaries. Benefit disbursements to be reported in Schedule 20 include, for example, disbursements for life insurance, health insurance, and pensions. Do not include salary bonuses, severance payments, or payments for accrued vacation, which should be reported in Column (D) of Schedule 11 or 12.

Direct benefit disbursements are those made to officers, employees, members, and their beneficiaries from the labor organization's funds. Indirect benefit disbursements are those made from the labor organization's funds to a separate and independent entity, such as a trust or insurance company, which in turn and under certain conditions will pay benefits to the covered individuals. An example of an indirect benefit disbursement is the premium on group life insurance.

If additional lines are required, click the "Add More Benefits" button at the top of the schedule. The software will add lines to the schedule in increments of ten.

Enter in Column (A) the type of benefit, such as pension, welfare, etc.

Enter in Column (B) to whom payment was made; for example, union members, insurance company, etc. Individual union members and their beneficiaries are not required to be listed by name.

Enter in Column (C) the amount disbursed for each type of benefit.

Click the "Save & Calculate" button at the top of the schedule and the software will enter the total for Column (C) on the "Total of all lines above" line and in Item 55 (Benefits) of Statement B.

STATEMENT A
ASSETS AND LIABILITIES

ASSETS

The software pre-fills Columns (A) and (C) (Start of Reporting Period) from your organization's report for the previous fiscal year. If the data is inaccurate, however, it can be edited manually. Be sure to explain any changes in Item 69 (Additional Information).

22. CASH — Enter the total of all the labor organization's cash on hand and on deposit at the start and end of the reporting period in Columns (A) and (B), respectively. Include all cash on hand, such as undeposited cash, checks, and money orders; petty cash; and cash in safe deposit boxes. Cash on deposit includes funds in banks, credit unions, and other financial institutions, such as checking accounts, savings accounts, certificates of deposit, and money market accounts. Also, include any interest credited to the labor organization's account during the reporting period.

NOTE: The checking account balances reported should be obtained from the labor organization's books as reconciled with the balances shown on bank statements.

23. ACCOUNTS RECEIVABLE — Ordinarily, accounts receivable are moneys due for goods sold or services rendered evidenced by notes, statements, invoices, or other written evidence of a present obligation. Enter in Column (A) the total of all gross accounts receivable at the start of the reporting period. The software will enter in Column (B) the total of all gross accounts receivable at the end of the reporting period from Column (B) of Schedule 1 (Accounts Receivable Aging Schedule). If accounts receivable are carried on the labor organization's books at net (gross accounts receivable less the allowance for doubtful accounts), the labor organization may report the allowance for doubtful accounts in Item 69 (Additional Information).

24. LOANS RECEIVABLE — Enter in Column (A) the total of all gross loans receivable at the start of the reporting period, which is also reported in Column (B) of Schedule 2 (Loans Receivable). The software will enter the total of all gross loans receivable at the end of the reporting period in Column (B) from Column (E) of Schedule 2.

25. U.S. TREASURY SECURITIES — Enter the total value of all U.S. Treasury securities as shown on the labor organization's books at the start and end of the reporting period in Columns (A) and (B), respectively. If the value reported is different from the original cost, the original cost must be reported in Item 69 (Additional Information). Other U.S. Government obligations, state and municipal bonds, and foreign government securities must be reported in Schedule 5 (Investments Other Than U.S. Treasury Securities) under "Marketable Securities" and in Item 26 (Investments).

26. INVESTMENTS — Enter in Column (A) the total book value at the start of the reporting period of all investments other than U.S. Treasury securities, which are reported in Item 25 (U.S. Treasury Securities). The software will enter in Column (B) the total reported in Column (B) of Schedule 5 (Investments Other Than U.S. Treasury Securities).

27. FIXED ASSETS — Enter in Column (A) the total value as shown on the labor organization's books at the start of the reporting period of all fixed assets, such as land, buildings, automobiles, and office furniture and equipment. The software will enter in Column (B) the total reported in Column (D) of Schedule 6 (Fixed Assets).

28. OTHER ASSETS — Enter in Column (A) the total value as shown on the labor organization's books at the start of the reporting period of all assets not reported in Items 22 through 27. The software will enter in Column (B) the total reported in Column (B) of Schedule 7 (Other Assets).

29. TOTAL ASSETS — Click the "Save & Calculate" button at the top of Statement A and the software will total Items 22 through 28, Columns (A) and (B), and enter the respective totals in Item 29.

LIABILITIES

30. ACCOUNTS PAYABLE — Ordinarily, accounts payable are those obligations incurred on an open account for goods and services rendered. Enter in Column (C) the total of all gross accounts payable at the start of the reporting period. The software will enter the total of all gross accounts payable at the end of the reporting period in Column (D) from Column (B) of Schedule 8 (Accounts Payable Aging Schedule).

31. LOANS PAYABLE — Enter in Column (C) the total of all gross loans payable at the start of the reporting period, which is also reported in Column (B) of Schedule 9 (Loans Payable). The software will enter the total of all gross loans payable at the end of the reporting period in Column (D) from Column (E) of Schedule 9 (Loans Payable).

32. MORTGAGES PAYABLE — Enter the total amount of the labor organization's obligations that were secured by mortgages or similar liens on real property (land or buildings) at the start and end of the reporting period in Columns (C) and (D), respectively.

33. OTHER LIABILITIES — Enter in Column (C) the total amount as shown on the labor organization's books at the start of the reporting period of all liabilities not reported in Items 30 through 32. The software will enter in Column (D) the total reported in Column (B) of Schedule 10 (Other Liabilities).

34. TOTAL LIABILITIES — Click the "Save & Calculate" button at the top of Statement A and the software will add the amounts in Items 30 through 33, Columns (C) and (D), and enter the respective amounts in Item 34. The software will also complete Item 35 (Net Assets) as explained in the next instruction.

35. NET ASSETS — As indicated in the previous instruction, when Item 34 is completed and the “Save & Calculate” button at the top of Statement A is clicked, the software subtracts Item 34 (Total Liabilities), Column (C) from Item 29 (Total Assets), Column (A) and enters the difference in Item 35, Column (C). The software also subtracts Item 34, Column (D) from Item 29, Column (B) and enters the difference in Item 35, Column (D).

STATEMENT B RECEIPTS AND DISBURSEMENTS

Under Statement B, receipts must be recorded when money is actually received by the labor organization and disbursements must be recorded when money is actually paid out by the labor organization.

The purpose of Statement B is to report the flow of cash in and out of the labor organization during the reporting period. Transfers between separate bank accounts or between special funds of the labor organization, such as vacation or strike funds, do not represent the flow of cash in and out of the labor organization. Therefore, these transfers should not be reported as receipts and disbursements of the labor organization. For example, do not report a transfer of cash from the labor organization's savings account to its checking account. Likewise, the use of funds reported in Item 22 (Cash) of Statement A to purchase certificates of deposit and the redemption of certificates of deposit should not be reported in Statement B.

Since Statement B reports all cash flowing in and out of the labor organization, "netting" is not permitted. "Netting" is the offsetting of receipts against disbursements and reporting only the balance (net) as either a receipt or disbursement. For example, if an officer received $1,000 from the labor organization for convention expenses, used only $800 and returned the remaining $200, the $1,000 disbursement must be reported in Schedule 11 (All Officers and Disbursements to Officers) and the appropriate disbursement Schedule 15 through 19, and the $200 receipt must be reported in Schedule 14 (Other Receipts). It would be incorrect to report only an $800 net disbursement to the officer.

Receipts and disbursements by an agent on behalf of the labor organization are considered receipts and disbursements of the labor organization and must be reported in the same detail as other receipts and disbursements. For example, if the labor organization owns a building managed by a rental agent, the agent's rental receipts and disbursements for expenses must be reported on the labor organization's Form LM-2. Also, if the labor organization's parent body or an intermediate body functions as an agent receiving and disbursing funds of the labor organization to third parties, these receipts and disbursements must be reported on the labor organization's Form LM-2. For example, if a parent body receives the labor organization’s dues and makes disbursements from that money to pay the labor organization’s bills (such as payments to an attorney for legal services), those receipts and disbursements must be reported on the labor organization’s Form LM-2.

CASH RECEIPTS

36. DUES AND AGENCY FEES – Enter the total dues including regular dues, working dues, etc. received by the labor organization. Include dues received directly by the organization from members, dues received from employers through a checkoff arrangement, and dues transmitted to the organization by a parent body or other affiliate. Report the full dues received, including any portion that will later be transmitted to an intermediate or parent body as per capita tax. Also report in Item 36 payments in lieu of dues received from any nonmember employees as a condition of employment under a union security provision in a collective bargaining agreement.

If an intermediate or parent body receives dues checkoff directly from an employer on behalf of the reporting organization, do not report in Item 36 the portion retained by that organization for per capita tax or other purposes, such as a special assessment. Any amounts retained by the intermediate body or parent body other than per capita tax must be explained in Item 69 (Additional Information). For example, if the intermediate body or parent body retained $500 of the reporting organization's dues checkoff as payment for supplies purchased from that body by the reporting organization, this should be explained in Item 69, but the $500 should not be reported as a receipt or disbursement on either organization's Form LM-2. If, however, the intermediate body or parent body disbursed part of the reporting organization's dues checkoff on that organization's behalf, this amount should be included in Item 36 and in the appropriate disbursement item on the reporting organization's Form LM-2. For example, if the intermediate body or parent body disbursed $500 of the reporting organization's dues checkoff to an attorney who had provided lobbying services to the reporting organization, this amount should be reported in Item 36 and as a disbursement in Schedule 16 (Political Activities and Lobbying) of the reporting organization's Form LM-2.

Do not report in Item 36 dues that the reporting organization collected on behalf of other organizations for transmittal to them. For example, if the reporting organization received dues from a member of an affiliate who worked in the reporting organization's jurisdiction, the dues collected on the affiliate's behalf must be reported in Item 46.

37. PER CAPITA TAX — Enter the total per capita tax received by your organization if your organization is an intermediate or parent body; otherwise, enter “0” in Item 37. Include the per capita tax portion of dues received directly by your organization from members of affiliates, per capita tax received from subordinates, either directly or through intermediaries, and the per capita tax portion of dues received through a checkoff arrangement whereby local dues are remitted directly to an intermediate or parent body by employers. Do not include dues collected on behalf of subordinate organizations for transmittal to them. For example, if a parent body received dues checkoff directly from an employer and returned the local’s portion of the dues, the parent body must report the dues received on behalf of the local in Item 46 (On Behalf of Affiliates for Transmittal to Them).

38. FEES, FINES, ASSESSMENTS, WORK PERMITS — Enter the labor organization's receipts from fees, fines, assessments, and work permits. Receipts by the labor organization on behalf of affiliates for transmittal to them must be reported in Item 46 (On Behalf of Affiliates for Transmittal to Them).

39. SALE OF SUPPLIES — Enter the total amount received by the labor organization from the sale of supplies such as union logo clothing, lapel pins, bumper stickers, etc.

40. INTEREST — Enter the total amount of interest received by the labor organization from savings accounts, bonds, mortgages, loans, and all other sources.

41. DIVIDENDS — Enter the total amount of dividends from stocks and other investments received by the labor organization. Do not include "dividends" from credit unions, savings and loan associations, etc., which must be reported in Item 40 (Interest).

42. RENTS — Enter the total amount of rents received by the labor organization.

43. SALE OF INVESTMENTS AND FIXED ASSETS — The software will enter the total ”Net Sales” reported in Column (E) of Schedule 3 (Sale of Investments and Fixed Assets).

44. LOANS OBTAINED — The software will enter the total reported in Column (C) of Schedule 9 (Loans Payable).

45. REPAYMENTS OF LOANS MADE — The software will enter the total reported in Column (D)(1) of Schedule 2 (Loans Receivable).

46. ON BEHALF OF AFFILIATES FOR TRANSMITTAL TO THEM — Enter the total amount of dues, fees, fines, assessments, and work permit fees received by the labor organization, through a checkoff arrangement or otherwise, on behalf of affiliates for transmittal to them. Do not include the amount withheld by the labor organization for per capita taxes or other purposes, such as loan repayments, which must be reported elsewhere in Statement B. When the receipts reported in Item 46 are transmitted, the disbursement must be reported in related Item 63 (To Affiliates of Funds Collected on Their Behalf).

47. FROM MEMBERS FOR DISBURSEMENT ON THEIR BEHALF — Enter the total receipts from members that are specifically designated by them for disbursement on their behalf; for example, contributions from members for transmittal by the labor organization to charities. When receipts that are reported in Item 47 are transmitted, the disbursement must be reported in related Item 64 (On Behalf of Individual Members).

48. OTHER RECEIPTS — The software will enter the total reported on Summary Schedule 14, Line 4.

49. TOTAL RECEIPTS — Click the "Save & Calculate" button at the top of Statement B and the software will add the amounts in Items 36 through 48 and enter the total in Item 49.

CASH DISBURSEMENTS

50. REPRESENTATIONAL ACTIVITIES – The software will enter the total from Summary Schedule 15, Line 6.

51. POLITICAL ACTIVITIES AND LOBBYING – The software will enter the total from Summary Schedule 16, Line 6.

52. CONTRIBUTIONS, GIFTS, AND GRANTS – The software will enter the total from Summary Schedule 17, Line 6.

53. GENERAL OVERHEAD – The software will enter the total from Summary Schedule 18, Line 6.

54. UNION ADMINISTRATION – The software will enter the total from Summary Schedule 19, Line 6.

55. BENEFITS – The software will enter the total reported in Column (C.) of Schedule 20 (Benefits).

56. PER CAPITA TAX — Enter your organization's total amount of per capita tax paid as a condition or requirement of affiliation with your parent national or international union, state and local central bodies, a conference, joint or system board, joint council, federation, or other labor organization.

57. STRIKE BENEFITS – Enter the total amount of all disbursements made to, or on behalf of the members (or agency fee paying nonmembers) of the labor organization, and others, associated with strikes (including recognitional strikes), work stoppages and lockouts during the reporting period.

58. FEES, FINES, ASSESSMENTS, ETC. — Enter the total amount of fees, fines, assessments, and similar disbursements made by the labor organization to a parent body or other labor organization.

59. SUPPLIES FOR RESALE — Enter the labor organization's total disbursements for purchases of supplies such as union logo clothing, lapel pins, bumper stickers, etc. for resale.

60. PURCHASE OF INVESTMENTS AND FIXED ASSETS — The software will enter the total reported in Column (D) of Schedule 4 (Purchase of Investments and Fixed Assets).

61. LOANS MADE — The software will enter the total reported in Column (C) of Schedule 2 (Loans Receivable).

62. REPAYMENT OF LOANS OBTAINED — The software will enter the total reported in Column (D)(1) of Schedule 9 (Loans Payable).

63. TO AFFILIATES OF FUNDS COLLECTED ON THEIR BEHALF — Enter the total disbursements of funds collected on behalf of affiliates by the labor organization. This amount usually is the same as the amount reported in related Item 46 (On Behalf of Affiliates for Transmittal to Them). Any such funds not disbursed by the end of the reporting period are liabilities of the labor organization and must be reported in Schedule 10 (Other Liabilities).

64. ON BEHALF OF INDIVIDUAL MEMBERS — Enter the total disbursements of funds collected from members by the labor organization that were specifically designated by them for disbursement on their behalf. This amount usually is the same as the amount reported in related Item 47 (From Members for Disbursement on Their Behalf). Any such funds not disbursed by the end of the reporting period are liabilities of the labor organization and must be reported in Schedule 10 (Other Liabilities).

65. DIRECT TAXES – Enter all taxes assessed against and paid by your organization, including your organization's FICA taxes as an employer. Do not include disbursements for the transmittal of taxes withheld from the salaries of officers and employees which must be reported in Item 67 (Withholding Taxes and Other Payroll Deductions). Also, do not include indirect taxes, such as sales and excise taxes, for purchases reported in other disbursement items.

66. SUBTOTAL — Click the "Save & Calculate" button at the top of Statement B and the software will add the amounts in Items 50 through 65 and enter the subtotal in Item 66.

67. WITHHOLDING TAXES AND OTHER PAYROLL DEDUCTIONS – a. Total Withheld - Enter the total amount of withholding taxes and all other payroll deductions during the reporting period.

b. Total Disbursed - Enter the total amount of withholding taxes and all other payroll deductions that were disbursed by your organization during the reporting period. This includes your organization's total disbursements to Federal, state, county, and municipal government agencies for the transmittal of taxes withheld from the salaries of officers and employees, including officers' and employees' portion of FICA taxes and all disbursements for the transmittal of other payroll deductions.

c. Total Withheld But Not Disbursed – Click the "Save & Calculate" button at the top of Statement B and the software will subtract Item 67b from Item 67a and enter the difference in Item 67c. The software will also complete Item 68 (Total Disbursements) as explained in the next instruction.

68. TOTAL DISBURSEMENTS – As indicated in the previous instruction, when Item 66c is completed and the "Save & Calculate" button at the top of Statement B is clicked the software subtracts Item 67c from Item 66 and enters the difference in Item 68.

NOTE: *The following worktable may be used to determine that the figures for receipts, disbursements, and cash are correctly reported on the labor organization's Form LM-2:*

A. Cash at Start of Reporting $ Period — Item 22, Column (A)

B. Add: Total Receipts — Item 49 $

C. Total of Lines A and B $

D. Subtract: Total Disbursements $ — Item 68

E. Cash at End of Period $

If Line E does not equal the amount reported in Item 22, Column (B), there is an error in the labor organization's report, which should be corrected.

ADDITIONAL INFORMATION AND SIGNATURES

69. ADDITIONAL INFORMATION — Use Item 69 to provide additional information as indicated on Form LM-2 and in these instructions. Enter the number of the item to which the information relates in the Item Number column if the software has not entered the number.

70-71. SIGNATURES — The completed Form LM-2 that is filed with OLMS must be signed by both the president and treasurer, or corresponding principal officers, of the labor organization. If an officer other than the president or treasurer performs the duties of the principal executive or principal financial officer, the other officer may sign the report. If an officer other than the president or treasurer signs the report, enter the correct title in the title field next to the signature and explain in Item 69 (Additional Information) why the president or treasurer did not sign the report.

Before signing the form, enter the telephone number at which the signatories conduct official business and the date. Click the Validate button at the top of the form to ensure that the report passes validation.

To sign the form, click the signature spaces provided. Fill in the requested information in the screen that pops up.

XII. LABOR ORGANIZATIONS THAT HAVE CEASED TO EXIST

If a labor organization has gone out of existence as a reporting labor organization, the last president and treasurer or the officials responsible for winding up the affairs of the labor organization must file a terminal financial report for the period from the beginning of the fiscal year to the date of termination. A terminal financial report must be filed if the labor organization has gone out of business by disbanding, merging into another organization, or being merged and consolidated with one or more labor organizations to form a new labor organization. A terminal financial report is not required if the labor organization changed its affiliation but continues to function as a separate reporting labor organization.

The terminal financial report must be filed on Form LM-2 if the labor organization filed its previous annual report on Form LM-2 and must be submitted within 30 days after the date of termination.

To complete a terminal report on Form LM-2, follow the instructions in Section XI and, in addition:

- Enter the date the labor organization ceased to exist in Item 2 after the word "Through." The format for the date must be mm/dd/yyyy.
- Select Item 3(c) indicating that the labor organization ceased to exist during the reporting period and that this is the labor organization's terminal Form LM-2.
- Provide in Item 69 (Additional Information) a detailed statement of the reason the labor organization ceased to exist. Also report in Item 69 plans for the disposition of the labor organization's cash and other assets, if any (for example, transfer of cash and assets to the parent body). Provide the name and address of the person or organization that will retain the records of the terminated organization. If the labor organization merged with another labor organization, report that organization's name, address, and 6-digit file number.

Contact the nearest OLMS field office if you have questions about filing a terminal report.

If You Need Assistance

The Office of Labor-Management Standards has field offices located in the following cities to assist you if you have any questions concerning LMRDA and CSRA reporting requirements.

Atlanta, GA
Birmingham, AL
Boston, MA
Buffalo, NY
Chicago, IL
Cincinnati, OH
Cleveland, OH
Dallas, TX
Denver, CO
Detroit, MI
Grand Rapids, MI
Guaynabo, PR
Honolulu, HI
Houston, TX
Kansas City, MO
Los Angeles, CA
Miami, FL
Milwaukee, WI
Minneapolis, MN
Nashville, TN
New Haven, CT
New Orleans, LA
New York, NY
Newark, NJ
Philadelphia, PA
Phoenix, AZ
Pittsburgh, PA
St. Louis, MO
San Francisco, CA
Seattle, WA
Tampa, FL
Washington, DC

Consult the OLMS Web site at www.olms.dol.gov or local telephone directory listings under United States Government, Labor Department, Office of Labor-Management Standards, for the address and telephone number of the nearest field office. You may also contact OLMS via email at OLMS-Public@dol.gov.

Copies of labor organization annual financial reports, employer reports, and labor relations consultant reports filed for the year 2000 and after can be viewed and printed at www.unionreports.gov. Copies of reports for the year 1999 and earlier can be ordered through the Web site.

Information about OLMS, including key personnel and telephone numbers, compliance assistance materials, the text of the LMRDA, and related Federal Register and Code of Federal Regulations documents, is also available on the OLMS website at www.olms.dol.gov.

U.S. Department of Labor
Office of Labor-Management Standards
Washington, DC 20210

FORM LM-3 LABOR ORGANIZATION ANNUAL REPORT

FOR USE ONLY BY LABOR ORGANIZATIONS WITH LESS THAN $250,000 IN TOTAL ANNUAL RECEIPTS

Form Approved
Office of Management and Budget
No. 1245-0003
Expires: XX-XX-XXXX

This report is mandatory under P.L. 86-257, as amended. Failure to comply may result in criminal prosecution, fines, or civil penalties as provided by 29 U.S.C. 439 or 440.

READ THE INSTRUCTIONS CAREFULLY BEFORE PREPARING THIS REPORT.

For Official Use Only	1. FILE NUMBER	2. PERIOD COVERED	3. (a) AMENDED — If this is an amended report correcting a previously filed report, check here: ☐
	☐☐☐—☐☐☐	MO DAY YEAR From ☐☐ ☐☐ ☐☐☐☐ Through ☐☐ ☐☐ ☐☐☐☐	(b) TERMINAL — If your organization ceased to exist and this is its terminal report, see Section XII of the instructions and check here: ☐

4. AFFILIATION OR ORGANIZATION NAME

5. DESIGNATION *(Local, Lodge, etc.)*

6. DESIGNATION NUMBER

7. UNIT NAME *(if any)*

9. Are your organization's records kept at its mailing address? *(If "No," provide address in Item 56.)* Yes ☐ No ☐

8. MAILING ADDRESS *(Type or print in capital letters.)*

First Name

Last Name

P.O. Box • Building and Room Number *(if any)*

Number and Street

City

State ZIP Code + 4

56. ADDITIONAL INFORMATION *(If more space is needed, attach additional pages properly identified.)*

Item Number

Each of the undersigned, duly authorized officers of the above labor organization, declares, under penalty of perjury and other applicable penalties of law, that all of the information submitted in this report (including the information contained in any accompanying documents) has been examined by the signatory and is, to the best of the undersigned's knowledge and belief, true, correct, and complete. *(See Section VI on penalties in the instructions.)*

57. SIGNED: ______________________ PRESIDENT *(If other title, see instructions.)*

___/___/___ Date (___) ___—___ Telephone Number

58. SIGNED: ______________________ TREASURER *(If other title, see instructions.)*

___/___/___ Date (___) ___—___ Telephone Number

FILE NUMBER: ☐☐☐ — ☐☐☐

During the Reporting Period Did Your Organization:

	Yes	No
10. Have a "subsidiary organization" as defined in Section X of the instructions?	☐	☐
11. Create or participate in the administration of a trust or other fund or organization, as defined in the instructions, which provides benefits for members or their beneficiaries?	☐	☐
12. Have a political action committee (PAC) fund?	☐	☐
13. Acquire or dispose of any goods or property in any manner other than by purchase or sale?	☐	☐
14. Have an audit or review or its books and records by an outside accountant or by a parent body auditor/representative?	☐	☐
15. Discover any loss or shortage of funds or other property? *(Answer "Yes" even if there has been repayment or recovery.)*	☐	☐
16. Have any officer who was paid $10,000 or more by your organization and also received $10,000 or more as an officer or employee of another labor organization or of an employee benefit plan?	☐	☐
17. Pay any employee salary, allowances, and other expenses which, together with any payments from affiliates, totaled more than $10,000?	☐	☐
18. Have loans totaling more than $250 to any officer, employee, or member, or make any loans to a business enterprise?	☐	☐

(If the answer to any of the above questions is "Yes," provide details in Item 56 on page 1 as explained in the instructions for each item.)

19. How many members did your organization have at the end of the reporting period? ☐☐☐☐☐☐☐☐

20. What is the maximum amount recoverable under your organization's fidelity bond for a loss caused by any officer or employee of your organization? **$** ☐☐☐☐☐☐☐☐

21. During the reporting period, did your organization have any changes in its constitution and bylaws (other than rates of dues and fees) or in practices/procedures listed in the instructions? .... Yes ☐ No ☐
(If the constitution and bylaws have changed, attach two new dated copies. If practices/procedures have changed, see the instructions.)

22. What is the date of your organization's next regular election of officers? MO ☐☐ YEAR ☐☐☐☐

23. What are your organization's rates of dues and fees?
(Enter a minimum and maximum if more than one rate applies for any line.)

	Rates of Dues and Fees
(a) Regular Dues/Fees	$__________ per __________ *(Month, Year, etc.)*
(b) Initiation Fees	$__________
(c) Transfer Fees	$__________
(d) Work Permits	$__________ per __________ *(Month, Year, etc.)*

24. ALL OFFICERS AND DISBURSEMENTS TO OFFICERS

Enter Amounts in Dollars Only — Do Not Enter Cents

FILE NUMBER: ___-___

(A) Name *(List all persons who held office during the reporting period even if they received no salary or other disbursements. Use all capital letters.)* (B) Title *(Enter title of officer, such as PRESIDENT or TREASURER.)*	Status (C)*	Gross Salary (before taxes and other deductions) (D)	Allowances and Other Disbursements (E)	Total (F)
1. Last Name / First Name Title	Status			
2. Last Name / First Name Title	Status			
3. Last Name / First Name Title	Status			
4. Last Name / First Name Title	Status			
5. Last Name / First Name Title	Status			
6. Last Name / First Name Title	Status			
7. Last Name / First Name Title	Status			
8. Totals from additional pages *(if any)*				
9. Totals of Lines 1 through 8				
			10. Less Deductions	
Enter the total from Line 11 in .... Item 45 ⇨			11. Net Disbursements	

*Code for Status (C): past officer — P; continuing officer — C; new officer during the reporting period — N. *(If any officer was not elected at a regular election in accordance with your organization's constitution and bylaws, explain in Item 56 on page 1.)*

Enter Amounts in Dollars Only — Do Not Enter Cents

FILE NUMBER: ___-___

STATEMENT A
ASSETS AND LIABILITIES

ASSETS Item	Start of Reporting Period (A)	End of Reporting Period (B)	LIABILITIES Item	Start of Reporting Period (C)	End of Reporting Period (D)
25. Cash			32. Accounts Payable		
26. Loans Receivable			33. Loans Payable		
27. U.S. Treasury Securities			34. Mortgages Payable		
28. Investments			35. Other Liabilities		
29. Fixed Assets			36. TOTAL LIABILITIES		
30. Other Assets					
31. TOTAL ASSETS			37. NET ASSETS *(Item 31 less Item 36)*		

STATEMENT B
RECEIPTS AND DISBURSEMENTS

CASH RECEIPTS Item	AMOUNT	CASH DISBURSEMENTS Item	AMOUNT
38. Dues		45. To Officers (*from Item 24*)	
39. Per Capita Tax		46. To Employees (*less deductions*)	
40. Fees, Fines, Assessments & Work Permits		47. Per Capita Tax	
41. Interest & Dividends		48. Office & Administrative Expense	
42. Sale of Investments & Fixed Assets		49. Professional Fees	
43. Other Receipts		50. Benefits	
44. TOTAL RECEIPTS		51. Contributions, Gifts & Grants	
		52. Purchase of Investments & Fixed Assets	
		53. Loans Made	
		54. Other Disbursements	
		55. TOTAL DISBURSEMENTS	

If total receipts reported in Item 44 are $250,000 or more, your organization must file Form LM-2 instead of this form.

ORGANIZATION NAME:

ENDING DATE OF PERIOD COVERED:

FILE NUMBER: ___ — ___

PAGE ____ OF ____ ADDITIONAL PAGES

24. ALL OFFICERS AND DISBURSEMENTS TO OFFICERS *(continued)*

(A) Name *(List all persons who held office during the reporting period even if they received no salary or other disbursements. Use all capital letters.)* / (B) Title *(Enter title of officer, such as PRESIDENT or TREASURER.)*	Status (C)	Gross Salary (before taxes and other deductions) (D)	Allowances and Other Disbursements (E)	Total (F)
Last Name / First Name / Title	Status			
Last Name / First Name / Title	Status			
Last Name / First Name / Title	Status			
Last Name / First Name / Title	Status			
Last Name / First Name / Title	Status			
Last Name / First Name / Title	Status			
Last Name / First Name / Title	Status			
Last Name / First Name / Title	Status			
Totals				

ORGANIZATION NAME:

ENDING DATE OF PERIOD COVERED:

FILE NUMBER:

PAGE ____ OF ____ ADDITIONAL PAGES

24. ALL OFFICERS AND DISBURSEMENTS TO OFFICERS *(continued)*

(A) Name *(List all persons who held office during the reporting period even if they received no salary or other disbursements. Use all capital letters.)* (B) Title *(Enter title of officer, such as PRESIDENT or TREASURER.)*	Status (C)	Gross Salary (before taxes and other deductions) (D)	Allowances and Other Disbursements (E)	Total (F)
Last Name / First Name / Title	Status			
Last Name / First Name / Title	Status			
Last Name / First Name / Title	Status			
Last Name / First Name / Title	Status			
Last Name / First Name / Title	Status			
Last Name / First Name / Title	Status			
Last Name / First Name / Title	Status			
Last Name / First Name / Title	Status			
Totals				

Public reporting burden for this collection of information is estimated to average 116 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Persons are not required to respond to the collection of information unless it displays a currently valid OMB control number. Reporting of this information is mandatory and is required by the Labor-Management Reporting and Disclosure Act of 1959, as amended, for the purpose of public disclosure. As this is public information, there are no assurances of confidentiality. If you have any comments regarding this estimate or any other aspect of this information collection, including suggestions for reducing this burden, please send them to the U.S. Department of Labor, Office of Labor-Management Standards, Division of Interpretations and Standards, Room N-5609, 200 Constitution Avenue, NW, Washington, DC 20210.

INSTRUCTIONS FOR FORM LM-3
LABOR ORGANIZATION ANNUAL REPORT

(11/2010)

GENERAL INSTRUCTIONS

I. WHO MUST FILE

Every labor organization subject to the Labor-Management Reporting and Disclosure Act of 1959, as amended (LMRDA), the Civil Service Reform Act (CSRA), or the Foreign Service Act (FSA) must file a financial report, Form LM-2, LM-3, or LM-4, each year with the Office of Labor-Management Standards (OLMS) of the U.S. Department of Labor. These laws cover labor organizations that represent employees who work in private industry, employees of the U.S. Postal Service, and most Federal government employees. Labor organizations that represent or include only state, county, or municipal government employees are not covered by these laws and, therefore, are not required to file. If you have a question about whether your organization is required to file, contact the nearest OLMS field office listed at the end of these instructions.

II. WHAT FORM TO FILE

Every labor organization subject to the LMRDA, CSRA, or FSA with total annual receipts of less than $250,000 may file the simplified annual report Form LM-3, if not in trusteeship as defined in Section IX of these instructions. The term “total annual receipts” means all financial receipts of the labor organization during its fiscal year, regardless of the source, including receipts of any special funds as described in Section VIII of these instructions and any “subsidiaries” as defined in Section X.

Labor organizations with greater total annual receipts and those in trusteeship must file the more detailed Form LM-2. Labor organizations with less than $10,000 in total annual receipts may file the abbreviated 2-page annual report Form LM-4, if not in trusteeship.

III. WHEN TO FILE

Form LM-3 must be filed within 90 days after the end of your organization’s fiscal year (12-month reporting period). The law does not authorize the U.S. Department of Labor to grant an extension of time for filing reports for any reason. The penalties for delinquency are described in Section VI of these instructions.

If your organization went out of existence during its fiscal year, a terminal financial report must be filed within 30 days after the date it ceased to exist. See Section XII of these instructions for information on filing a terminal financial report.

IV. HOW TO FILE

An Adobe Reader version of Form LM-3 is available for download from the OLMS Web site. This form has some items pre-filled and the option for digital signatures for electronic filing. You can download the Adobe Reader version Form LM-3 at www.dol.gov/olms/regs/compliance/lm3_downloadpg.htm.

On the download pages you will find a User Guide for the Adobe Reader Form LM-3 that will guide you through the process of preparing and completing the form, and provide instructions and navigation tips to help you download the form, enter information directly into the form, and add digital signatures.

If you have difficulty navigating the software, or have questions about its functions and features, call the OLMS Help Desk at: (866) 401-1109. You may also send questions via e-mail to olms-public@dol.gov.

After you have completed Form LM-3 you have two options for submitting your report. You can print it and have the officers sign it manually and mail it to the Office of Labor-Management Standards, 200 Constitution Ave., NW, Room N-1519, Washington, DC 20210-0001 or you can electronically sign and submit the form.

V. Public Disclosure

The LMRDA requires that the U.S. Department of Labor make labor organization financial reports available for inspection by the public. Reports for the year 2000 and later may be viewed and downloaded from the OLMS Web site at www.unionreports.gov. Copies of reports and union constitutions and bylaws can be ordered at the same Web site. Reports may also be examined and copies purchased at the OLMS Public Disclosure Room at:

U.S. Department of Labor
Office of Labor-Management Standards
200 Constitution Avenue, NW
Room N-1519
Washington, DC 20210-0001
Telephone: 202-693-0125

VI. Officer Responsibilities And Penalties

The president and treasurer or the corresponding principal officers of the labor organization required to sign Form LM-3 are personally responsible for its filing and accuracy. Under the LMRDA, officers are subject to criminal penalties for willful failure to file a required report and for false reporting. False reporting includes making any false statement or misrepresentation of a material fact while knowing it to be false, or for knowingly failing to disclose a material fact in a required report or in the information required to be contained in it or in any information required to be submitted with it.

The reporting labor organization and the officers required to sign Form LM-3 are also subject to civil prosecution for violations of the filing requirements. Section 210 of the LMRDA (29 U.S.C. 440) provides that "whenever it shall appear that any person has violated or is about to violate any of the provisions of this title, the Secretary may bring a civil action for such relief (including injunctions) as may be appropriate."

Under the CSRA and FSA and implementing regulations, false reporting and failure to report may result in administrative enforcement action and litigation. The officers responsible for signing Form LM-3 are also subject to criminal penalties for false reporting under Sections 1001 of Title 18 and 1746 of Title 28 of the United States Code.

VII. Recordkeeping

The officers required to file Form LM-3 are responsible for maintaining records which will provide in sufficient detail the information and data necessary to verify the accuracy and completeness of the report. The records must be kept for at least 5 years after the date the report is filed. Any record necessary to verify, explain, or clarify the report must be retained, including, but not limited to, vouchers, worksheets, receipts, and applicable resolutions, and any electronic documents, including recordkeeping software, used to complete, read, and file the report.

VIII. Funds To Be Reported

Your labor organization's Form LM-3 must report financial information for all funds of your organization. Include any special purpose funds or accounts, such as strike funds, vacation funds, and scholarship funds even it they are not part of your organization's general treasury. All labor organization political action committee (PAC) funds are considered to be labor organization funds. However, to avoid duplicate reporting, PAC funds which are kept separate from your labor organization's treasury are not required to be included in your organization's Form LM-3 if publicly available reports on the PAC funds are filed with a Federal or state agency.

Your organization is required to report financial information about any "subsidiary organizations." Financial information about your organization and its subsidiary organizations may be combined on a single Form LM-3 or you may attach to your Form LM-3 report the regular annual report of the financial condition and operations of the subsidiary organization with a signed certification by an independent public accountant. See Section X of these instructions for information on reporting financial information for subsidiary organizations.

If combining the information concerning subsidiary organizations, be sure to include the requested information and amounts for the subsidiary organizations as well as for all other assets of your union in all items.

SPECIAL INSTRUCTIONS FOR CERTAIN ORGANIZATIONS

IX. Labor Organizations In Trusteeship

Any labor organization which has placed a subordinate labor organization in trusteeship is responsible for filing the subordinate's annual financial report. A trusteeship is defined in section 3(h) of the LMRDA as "any receivership, trusteeship, or other method of supervision or control whereby a labor organization suspends the autonomy otherwise available to a subordinate body under its constitution or bylaws."

Annual financial reports filed for any labor organization in trusteeship must be filed on Form LM-2 rather than Form LM-3. The report must be signed by the president and treasurer or corresponding principal officers of the labor organization which imposed the trusteeship and by the trustees of the subordinate labor organization. Form LM-2 can be downloaded from the OLMS Web site at www.olms.dol.gov. For additional information contact any of the offices listed at the end of these instructions.

X. Labor Organizations With Subsidiary Organizations

A subsidiary organization, within the meaning of these instructions, is any separate organization of which the ownership is wholly vested in the reporting labor organization or its officers or its membership, which is governed or controlled by the officers, employees, or members of the reporting labor organization, and which is wholly financed by the reporting labor organization. A subsidiary organization is considered to be wholly financed if the initial financing was provided by the reporting labor organization even if the subsidiary organization is currently wholly or partially self-sustaining. An example of a subsidiary organization is a building corporation which holds title to a building; the labor organization owns the building corporation, selects the officers, and finances the operation of the building corporation.

If your organization has no subsidiary organization as defined above, skip to Section XI of these instructions.

A labor organization is required to report financial information for each of its subsidiary organizations using one of the following methods:

Method (1) — Consolidate the financial information for the subsidiary organization(s) and the labor organization on a single Form LM-3.

Method (2) — File, with the labor organization's Form LM-3, the regular annual report of the financial condition and operations of the subsidiary organization, accompanied by a statement signed by an independent public accountant certifying that the financial report presents fairly the financial condition and operations of the subsidiary organization and was prepared in accordance with generally accepted accounting principles. Financial information reported separately for subsidiary organizations under this method must include the name of the subsidiary organization and the name and file number of the labor organization as shown on its Form LM-3. The financial report of the subsidiary organization must cover the same reporting period as that used by the reporting labor organization.

When method (2) is used and the subsidiary organization is an investment, the financial interest of the reporting labor organization in the subsidiary organization must be reported in Item 28 (Investments) of the labor organization's Form LM-3.

When method (2) is used and the subsidiary organization is of a non-investment nature, the financial interest of the reporting labor organization in the subsidiary organization must be reported in Item 30 (Other Assets) of the labor organization's Form LM-3.

The same type of information required on Form LM-3 regarding disbursements to officers and employees and loans made by labor organizations must also be reported with respect to the subsidiary organization. In method (1), the information relating to the subsidiary organization must be combined with that of the labor organization and reported on the labor organization's Form LM-3 in Item 24 (All Officers and Disbursements to Officers) and in Item 56 (Additional Information) for Items 17 (Employees) and 18 (Loans), in the detail required by the instructions. If method (2) is used, an attachment must be submitted containing the information required by the instructions for Items 17, 18, and 24.

The information regarding loans made by the subsidiary organization must include a listing of the names of each officer, employee, or member of the labor organization and each officer or employee of the subsidiary organization whose total loan indebtedness to the subsidiary organization, to the labor organization, or to both at any time during the reporting period exceeded $250. However, if method (2) is used, the amount reported by the subsidiary organization should be only the amount owed to the subsidiary organization.

The annual financial report must also include all disbursements made by the subsidiary organization to or on behalf of its officers and officers of the labor organization. The report must also list the name and position of the subsidiary organization's employees whose total gross salaries, allowances, and other disbursements from the subsidiary organization, the reporting labor organization, and any affiliates were more than $10,000. However, if method (2) is used, only the disbursements of the subsidiary organization for its employees should be reported.

XI. COMPLETING FORM LM-3

Most pages have a "Perform Calculations" button to total and transfer data to fields in various parts of the form. You may click on one or more of these buttons as you fill out the form at any time.

You may click on the "Validate Form" button at any time to check for errors. This action will generate an "Errors Page" listing any errors that will need to be corrected before you will be able to sign the form. Clicking on the signature lines will also perform the validation function.

INFORMATION ITEMS 1-23

Answer Items 1 through 23 as instructed. Select the appropriate box for those questions requiring a "Yes" or "No" answer; do not leave both boxes blank. Enter a single "0" in the boxes for items requiring a number or dollar amount if there is nothing to report.

1. FILE NUMBER — The software will enter the labor organization's 6-digit file number here and at the top of each page of Form LM-3. This is the number you entered when you downloaded Form LM-3. If the number is incorrect, you must download another copy of the form using the correct number. If the labor organization does not have the number on file and cannot obtain the number from prior reports filed with the Department, the number can be obtained from the OLMS Web site at www.unionreports.gov, or by contacting the nearest OLMS field office listed at the end of these instructions.

2. PERIOD COVERED — The software will enter the beginning and ending dates of the period covered by this report. These are the dates you entered when you downloaded Form LM-3. If the dates are incorrect, you must download another form using the correct dates. If the labor organization changed its fiscal year, the ending date in Item 2 should be the labor organization's new fiscal year ending date and the labor organization should indicate in Item 56 (Additional Information) that the report is for a period of less than 12 months because its fiscal year has changed. For example, if the labor organization's fiscal year ending date changes from June 30 to December 31, a report must be filed for the partial year from July 1 to December 31. Thereafter, the labor organization's annual report should cover a full 12-month period from January 1 to December 31.

3. AMENDED OR TERMINAL REPORT — Do not complete this item unless this report is an amended or terminal report. Select Item 3(a) if the labor organization is filing an amended report correcting a previously filed report. Select Item 3(b) if the labor organization has gone out of business by disbanding, merging into another labor organization, or being merged and consolidated with one or more labor organizations to form a new labor organization. Be sure the date the labor organization ceased to exist is entered in Item 2 (Period Covered) after the word "Through." See Section XII (Labor Organizations That Have Ceased to Exist) of these instructions for more information on filing a terminal report.

4. AFFILIATION OR ORGANIZATION NAME — The software accesses this information from the OLMS database and will enter the name of the national or international labor organization that granted the labor organization a charter. "Affiliates," within the meaning of these instructions, are labor organizations chartered by the same parent body, governed by the same constitution and bylaws, or having the relationship of parent and subordinate. For example, a parent body is an affiliate of all of its subordinate bodies, and all subordinate bodies of the same parent body are affiliates of each other.

If the labor organization has not reported such an affiliation, the software will enter the name of the labor organization as currently identified in the labor organization's constitution and bylaws or other organizational documents.

This item cannot be edited. If the labor organization needs to change this information, contact OLMS at (202) 693-0124.

5. DESIGNATION — The software will enter the specific designation that is used to identify the labor organization, such as Local, Lodge, Branch, Joint Board, Joint Council, District Council, etc. This field cannot be edited.

6. DESIGNATION NUMBER — The software will enter the number or other identifier, if any, by which the labor organization is known. This field cannot be edited.

7. UNIT NAME — The software will enter any additional or alternate name by which the labor organization is known, such as "Chicago Area Local." This field cannot be edited.

8. MAILING ADDRESS — The software will enter the current address where mail is most likely to reach the labor organization as quickly as possible. The first and last name of the person, if any, to whom such mail should be sent and any building and room number should be included. These fields are pre-filled from the OLMS database but can be edited by the filer.

9. PLACE WHERE RECORDS ARE KEPT — If the records required to be kept by the labor organization to verify this report are kept at the address reported in Item 8 (Mailing Address), answer "Yes." If not, answer "No" and provide in Item 56 (Additional Information) the address where the labor organization's records are kept.

10. SUBSIDIARY ORGANIZATIONS — If Item 10 is answered "Yes," provide in Item 56 the name, address, and purpose of each subsidiary organization. Indicate whether the information concerning its financial condition and operations is included in this Form LM-3 or in a separate report. See Section X of these instructions for information on reporting subsidiary organizations.

11. TRUSTS OR FUNDS — Answer Item 11 “Yes” if your labor organization created or participated in the administration of a “trust in which a labor organization is interested” which is defined in section 3(l) of the LMRDA as “a trust or other fund or organization (1) which was created or established by a labor organization, or one or more of the trustees or one or more members of the governing body of which is selected or appointed by a labor organization, and (2) a primary purpose of which is to provide benefits for the members of such labor organization or their beneficiaries.”

If Item 11 is answered “Yes,” provide in Item 56 the name, address, and purpose of each trust. If a report has been filed for the trust or other fund under the Employee Retirement Income Security Act of 1974 (ERISA), report in Item 56 the ERISA file number (Employer Identification Number — EIN) and plan number, if any.

12. POLITICAL ACTION COMMITTEE FUNDS — If Item 12 is answered “Yes,” provide in Item 56 the full name of each separate political action committee (PAC) and list the name of any government agency, such as the Federal Election Commission or a state agency, with which the PAC has filed a publicly available report, and the relevant file number of the PAC. (PAC funds which are kept separate from your labor organization’s treasury are not required to be included in your organization’s Form LM-3 if publicly available reports on the PAC funds are filed with a Federal or state agency. See Section VIII of these instructions for additional information on PAC funds.)

13. ACQUISITION OR DISPOSITION OF ASSETS — If Item 13 is answered “Yes,” describe in Item 56 the manner in which your organization acquired or disposed of assets, such as donating office furniture or equipment to charitable organizations, trading in assets, writing off a receivable, or giving away other tangible or intangible property of the labor organization. Include the type of asset, its value, and the identity of the recipient or donor, if any. Also report in Item 56 the cost or other basis at which any acquired assets were entered on your organization’s books or the cost or other basis at which any assets disposed of were carried on your organization’s books.

For assets that were traded in, enter in Item 56 the cost, book value, and trade-in allowance.

14. AUDIT OR REVIEW OF BOOKS AND RECORDS — If Item 14 is answered “Yes,” indicate in Item 56 whether the audit or review was performed by an outside accountant or a parent body auditor/representative. If the audit or review was performed by an outside accountant, provide the name of the accountant or accounting firm. Report any audit or review by an outside accountant or a parent body auditor/representative in which your organization’s books and records were examined to verify their accuracy and validity. The term “audit or review” does not include providing assistance in developing a bookkeeping system, providing routine bookkeeping services, or merely compiling information from your organization’s books and records to prepare Form LM-3 or other financial reports. Also, do not answer Item 14 “Yes” if the audit or review was performed by an audit committee or trustees of your organization.

15. LOSSES OR SHORTAGES — If Item 15 is answered “Yes,” describe the loss or shortage in detail in Item 56, including such information as the amount of the loss or shortage of funds or a description of the property that was lost, how it was lost, and to what extent, if any, there has been an agreement to make restitution or any recovery by means of repayment, fidelity bond, insurance, or other means.

16. ADDITIONAL POSITIONS OF OFFICERS — Answer Item 16 “Yes” only if an officer of your organization was paid $10,000 or more in salary, wages, and allowances by your organization and was paid $10,000 or more in salary, wages, and allowances as an officer or employee of another labor organization or of an employee benefit plan. In calculating whether an officer was paid $10,000 or more, include allowances paid on a daily, weekly, monthly, or other periodic basis. Do not include allowances paid on the basis of mileage or meals or amounts officers received as reimbursed expenses. If Item 16 is answered “Yes,” provide in Item 56 the name of each officer, the name of the other labor organization(s) or employee benefit plan(s), and the officer’s position in the other labor organization(s) or employee benefit plan(s).

17. EMPLOYEES — Answer Item 17 “Yes” if any employee of your organization received more than $10,000 in gross salaries, allowances, and other direct and indirect disbursements during the reporting period (direct and indirect disbursements are defined in the instructions for Item 24). In computing the total, add together all disbursements made to each employee by your organization (including any subsidiary organization) and any affiliates. (“Affiliates” means labor organizations chartered by the same parent body, governed by the same constitution and bylaws, or having the relationship of parent and subordinate.)

If Item 17 is answered “Yes,” report in Item 56 the name and position of each employee and the names of the other affiliated labor organizations which made disbursements to or on behalf of the employee. Also report in Item 56 the total disbursements made to each employee or on the employee’s behalf by your organization, including all salary and allowances (before any deductions) and other disbursements (including reimbursed expenses).

18. LOANS — Answer Item 18 “Yes” if any officer, employee, or member owed your organization, together with any subsidiary organization, more than $250 at any time during the reporting period; or if your organization made a loan, regardless of amount, to any business enterprise during the reporting period. Include any direct or indirect loans whether or not evidenced by a promissory note or secured by a mortgage. An example of an indirect loan is a disbursement by your organization to an educational institution for the tuition expense of an officer, employee, or member which must be repaid to your organization by that individual.

If Item 18 is answered “Yes,” report in Item 56 the name of each individual and business enterprise, the amount each individual owed at the end of the reporting period, and the amount loaned to each business enterprise during the reporting period. Also report in Item 56 the purpose, terms for repayment, and any security for each such loan.

NOTE: *Advances, including salary advances, are considered loans and must be reported in Item 26 (Loans Receivable) and Item 53 (Loans Made). However, advances to officers and employees of your organization for travel expenses necessary for conducting official business are not considered loans if the following conditions are met:*

- *the amount of an advance for a specific trip does not exceed the amount of expenses reasonably expected to be incurred for official travel in the near future, and the amount of the advance is fully repaid or fully accounted for by vouchers or paid receipts within 30 days after the completion or cancellation of the travel.*
- *the amount of a standing advance to an officer or employee who must frequently travel on official business does not unreasonably exceed the average monthly travel expenses for which the individual is separately reimbursed after the submission of vouchers or paid receipts, and the individual does not exceed 60 days without engaging in official travel.*

See the instructions for Item 24, Column (E), Item 30, and Item 46 for reporting travel advances which meet these criteria.

19. NUMBER OF MEMBERS — Enter the number of members in your organization at the end of the reporting period. Include all categories of members who pay dues. Do not include nonmember employees who make payments in lieu of dues as a condition of employment under a union security provision in a collective bargaining agreement.

20. FIDELITY BOND — Enter the maximum amount recoverable for a loss caused by any officer, employee, or agent of your organization who handled your organization's funds. Enter "0" if your organization was not covered by a fidelity bond during the reporting period.

NOTE: *If your organization had property and annual financial receipts which totaled more than $5,000, each of your organization's officers, employees, and agents who handles funds or other property of your organization must be bonded. The amount of the bond must be at least 10% of the value of the funds handled by the individual during the last reporting period, up to a maximum bond of $500,000. The bond must be obtained from a surety company approved by the Secretary of the Treasury. If you have any questions or need more information about bonding requirements, contact the nearest OLMS field office listed at the end of these instructions.*

21. CHANGES IN CONSTITUTION AND BYLAWS OR PRACTICES/PROCEDURES — If Item 21 is answered "Yes" because your organization's constitution and bylaws were changed during the reporting period (other than rates of dues and fees), a dated copy of the new constitution and bylaws must either be submitted as an electronic attachment to the Form LM-3 the labor organization submits to OLMS, or the labor organization may submit a dated copy of the new constitution and bylaws to:

Office of Labor-Management Standards
200 Constitution Ave., NW, Room N-1519
Washington, DC 20210-0001

If your organization is governed by a uniform constitution and bylaws prescribed by your organization's parent national or international body, your organization's parent body may file the constitution and bylaws on your behalf. If your parent body files a constitution and bylaws on your behalf, answer Item 21 "Yes" and state that fact in Item 56.

If Item 21 is answered "Yes" because your organization changed any of the practices/procedures listed below during the reporting period and the practices/ procedures are not described in your organization's constitution and bylaws, your organization must file an amended Form LM-1 (Labor Organization Information Report) with its Form LM-3 to update information on file with OLMS:

- qualifications for or restrictions on membership;
- levying assessments;
- participating in insurance or other benefit plans;
- authorizing disbursement of labor organization funds;
- auditing financial transactions of the labor organization;
- calling regular and special meetings;
- authorizing bargaining demands;
- ratifying contract terms;
- authorizing strikes;
- disciplining or removing officers or agents for breaches of their trust;
- imposing fines and suspending or expelling members including the grounds for such action and any provision made for notice, hearing, judgment on the evidence, and appeal procedures;
- selecting officers and stewards and any representatives to other bodies composed of labor organizations' representatives;
- invoking procedures by which a member may protest a defect in the election of officers (including not only all procedures for initiating an election protest but also all procedures for subsequently appealing an adverse decision, e.g., procedures for appeals to superior or parent bodies, if any); and
- issuing work permits.

Form LM-1 can be downloaded from the OLMS Web site at www.olms.dol.gov. If you are unable to download the form, contact any of the offices listed at the end of these instructions to obtain a copy.

NOTE: *Federal employee labor organizations subject solely to the Civil Service Reform Act or Foreign Service Act are not required to* *submit an amended Form LM-1 to describe revised or changed practices/procedures*.

22. NEXT REGULAR ELECTION — Enter the month and year of your organization's next regular election of general officers (president, vice president, treasurer, secretary, etc.). Do not report the date of any interim election to fill vacancies.

23. DUES AND FEES — Enter the dues and fees established by your organization. If more than one rate applies, enter the minimum and maximum rates. Enter "0" where appropriate.

Line (a): Enter the regular dues or fees or other periodic payments which a member must pay to be in good standing in your organization and enter the calendar basis for the payment (per month, per year, etc.). If your organization requires members to pay "working" dues as a part of regular dues, also report the amount or percent of "working" dues and enter the basis for the payment (per hour, per month, etc.). Include only the dues or fees of regular members and not dues or fees of members with special rates, such as apprentices, retirees, or unemployed members.

Line (b): Enter the initiation fees required from new members.

Line (c): Enter the fees other than dues required from transferred members. Such fees are those charged to persons applying for a transfer of membership to your organization from another labor organization with the same affiliation. Do not report fees charged to members transferring from one class of membership to another within your organization.

Line (d): If your organization issues work permits, enter the fees required and enter the calendar basis for the payment (per month, per year, etc.). Work permit fees are fees charged to nonmembers of your organization who work within its jurisdiction. Do not report as work permit fees those fees charged to nonmember applicants for membership pending acceptance of their membership application, or fees charged to persons applying for transfer of membership to your organization pending acceptance of their application for transfer.

FINANCIAL DETAILS

REPORT ONLY DOLLAR AMOUNTS
Report all amounts in dollars only. Round cents to the nearest dollar. Amounts ending in $.01 through $.49 should be rounded down. Amounts ending in $.50 through $.99 should be rounded up.

REPORTING CLASSIFICATIONS
Complete all items and lines on the form as given. Do not use different accounting classifications or change the wording of any item or line.

COMPLETE ALL ITEMS 24 THROUGH 55
Complete Item 24 and all items in Statement A and Statement B. Enter "0" where appropriate.

LIST OF OFFICERS AND DISBURSEMENTS TO THEM

ITEM 24. ALL OFFICERS AND DISBURSEMENTS TO OFFICERS — List all the labor organization's officers and report all salaries and other direct and indirect disbursements to officers during the reporting period. However, direct and indirect disbursements not involving the payment of some form of cash (cash, checks, money orders, etc.) should not be reported in Item 24 but must be explained in Item 56. Any direct or indirect cash disbursement required to be included in Item 24 should not be reported in other disbursement items.
NOTE: *A "direct disbursement" to an officer is a payment made by your organization to the officer in the form of cash, property, goods, services, or other things of value.*

An "indirect disbursement" to an officer is a payment made by your organization to another party for cash, property, goods, services, or other things of value received by or on behalf of the officer. "On behalf of the officer" means received by a party other than *the officer or your organization for the personal interest or benefit of the officer. Such payments include those made through a credit arrangement under which charges are made to the account of your organization and are paid by your organization.*

Column (A): Enter in (A) the last name, first name, and middle initial of each person who held office in the labor organization at any time during the reporting period. Include all the labor organization's officers whether or not any salary or other disbursements were made to them or on their behalf by the labor organization. "Officer" is defined in section 3(n) of the LMRDA (29 U.S.C. 402) as "any constitutional officer, any person authorized to perform the functions of president, vice president, secretary, treasurer, or other executive functions of a labor organization, and any member of its executive board or similar governing body."

Column (B): Enter in (B) the title of the position each officer listed held during the reporting period. If an officer held more than one position during the reporting period, list each additional position and the dates on which the officer held the position in Item 56 (Additional Information).

Column (C): Use the drop-down menu to select the status of each officer: "N" for a new officer who took office during the reporting period; "P" for a past officer who was not in office at the end of the reporting period; or "C" for a continuing officer who was in office before the reporting period and was still in office at the end of the reporting period. If any officer was not elected at a regular election in accordance with the labor organization's constitution and bylaws or other governing documents on file with OLMS, explain the manner in which the officer was chosen in Item 56 (Additional Information).

Column (D): Enter the gross salary of each officer (before tax withholdings and other payroll deductions). Include disbursements for “lost time” or time devoted to union activities.

Column (E): Enter the total of all other direct and indirect disbursements to each officer other than salary, including allowances, disbursements which were necessary for conducting official business of your organization, and disbursements essentially for the personal benefit of the officer and not necessary for conducting official business of your organization. Examples of disbursements to be reported in Column (E) include: allowances made by direct and indirect disbursements to each officer on a daily, weekly, monthly, or other periodic basis; allowances paid on the basis of mileage or meals; all expenses that were reimbursed directly to an officer; expenses for officers’ meals and entertainment; and various goods and services furnished to officers but charged to your organization.

Column (E) must also include:

- the total maintenance and operating costs of any automobile owned or leased by your organization and assigned to an officer regardless of whether the use was for official business or for the personal benefit of the officer. If more than 50% of the use of the automobile was for the personal benefit of the officer, the amount of decrease in the market value attributable to the officer’s personal use must be reported in Item 56.
- all disbursements for transportation by public carrier between the officer’s home and place of employment or for other transportation not involving the conduct of official business.
- all other direct and indirect disbursements to each officer not included elsewhere in this report. Include all direct and indirect disbursements which were essentially for the personal benefit of the officer and not necessary for conducting official business of your organization. However, disbursements for occasional non-cash gifts of insubstantial value need not be included in Column (E) if reported in Item 51 (Contributions, Gifts, and Grants).
- travel advances which are not considered loans as explained in the instructions for Item 18.

Do not report the following disbursements in Item 24:

- loans to officers which must be reported in Item 26 (Loans Receivable) and Item 53 (Loans Made);
- benefits to officers which must be reported in Item 50 (Benefits);
- reimbursements to an officer for the purchase of investments or fixed assets, such as reimbursing an officer for a file cabinet purchased for office use, which must be reported in Item 52 (Purchase of Investments and Fixed Assets) and explained in Item 56;
- indirect disbursements for temporary lodging (room rent charges only) or transportation by public carrier necessary for conducting official business while the officer is in travel status away from his or her home and principal place of employment with your organization if payment is made by your organization directly to the provider or through a credit arrangement and these disbursements are reported in Item 48 (Office and Administrative Expense); however, charges other than room rent on hotel bills must be reported in Column (E);
- disbursements made by your organization to someone other than an officer as a result of transactions arranged by an officer in which property, goods, services, or other things of value were received by or on behalf of your organization rather than the officer, such as rental of offices and meeting rooms, purchase of office supplies, refreshments and other expenses of membership banquets or meetings, and food and refreshments for the entertainment of groups other than the officers and membership on official business;
- office supplies, equipment, and facilities furnished to officers by your organization for use in conducting official business; and
- maintenance and operating costs of your organization's assets other than automobiles owned or leased by your organization and assigned to officers.

The software will enter on Line 8, Columns (D) and (E) the totals from any continuation pages for Item 24.

Column (F): The software will add Columns (D) and (E) for each of Lines 1 through 8 and enter the totals in Column (F).

The software will add Lines 1 through 8, Columns (D) through (F), and enter the totals on Line 9.

Enter on Line 10 the total amount of withheld taxes, payroll deductions, and other deductions. Disbursements for the transmittal of withheld taxes, payroll deductions, and other deductions must be reported in Item 54 (Other Disbursements). Any portion of withheld taxes or any payroll or other deductions which have not been transmitted at the end of the reporting period are liabilities of your organization and must be reported in Item 35. Payroll or other deductions retained by your labor organization (such as repayments of loans made) must be fully explained in Item 56.

The software subtracts Line 10, from Line 9, Column F, and enters the difference on Line 11 and in Item 45 (To Officers).

STATEMENT A
ASSETS AND LIABILITIES

The software will pre-fill Columns A and C (Start of Reporting Period) from your organization's report for the previous fiscal year. If the data is inaccurate, however, it can be edited manually. Be sure to explain any changes in Item 56.

ASSETS

25. CASH — Enter the total of all your organization's cash on hand and on deposit at the start and end of the reporting period in Columns (A) and (B), respectively. Include all cash on hand, such as undeposited cash, checks, and money orders; petty cash; and cash in safe deposit boxes. Cash on deposit includes funds in banks, credit unions, and other financial institutions, such as checking accounts, savings accounts, certificates of deposit, and money market accounts. Also include any interest credited to your organization's account during the reporting period.

NOTE: *The checking account balances reported should be obtained from your organization's books as reconciled with the balances shown on bank statements.*

26. LOANS RECEIVABLE — Enter the total of all loans owed to your organization at the start and end of the reporting period in Columns (A) and (B), respectively. Include all direct and indirect loans (whether or not evidenced by promissory notes or secured by mortgages) owed to your organization by individuals, business enterprises, benefit plans, and other entities including labor organizations. An example of an indirect loan is a disbursement by your organization to an educational institution for the tuition expense of an officer, employee, or member which must be repaid to your organization by that individual. Do not include investments in corporate bonds or mortgages purchased on a block basis through a bank or similar institution which must be reported in Item 28 (Investments).

27. U.S. TREASURY SECURITIES — Enter the total value of all U.S. Treasury securities as shown on your organization's books at the start and end of the reporting period in Columns (A) and (B), respectively. If the value reported is different from the original cost, the original cost must be reported in Item 56. Other U.S. Government obligations, state and municipal bonds, and foreign government securities must be reported in Item 28 (Investments).

28. INVESTMENTS — Enter in Columns (A) and (B), respectively, the total book value at the start and end of the reporting period of all investments other than U.S. Treasury securities. The book value of these investments is the lower of cost or market value.

29. FIXED ASSETS — Enter in Columns (A) and (B), respectively, the book value at the start and end of the reporting period of all fixed assets, such as land, buildings, automobiles, and office furniture and equipment owned by your organization. The book value of fixed assets is cost less depreciation.

30. OTHER ASSETS — Enter in Columns (A) and (B), respectively, the total value as shown on your organization's books at the start and end of the reporting period of all assets (such as accounts receivable, utility deposits, or travel advances which are not considered loans as explained in the instructions for Item 18) which have not been reported in Items 25 through 29.

31. TOTAL ASSETS — The software adds Items 25 through 30, Columns (A) and (B), and enters the respective totals in Item 31.

LIABILITIES

32. ACCOUNTS PAYABLE — Enter the total amount of your organization's accounts payable at the start and end of the reporting period in Columns (C) and (D), respectively. Ordinarily, accounts payable are those obligations incurred on an open account for goods and services rendered.

33. LOANS PAYABLE — Enter in Columns (C) and (D), respectively, the total amount of all loans owed by your organization at the start and end of the reporting period, including those represented by notes. Do not include loans secured by mortgages or similar liens on real property (land or buildings) which must be reported in Item 34 (Mortgages Payable).

34. MORTGAGES PAYABLE — Enter the total amount of your organization's obligations which were secured by mortgages or similar liens on real property (land or buildings) at the start and end of the reporting period in Columns (C) and (D), respectively.

35. OTHER LIABILITIES — Enter in Columns (C) and (D), respectively, the total amount as shown on your organization's books at the start and end of the reporting period of all other liabilities not reported in Items 32 through 34.

36. TOTAL LIABILITIES — The software adds Items 32 through 35, Columns (C) and

(D), and enters the respective totals in Item 36.

37. NET ASSETS — The software subtracts Item 36 (Total Liabilities), Column (C) from Item 31 (Total Assets), Column (A) and enters the difference in Item 37, Column (C). The software also subtracts Item 36, Column (D) from Item 31, Column (B) and enters the difference in Item 37, Column (D).

STATEMENT B RECEIPTS AND DISBURSEMENTS

Under Statement B, receipts must be recorded when money is actually received by the labor organization and disbursements must be recorded when money is actually paid out by the labor organization.

The purpose of Statement B is to report the flow of cash in and out of your organization during the reporting period. Transfers between separate bank accounts or between special funds of your organization, such as vacation or strike funds, do not represent the flow of cash in and out of your organization. Therefore, these transfers should not be reported as receipts and disbursements of your organization. For example, do not report a transfer of cash from your organization's savings account to its checking account. Likewise, the use of funds reported in Item 25 (Cash) to purchase certificates of deposit and the redemption of certificates of deposit should not be reported in Statement B.

Since Statement B reports all cash flowing in and out of your organization, "netting" is not permitted. "Netting" is the offsetting of receipts against disbursements and reporting only the balance (net) as either a receipt or disbursement. For example, if an officer received $1,000 from your organization for convention expenses, used only $800 and returned the remaining $200, the $1,000 disbursement must be reported in Item 24 and the $200 receipt must be reported in Item 43. It would be incorrect to report only an $800 net disbursement to the officer.

Receipts and disbursements by an agent on behalf of your organization are considered receipts and disbursements of your organization and must be reported in the same detail as other receipts and disbursements. For example, if your organization owns a building managed by a rental agent, the agent's rental receipts and disbursements for expenses must be reported on your organization's Form LM-3. Also, if your organization's parent body or an intermediate body functions as an agent receiving and disbursing funds of your organization to third parties, these receipts and disbursements must be reported on your organization's Form LM-3.

CASH RECEIPTS

38. DUES — Enter the total dues received by your organization. Include dues received directly by your organization from members, dues received from employers through a checkoff arrangement, and dues transmitted to your organization by a parent body or other affiliate. Report the full dues received, including any portion that will later be transmitted to an intermediate or parent body as per capita tax. Also report in Item 38 payments in lieu of dues received from any nonmember employees as a condition of employment under a union security provision in a collective bargaining agreement.

If an intermediate or parent body receives dues checkoff directly from an employer on behalf of your organization, do not report in Item 38 the portion retained by that organization for per capita tax or other purposes, such as a special assessment. Any amounts retained by the intermediate body or parent body other than per capita tax must be explained in Item 56. For example, if the intermediate body or parent body retained $500 of your organization's dues checkoff as payment for supplies purchased from that body by your organization, this should be explained in Item 56 of your organization's Form LM-3 but the $500 should not be reported as a receipt or a disbursement on your organization's Form LM-3. However, if the intermediate body or parent body disbursed part of your organization's dues checkoff on your organization's behalf, this amount should be included in Item 38 and in the appropriate disbursement item on your organization's Form LM-3. For example, if the intermediate body or parent body disbursed $500 of your organization's dues checkoff to an attorney who had provided legal services to your organization, this amount should be reported in Item 38 and as a disbursement in Item 49 (Professional Fees) of your organization's Form LM-3.

Do not report in Item 38 dues which your organization collected on behalf of other organizations for transmittal to them. For example, if your organization received dues from a member of an affiliate who worked in your organization's jurisdiction, the dues collected on the affiliate's behalf must be reported in Item 43.

39. PER CAPITA TAX — Enter the total per capita tax received by your organization if your organization is an intermediate or parent body; otherwise, enter "0" in Item 39. Include the per capita tax portion of dues received directly by your organization from members of affiliates, per capita tax received from subordinates, either directly or through intermediaries, and the per capita tax portion of dues received through a checkoff arrangement whereby local dues are remitted directly to an intermediate or parent body by employers. Do not include dues collected on behalf of subordinate organizations for transmittal to them. For example, if a parent body received dues checkoff directly from an employer and returned the local's portion of the dues, the parent body must report the dues received on behalf of the local in Item 43 (Other Receipts).

40. FEES, FINES, ASSESSMENTS, AND WORK PERMITS — Enter your organization's receipts from fees, fines, assessments, and work permits. Receipts by your organization on behalf of affiliates for transmittal to them must be reported in Item 43 (Other Receipts).

41. INTEREST AND DIVIDENDS — Enter the total amount of interest and dividends received by your organization from savings accounts, bonds, mortgages, loans, investments, and all other sources.

42. SALE OF INVESTMENTS AND FIXED ASSETS — Enter the net amount received by your organization for all investments (including U.S. Treasury securities) and fixed assets sold. Do not include amounts received from the sale or redemption of investments which were promptly reinvested (i.e., "rolled over") during the reporting period.

The amount to be excluded for each reinvestment is the lower of the following:
- the original cost of the investment sold;
- the amount reinvested when the amount received from the sale was less than the investment's original cost; or
- the amount reinvested when only a portion of the amount received from the sale was actually reinvested.

Interest and dividends received during the reporting period must be reported in Item 41.

Any portion of the amount due your organization (gross sales price less deductions for selling expenses) from sales of investments and fixed assets which has not been received by the end of the reporting period must be reported in Item 30 (Other Assets). However, if a mortgage or note is taken back, it must be reported in Item 26 (Loans Receivable).

43. OTHER RECEIPTS — Enter all receipts of your organization other than those reported in Items 38 through 42, including proceeds from the sale of supplies, loans obtained, repayments of loans made, rents, and funds collected for transmittal to third parties.

44. TOTAL RECEIPTS — The software adds Items 38 through 43 and enters the total in Item 44.

CASH DISBURSEMENTS

45. TO OFFICERS — The software enters the total reported on Line 11 of Item 24.

46. TO EMPLOYEES — Enter the total of all salaries, allowances, travel advances which are not considered loans as explained in the instructions for Item 18, and other direct and indirect disbursements (less deductions for FICA, withheld taxes, etc.) to employees of your organization during the reporting period. Include disbursements to individuals other than officers who receive lost time payments even if your organization does not consider them to be employees or does not make any other direct or indirect disbursements to them.

NOTE: *The following worktable may be used to determine the amount to be reported in Item 46:*

A. Total Gross Salaries, Allowances, and Other
Disbursements to Employees (before withheld
taxes and other deductions)
$___________

B. Subtract: Total Withheld Taxes and Other Deductions
$___________

C. Net Disbursements to Employees
$___________

The amount on Line C should agree with the amount reported in Item 46.

47. PER CAPITA TAX — Enter your organization's total amount of per capita tax paid as a condition or requirement of affiliation with your parent national or international union, state and local central bodies, a conference, joint or system board, joint council, federation, or other labor organization.

48. OFFICE AND ADMINISTRATIVE EXPENSE — Enter your organization's total disbursements for its ordinary office and administrative expenses, for example, rent, utilities, office supplies, postage, subscriptions, fidelity bond premiums, etc.

As explained in the instructions for Item 24, Column (E), disbursements for hotel rooms or for transportation by public carrier of officers and employees on official business may be reported in Item 48 when payment is made directly to the provider or through a credit arrangement. Do not include in Item 48 salaries, allowances, or other direct and indirect disbursements to officers and employees which must be reported in Items 45 and 46.

Also report in Item 48 all taxes assessed against and paid by your organization, including your organization's FICA taxes as an employer. Do not include disbursements for the transmittal of taxes withheld from the salaries of officers and employees which must be reported in Item 54. Also, do not include indirect taxes, such as sales and excise taxes, for purchases reported in other disbursement items.

49. PROFESSIONAL FEES — Enter your organization's total disbursements for "outside" legal and other professional services (auditing, economic research, computer consulting, arbitration, etc.). Include any disbursements made for the expenses of individuals or firms providing professional services to your organization. Do not include direct and indirect disbursements to officers and employees which must be reported in Items 45 and 46.

50. BENEFITS — Enter the total of all direct and indirect benefit disbursements made by your organization. Direct benefit disbursements are those made to officers, employees, members, and their beneficiaries from your organization's funds. Indirect benefit disbursements are those made from your organization's funds to a separate and independent entity, such as a trust or insurance company, which in turn and under certain conditions will pay benefits to the covered individuals. An example of an indirect benefit disbursement is the premium on group life insurance.

51. CONTRIBUTIONS, GIFTS, AND GRANTS — Enter the total of all disbursements for contributions, gifts, and grants made by your organization.

52. PURCHASE OF INVESTMENTS AND FIXED ASSETS — Enter the total disbursements for all investments and fixed assets purchased by your organization. Do not include any unpaid balances still owed which should be reported in Item 33 (Loans Payable) or Item 34 (Mortgages Payable).

Also, do not include disbursements for reinvestment in U.S. Treasury securities and investments of amounts received from sales of U.S. Treasury securities and investments as explained in the instructions for Item 42 (Sale of Investments and Fixed Assets). The amount to be excluded from Item 52 for reinvestment must be the same as the amount which was excluded from Item 42 for reinvestment.

53. LOANS MADE — Enter the total disbursements for loans made by your organization. Include all direct and indirect loans made to individuals, business enterprises, and other organizations, regardless of amount.

NOTE: *Section 503(a) of the LMRDA prohibits labor organizations from making direct or indirect loans to any officer or employee of the labor organization which results in a total indebtedness on the part of such officer or employee to the labor organization in excess of $2,000 at any time.*

54. OTHER DISBURSEMENTS — Enter all disbursements made by your organization not reported in Items 45 through 53, including fees, fines, assessments, supplies for resale, repayments of loans obtained, transmittals of funds collected for third parties, educational and publicity expenses, withholding taxes, and payments for the account of affiliates and other third parties.

55. TOTAL DISBURSEMENTS — The software adds Items 45 through 54 and enters the total in Item 55.

NOTE: *The following worktable may be used to determine that the figures for receipts, disbursements, and cash are correctly reported on your organization's Form LM-3:*

A. Cash at Start of Reporting Period — Item 25, Column (A)
$___________

B. Add: Total Receipts — Item 44
$___________

C. Total of Lines A and B
$___________

D. Subtract: Total Disbursements — Item 55
$___________

E. Cash at End of Period .
$___________

If Line E does not equal the amount reported in Item 25, Column (B), there is an error in your organization's report which should be corrected.

56. ADDITIONAL INFORMATION — Use Item 56 to provide additional information as indicated on Form LM-3 and in Section XII of these instructions. Enter the number of the item to which the information relates in the Item Number column if the software has not entered the number.

57-58. SIGNATURES — Electronically submitted forms must be signed digitally. To complete the electronic signature option you must have purchased an electronic digital signature. This digital signature enables you to electronically sign your report so that you can submit it to OLMS. For information on obtaining a digital signature please visit www.dol.gov/olms/regs/compliance/digital-signatures.htm. If the duties of the principal executive or principal financial officer are performed by an officer other than the president or treasurer, the report may be signed by the other officer. If the report is signed by
an officer other than the president or treasurer, enter the correct title in Item 57 or 58 from the drop down box, and explain in Item 56 why the president or treasurer did not sign the report. Before signing the form, enter the date the report was signed and the telephone number at which the signatories conduct official business; you do not have to report a private, unlisted telephone number.

For a form that is printed and mailed to OLMS, have the officers sign it manually and mail it to the Office of Labor-Management Standards, 200 Constitution Ave., NW, Room N-1519, Washington, DC 20210-0001. Original signatures are required on the printed Form

LM-3 filed with OLMS; stamped or mechanical signatures are not acceptable. If the duties of the principal executive or principal financial officer are performed by an officer other than the president or treasurer, the report may be signed by the other officer. If the report is signed by an officer other than the president or treasurer, cross out the printed title, enter the correct title in Item 57 or 58, and explain in Item 56 why the president or treasurer did not sign the report. Enter the date the report was signed and the telephone number at which the signatories conduct official business; you do not have to report a private, unlisted telephone number.

XII. Labor Organizations That Have Ceased To Exist

If your organization has gone out of existence as a reporting labor organization, the last president and treasurer or the officials responsible for winding up the affairs of your organization must file a terminal financial report for the period from the beginning of the fiscal year to the date of termination. A terminal financial report must be filed if your organization has gone out of business by disbanding, merging into another organization, or being merged and consolidated with one or more labor organizations to form a new labor organization. A terminal financial report is not required if your organization changed its affiliation but continues to function as a separate reporting labor organization.

The terminal financial report may be filed on Form LM-3 if your organization filed its previous annual report on Form LM-3 and your organization's total annual receipts, as defined in Section II of these instructions, were less than $250,000 for the part of the last fiscal year during which your organization existed. (If total annual receipts were more than this limit, your organization must use Form LM-2 to file its terminal financial report.) Your organization's terminal financial report may be filed electronically or may be printed, manually signed, and submitted to the U.S. Department of Labor, Office of Labor-Management Standards, 200 Constitution Avenue, NW, Room N-1519, Washington, DC 20210-0001, within 30 days after the date of termination.

To complete a terminal report on Form LM-3, follow the instructions in Section XI and, in addition:

- Enter the date your organization ceased to exist in Item 2 after the word "Through."
- Select Item 3(b) indicating that your organization ceased to exist during the reporting period and that this is your organization's terminal Form LM-3.
- Enter "3(b)" in the Item Number column in Item 56 and provide a detailed statement of the reason your organization ceased to exist. Also report in Item 56 plans for the disposition of your organization's cash and other assets, if any (for example, transfer of cash and assets to the parent body). Provide the name and address of the person or organization that will retain the records of the terminated organization. If your organization merged with another labor organization, report that organization's name, address, and 6-digit file number.

Contact the nearest OLMS field office listed below if you have questions about filing a terminal report.

OLMS Field Offices

Staff is available to answer questions at OLMS offices in the following cities.

Atlanta, GA
Birmingham, AL
Boston, MA
Buffalo, NY
Chicago, IL
Cincinnati, OH
Cleveland, OH
Dallas, TX
Denver, CO
Detroit, MI
Grand Rapids, MI
Guaynabo, PR
Honolulu, HI
Houston, TX
Kansas City, MO
Los Angeles, CA
Miami, FL
Milwaukee, WI
Minneapolis, MN
Nashville, TN
New Haven, CT
New Orleans, LA
New York, NY

Newark, NJ
Philadelphia, PA
Phoenix, AZ
Pittsburgh, PA
St. Louis, MO
San Francisco, CA
Seattle, WA
Tampa, FL
Washington, DC

Consult local telephone directory listings under United States Government, Labor Department, Office of Labor-Management Standards, for the address and phone number of your nearest field office. Contact information for OLMS field offices is also available at www.dol.gov/olms/contacts/lmskeyp.htm.

Public reporting burden for this collection of information is estimated to average 10 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Persons are not required to respond to the collection of information unless it displays a currently valid OMB control number. Reporting of this information is mandatory and is required by the Labor-Management Reporting and Disclosure Act of 1959, as amended, for the purpose of public disclosure. As this is public information, there are no assurances of confidentiality. If you have any comments regarding this estimate or any other aspect of this information collection, including suggestions for reducing this burden, please send them to the U.S. Department of Labor, Office of Labor-Management Standards, Division of Interpretations and Standards, Room N-5609, 200 Constitution Avenue, NW, Washington, DC 20210.

INSTRUCTIONS FOR FORM LM-4 LABOR ORGANIZATION ANNUAL REPORT

(11/2010)

GENERAL INSTRUCTIONS

I. WHO MUST FILE

Every labor organization subject to the Labor-Management Reporting and Disclosure Act of 1959, as amended (LMRDA), the Civil Service Reform Act (CSRA), or the Foreign Service Act (FSA) must file a financial report, Form LM-2, LM-3, or LM-4, each year with the Office of Labor-Management Standards (OLMS) of the U.S. Department of Labor. These laws cover labor organizations that represent employees who work in private industry, employees of the U.S. Postal Service, and most Federal government employees. Labor organizations that represent or include only state, county, or municipal government employees are not covered by these laws and, therefore, are not required to file. If you have a question about whether your organization is required to file, contact the nearest OLMS field office listed at the end of these instructions.

II. WHAT FORM TO FILE

Labor organizations with total annual receipts of less than $10,000 may file the abbreviated 2-page annual report Form LM-4, if not in trusteeship as defined in Section VIII of these instructions. The term “total annual receipts” means all financial receipts of the labor organization during its fiscal year, regardless of the source, including receipts of any subsidiaries and any special funds.

Labor organizations with $10,000 or more in total annual receipts cannot use Form LM-4. These labor organizations must file either Form LM-3 or Form LM-2. For information on these forms, visit www.olms.dol.gov, e-mail olms-public@dol.gov, or contact any of the offices listed at the end of these instructions.

III. WHEN TO FILE

Form LM-4 must be filed within 90 days after the end of your organization’s fiscal year (12-month reporting period). The law does not authorize the U.S. Department of Labor to grant an extension of time for filing reports for any reason. The penalties for delinquency are described in Section VI of these instructions.

If your organization went out of existence during its fiscal year, a terminal financial report must be filed within 30 days after the date it ceased to exist. See Section X of these instructions for information on filing a terminal financial report.

IV. HOW TO FILE

An Adobe Reader version of Form LM-4 is available for download from the OLMS Web site. This form has some items pre-filled and the option for digital signatures for electronic filing. You can download the Adobe Reader version Form LM-4 at www.dol.gov/olms/regs/compliance/lm4_downloadpg.htm

On the download pages you will find a User Guide for the Adobe Reader Form LM-4 that will guide you through the process of preparing and completing the form, and provide instructions and navigation tips to help you download the form, enter information directly into the form, and add digital signatures.

If you have difficulty navigating the software, or have questions about its functions and features, call the OLMS Help Desk at: (866) 401-1109. You may also send questions via e-mail to olms-public@dol.gov.

After you have completed Form LM-4 you have two options for submitting your report. You can print it and have the officers sign it manually and mail it to the Office of Labor-Management Standards, 200 Constitution Ave., NW, Room N-1519, Washington, DC 20210-0001 or you can electronically sign and submit the form.

V. Public Disclosure

The LMRDA requires that the U.S. Department of Labor make labor organization financial reports available for inspection by the public. Reports for the year 2000 and later may be viewed and downloaded from the OLMS Web site at www.unionreports.gov. Copies of reports and union constitutions and bylaws can be ordered at the same Web site. Reports may also be examined and copies purchased at the OLMS Public Disclosure Room at:

U.S. Department of Labor
Office of Labor-Management Standards
200 Constitution Avenue, NW
Room N-1519
Washington, DC 20210-0001
Telephone: 202-693-0125

VI. Officer Responsibilities And Penalties

The president and treasurer or the corresponding principal officers of the labor organization required to sign Form LM-4 are personally responsible for its filing and accuracy. Under the LMRDA, officers are subject to criminal penalties for willful failure to file a required report and for false reporting. False reporting includes making any false statement or misrepresentation of a material fact while knowing it to be false, or knowingly failing to disclose a material fact in a required report or in the information required to be contained in it or in any information required to be submitted with it.

The reporting labor organization and the officers required to sign Form LM-4 are also subject to civil prosecution for violations of the filing requirements. Section 210 of the LMRDA (29 U.S.C. 440) provides that "whenever it shall appear that any person has violated or is about to violate any of the provisions of this title, the Secretary may bring a civil action for such relief (including injunctions) as may be appropriate."

Under the CSRA and FSA and implementing regulations, false reporting and failure to report may result in administrative enforcement action and litigation. The officers responsible for signing Form LM-4 are also subject to criminal penalties for false reporting under Sections 1001 of Title 18 and 1746 of Title 28 of the United States Code.

VII. Recordkeeping

The officers required to file Form LM-4 are responsible for maintaining records which will provide in sufficient detail the information and data necessary to verify the accuracy and completeness of the report. The records must be kept for at least 5 years after the date the report is filed. Any record necessary to verify, explain, or clarify the report must be retained, including, but not limited to, vouchers, worksheets, receipts, and applicable resolutions, and any electronic documents, including recordkeeping software, used to complete, read, and file the report.

VIII. Labor Organizations In Trusteeship

Any labor organization which has placed a subordinate labor organization in trusteeship is responsible for filing the subordinate's annual financial report. A trusteeship is defined in section 3(h) of the LMRDA as "any receivership, trusteeship, or other method of supervision or control whereby a labor organization suspends the autonomy otherwise available to a subordinate body under its constitution or bylaws."

Annual financial reports filed for any labor organization in trusteeship must be filed on Form LM-2 rather than Form LM-4. The report must be signed by the president and treasurer or corresponding principal officers of the labor organization which imposed the trusteeship and by the trustees of the subordinate labor organization. Form LM-2 can be downloaded from the OLMS Web site at www.olms.dol.gov. For additional information contact any of the offices listed at the end of these instructions.

IX. COMPLETING FORM LM-4

Opening the Form LM-4 from either the Web site or as a saved file should launch Adobe and open the form.

Items 1, 2, and 4-8 are "pre-filled" items. These fields were filled in by the software based on information you entered when you accessed and downloaded the form from our Web site. With the exception of Item 8, you cannot edit these fields.

You may click on the "Validate Form" button at any time to check for errors. This action will generate an "Errors Page" listing any errors that will need to be corrected before you will be able to sign the form. Clicking on the signature lines will also perform the validation function.

ITEMS 1 - 21

Answer Items 1 through 21 as instructed. Select the appropriate box for those questions requiring a "Yes" or "No" answer; do not leave both boxes blank. Enter a single "0" in the boxes for items requiring a number or dollar amount if there is nothing to report.

1. FILE NUMBER — The software will enter the labor organization's 6-digit file number here and at the top of each page of Form LM-4. This is the number you entered when you downloaded Form LM-4. If the number is incorrect, you must download another copy of the form using the correct number. If the labor organization does not have the number on file and cannot obtain the number from prior reports filed with the Department, the number can be obtained from the OLMS Web site at www.unionreports.gov or by contacting the nearest OLMS field office listed at the end of these instructions.

2. PERIOD COVERED — The software will enter the beginning and ending dates of the period covered by this report. These are the dates you entered when you downloaded Form LM-4. If the dates are incorrect, you must download another form using the correct dates.

If the labor organization changed its fiscal year, the ending date in Item 2 should be the labor organization's new fiscal year ending date and the labor organization should indicate in Item 19 (Additional Information) that the report is for a period of less than 12 months because its fiscal year has changed. For example, if the labor organization's fiscal year ending date changes from June 30 to December 31, a report must be filed for the partial year from July 1 to December 31. Thereafter, the labor organization's annual report should cover a full 12-month period from January 1 to December 31.

3. AMENDED OR TERMINAL REPORT — Do not complete this item unless the report is an amended or terminal report. Select Item 3(a) if the labor organization is filing an amended report correcting a previously filed report. Select Item 3(b) if the labor organization has gone out of business by disbanding, merging into another labor organization, or being merged and consolidated with one or more labor organizations to form a new labor organization, and this is the labor organization's terminal report. Be sure the date the labor organization ceased to exist is entered in Item 2 (Period Covered) after the word "Through." See Section X of these instructions for more information on filing a terminal report.

4. AFFILIATION OR ORGANIZATION NAME — The software will access this information from the OLMS database and enter the name of the national or international labor organization that granted the labor organization a charter. "Affiliates," within the meaning of these instructions, are labor organizations chartered by the same parent body, governed by the same constitution and bylaws, or having a relationship of parent and subordinate. For example, a parent body is an affiliate of all its subordinate bodies, and all subordinate bodies of the same parent body are affiliates of each other.

If the labor organization has not reported such an affiliation, the software will enter the name of the labor organization as currently identified in the labor organization's constitution and bylaws or other organizational documents.

This item cannot be edited. If the labor organization needs to change this information, contact OLMS at (202) 693-0124.

5. DESIGNATION — The software will enter the designation that specifically identifies the labor organization, such as Local, Lodge, Branch, Joint Board, Joint Council, District Council, etc. This field cannot be edited.

6. DESIGNATION NUMBER — The software will enter the number or other identifier, if any, by which the labor organization is known. This field cannot be edited.

7. UNIT NAME — The software will enter any additional or alternate name by which the labor organization is known, such as "Chicago Area Local." This field cannot be edited.

8. MAILING ADDRESS — The software will enter the current address where mail will most surely and quickly reach the labor organization. The first and last name of the person, if any, to whom such mail should be sent and any building and room number should be included. These fields are pre-filled from the OLMS database but can be edited by the filer.

9. CHANGES IN CONSTITUTION AND BYLAWS OR PRACTICES/PROCEDURES — If the labor organization answered "Yes" to Item 9 because the labor organization's constitution and bylaws were changed during the reporting period (other than rates of dues and fees), a dated copy of the new constitution and bylaws must either be submitted as an electronic attachment to the Form LM-4 the labor organization submits to OLMS, or the labor organization may submit a dated copy of the new constitution and bylaws to:

Office of Labor-Management Standards
200 Constitution Ave., NW, Room N-1519
Washington, DC 20210-0001

If the labor organization is governed by a uniform constitution and bylaws prescribed by the labor organization's parent national or international body, the labor organization's parent body may file the constitution and bylaws on the labor organization's behalf. If the parent body files a constitution and bylaws on the labor organization's behalf, answer Item 9 "Yes" and state that fact in Item 19 (Additional Information).

If Item 9 is answered "Yes" because the labor organization changed any of the practices/procedures listed below during the reporting period and the practices/ procedures are not described in the labor organization's constitution and bylaws, the labor organization must file an amended Form LM-1 (Labor Organization Information Report) with its Form LM-4 to update information on file with OLMS:

- qualifications for or restrictions on membership;
- levying assessments;
- participating in insurance or other benefit plans;
- authorizing disbursement of labor organization funds;
- auditing financial transactions of the labor organization;
- calling regular and special meetings;
- authorizing bargaining demands;
- ratifying contract terms;
- authorizing strikes;
- disciplining or removing officers or agents for breaches of their trust;
- imposing fines and suspending or expelling members including the grounds for such action and any provision made for notice, hearing, judgment on the evidence, and appeal procedures;
- selecting officers and stewards and any representatives to other bodies composed of labor organizations' representatives;
- invoking procedures by which a member may protest a defect in the election of officers (including not only procedures for initiating an election protest but also all procedures for subsequently appealing an adverse decision, e.g., procedures for appeals to superior or parent bodies, if any); and
- issuing work permits.

Form LM-1 can be downloaded from the OLMS Web site at www.olms.dol.gov. If you are unable to download the form, contact any of the offices listed at the end of these instructions to obtain a copy.

NOTE: *Federal employee labor organizations subject solely to the Civil Service Reform Act or Foreign Service Act are not required to submit an amended Form LM-1 to describe revised or changed practices/procedures.*

10. CHANGES IN RATES OF DUES AND FEES — Answer Item 10 "Yes" if the labor organization changed its rates of dues and fees during the reporting period. If Item 10 is answered "Yes," report the rates of dues and fees in Item 19 (Additional Information). If more than one rate applies, report the minimum and maximum rates. Also report the calendar basis for payment (per month, per year, etc.).

Dues and fees include initiation fees charged to new members, fees (other than dues) from transferred members, fees for work permits, and regular dues or fees. Include only the dues and fees of regular members and not the dues and fees of members with special rates, such as apprentices, retirees, or unemployed members.

Answer "No" if the labor organization did not change its rates of dues and fees during the reporting period.

11. LOSSES OR SHORTAGES — Answer Item 11 "Yes" if any loss or shortage of funds or other property of the labor organization was discovered during the reporting period whether or not there has been repayment or an agreement to make restitution. If Item 11 is answered "Yes," describe the loss or shortage in detail in Item 19 (Additional Information) including such information as the amount of the loss or shortage of funds or a description of the property that was lost, how it was lost, and to what extent, if any, there has been an agreement to make restitution or any recovery by means of repayment, fidelity bond, insurance, or other means. Answer "No" if no losses or shortages were discovered.

12. FIDELITY BOND — Answer Item 12 "Yes" if the labor organization was insured by a fidelity bond against losses through fraud or dishonesty during the reporting period. If Item 12 is answered "Yes," enter the maximum amount recoverable for a loss caused by any officer, employee, or agent of the labor organization who handled the labor organization's funds. Answer "No" if the labor organization was not insured by a fidelity bond during the reporting period.

NOTE: *Section 502(a) of the LMRDA requires every officer, employee, or agent of a labor organization (which has property and annual financial receipts over $5,000 in value) who handles funds or other property of the organization to be bonded. The amount of the bond must be at least 10% of the value of the funds handled by the individual during the last reporting period. The bond must be obtained from a surety company approved by the Secretary of the Treasury. If you have any questions or need more information about bonding requirements, contact the nearest OLMS field office listed at the end of these instructions.*

13. NUMBER OF MEMBERS — Enter the number of members in the labor organization at the end of the reporting period. Include all categories of members who pay dues. Do not include nonmember employees who make payments in lieu of dues as a condition of employment under a union security provision in a collective bargaining agreement.

14. ASSETS — Enter the total value of all the labor organization's assets at the end of the reporting period including, for example, cash on hand and in banks, property, loans owed to the labor organization, investments, office furniture, automobiles, and anything else owned by the labor organization. Enter "0" if the labor organization had no assets at the end of the reporting period.

15. LIABILITIES — Enter the total amount of all the labor organization's liabilities at the end of the reporting period including, for example, unpaid bills, loans owed, total amount of mortgages owed, and other debts of your organization. Enter "0" if the labor organization had no liabilities at the end of the reporting period.

16. RECEIPTS — Enter the total amount of all receipts of the labor organization during the reporting period including, for example, dues, fees, fines, assessments, interest, dividends, rent, money from the sale of assets, and loans received by the labor organization. Also include payments in lieu of dues received from any nonmember employees as a condition of employment under a union security provision in a collective bargaining agreement. Enter "0" if the labor organization had no receipts during the reporting period.

NOTE: *If the labor organization's annual receipts were $10,000 or more, the labor organization is not eligible to file Form LM-4 and must report on Form LM-2 or Form LM-3 as explained in Section II of these instructions.*

17. DISBURSEMENTS — Enter the total amount of all disbursements made by the labor organization during the reporting period including, for example, net payments to officers and employees, per capita tax and any other fees or assessments which the labor organization paid to any other organization, payments for administrative expenses, loans made by the labor organization, and taxes paid. Enter "0" if the labor organization made no disbursements during the reporting period.

18. PAYMENTS TO OFFICERS AND EMPLOYEES — Enter the total amount of all payments to officers and employees made by the labor organization during the reporting period. The amount should include, for example, gross salaries (before tax withholdings and other payroll deductions); lost time pay; monthly, weekly, or daily allowances; and disbursements for conducting official business of the labor organization as well as disbursements which were essentially for the personal benefit of the officer or employee. Enter "0" if the labor organization made no payments to officers or employees during the reporting period.

NOTE: *Section 503(a) of the LMRDA prohibits labor organizations from making direct or indirect loans to any officer or employee of the labor organization which results in a total indebtedness on the part of such officer or employee to the labor organization in excess of $2,000 at any time.*

19. ADDITIONAL INFORMATION — Use Item 19 to provide additional information as indicated in Items 9, 10, 11, 20, and 21 and in Section X of these instructions. Enter the number of the item to which the information relates in the Item Number column if the software has not entered the number.

20 - 21. SIGNATURES — The completed Form LM-4 which is filed with OLMS must be signed by both the president and treasurer or corresponding principal officers of the labor organization. You have the option to electronically sign and submit the form. In order to complete the electronic signature option you must have purchased an electronic digital signature. This digital signature enables you to electronically sign your report so that you can submit it to OLMS. For information on obtaining a digital signature please visit www.dol.gov/olms/regs/compliance/digital-signatures.htm. If the duties of the principal executive or principal financial officer are performed by an officer other than the president or treasurer, the report may be signed by the other officer. If the report is signed by an officer other than the president or treasurer, enter the correct title in Item 20 or 21 from the drop down box, and explain in Item 19 why the president or treasurer did not sign the report. Before signing the form, enter the date the report was signed and the telephone number at which the signatories conduct official business; you do not have to report a private, unlisted telephone number.

For a form that is printed and mailed to OLMS have the officers sign it manually and mail it to the Office of Labor-Management Standards, 200 Constitution Ave., NW, Room N-1519, Washington, DC 20210-0001. Original signatures are required on the printed Form LM-4 filed with OLMS; stamped or mechanical signatures are not acceptable. If the duties of the principal executive or principal financial officer are performed by an officer other than the president or treasurer, the report may be signed by the other officer. If the report is signed by an officer other than the president or treasurer, cross out the printed title, enter the correct title in Item 20 or 21, and explain in Item 19 why the president or treasurer did not sign the report. Enter the date the report was signed and the telephone number at which the signatories conduct official business; you do not have to report a private, unlisted telephone number.

X. Labor Organizations Which Have Ceased To Exist

If the labor organization has gone out of existence as a reporting labor organization, the last president and treasurer or the officials responsible for winding up the affairs of the labor organization must file a terminal financial report for the period from the beginning of the fiscal year to the date of termination. A terminal financial report must be filed if the labor organization has gone out of business by disbanding, merging into another organization, or being merged and consolidated with one or more labor organizations to form a new labor organization. A terminal financial report is not required if the labor organization changed its affiliation but continues to function as a separate reporting labor organization.

The terminal financial report may be filed on Form LM-4 if the labor organization filed its previous annual report on Form LM-4 and the labor organization's total annual receipts, as defined in Section II of these instructions, were less than $10,000 for the part of the last fiscal year during which the labor organization existed. (If total annual receipts were $10,000 or more, the labor organization must use Form LM-2 or LM-3 to file its terminal financial report as explained in Section II of these instructions.) The labor organization's terminal financial report may be filed electronically or may be printed, manually signed, and submitted to the U.S. Department of Labor, Office of Labor-Management Standards, 200 Constitution Avenue, NW, Room N-1519, Washington, DC 20210-0001, within 30 days after the date of termination.

To complete a terminal report on Form LM-4, follow the instructions in Section IX and, in addition:

- Enter the date your organization ceased to exist in Item 2 after the word "Through."
- Select Item 3(b) indicating that your organization ceased to exist during the reporting period and that this is your organization's terminal Form LM-4.
- Enter "3(b)" in the Item Number column in Item 19 (Additional Information) and provide a detailed statement of the reason the labor organization ceased to exist. Also report in Item 19 plans for the disposition of the labor organization's cash and other assets, if any (for example, transfer of cash and assets to the parent body). Provide the name and address of the person or organization that will retain the records of the terminated organization. If your organization merged with another labor organization, give that organization's name, address and 6-digit file number.

Contact the nearest OLMS field office listed below if you have questions about filing a terminal report.

OLMS Field Offices

Staff is available to answer questions at OLMS offices in the following cities.

Atlanta, GA
Birmingham, AL
Boston, MA
Buffalo, NY
Chicago, IL
Cincinnati, OH
Cleveland, OH
Dallas, TX
Denver, CO
Detroit, MI
Grand Rapids, MI
Guaynabo, PR
Honolulu, HI
Houston, TX
Kansas City, MO
Los Angeles, CA
Miami, FL
Milwaukee, WI
Minneapolis, MN
Nashville, TN
New Haven, CT
New Orleans, LA
New York, NY
Newark, NJ
Philadelphia, PA
Phoenix, AZ
Pittsburgh, PA
St. Louis, MO
San Francisco, CA
Seattle, WA
Tampa, FL
Washington, DC

Consult local telephone directory listings under United States Government, Labor Department, Office of Labor-Management Standards, for the address and phone number of your nearest field office. Contact information for OLMS field offices is also available at www.dol.gov/olms/contacts/lmskeyp.htm.

Signed in Washington, DC, this 9th day of November 2010.

John Lund,

Director, Office of Labor-Management Standards.

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