

INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS

LOCAL NO. 99

Financial Statements

December 31, 2003 and 2002

INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS

LOCAL NO. 99

December 31, 2003 and 2002

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To the Officers of the
International Brotherhood of
Electrical Workers Local No. 99
Cranston, Rhode Island

We have reviewed the accompanying statements of financial position (modified cash basis) of the International Brotherhood of Electrical Workers Local No. 99 as of December 31, 2003 and 2002, and the related statements of activities (modified cash basis) for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of the International Brotherhood of Electrical Workers Local No. 99.

A review consists principally of inquiries of the Fund's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modification that should be made to the accompanying financial statements in order for them to be in conformity with a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Ward Fisher & Company LLP

February 18, 2004

**INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS
LOCAL NO. 99**

Statements of Financial Position
(Modified Cash Basis)
December 31, 2003 and 2002

ASSETS

	<u>2003</u>	<u>2002</u>
Cash and cash equivalents (Note 3)	\$ 3,074,914	\$ 2,742,084
Prepaid insurance	830	1,465
Prepaid expenses	0	4,430
Due from related fund	0	1,739
Fixed assets, net of accumulated depreciation (Note 5)	35,224	47,306
Investment - Local Union 99 Realty Corporation (Note 9)	<u>450,000</u>	<u>450,000</u>
TOTAL ASSETS	<u>\$ 3,560,968</u>	<u>\$ 3,247,024</u>

LIABILITIES AND NET ASSETS

Liabilities

Due to related fund	\$ 48	\$ 1,290
Payroll taxes payable	431	3,071
Employee benefits payable	<u>18,409</u>	<u>27,825</u>
Total	<u>18,888</u>	<u>32,186</u>

Net Assets

General Fund - unrestricted	2,689,533	2,318,822
Market recovery - temporarily restricted	<u>852,547</u>	<u>896,016</u>
Total	<u>3,542,080</u>	<u>3,214,838</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,560,968</u>	<u>\$ 3,247,024</u>
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See Accountants' Review Report and Notes to Financial Statements

**INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS
LOCAL NO. 99**

Statements of Activities
(Modified Cash Basis)
For the Years Ended December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Revenue		
Dues	\$ 235,360	\$ 195,824
Working assessments (Note 7)	1,813,090	1,540,365
Initiation fees	1,440	12,239
Interest income	43,503	40,282
Administration fees	64,056	46,394
Miscellaneous	4,278	1,317
Total revenue	<u>2,161,727</u>	<u>1,836,421</u>
Expenses		
Payroll	407,345	367,955
Payroll taxes	34,460	28,913
Employee benefits	152,499	121,167
Insurance	4,465	10,314
Professional fees	20,929	38,333
Market recovery	705,291	419,026
Company functions & members outings	18,634	29,046
Meetings and conferences	25,530	18,023
Officers' fees	2,011	1,939
Executive examining board	12,858	4,874
IBEW Per Capita	214,725	198,369
Building Trades and Association	11,157	14,083
Advertising expense	67,255	2,443
Election and boycott expenses	0	3,234
Depreciation expense	15,910	16,155
Office supplies and expenses	27,439	21,106
Computer expense	2,787	12,155
Telephone	14,174	8,798
Printing and postage	11,251	12,786
Dues and subscriptions	2,010	2,257
Rent expense (Note 4)	18,528	16,984
Automobile expenses	20,657	12,866
Scholarships	2,500	3,000
Donations, charity, and remembrances	34,545	18,983
Taxes	2,852	1,180
Miscellaneous	10	488
Merchandise	4,663	15,030
Total expenses	<u>1,834,485</u>	<u>1,399,507</u>
Increase in net assets	327,242	436,914
Net assets, January 1	<u>3,214,838</u>	<u>2,777,924</u>
NET ASSETS, DECEMBER 31	<u>\$ 3,542,080</u>	<u>\$ 3,214,838</u>

See Accountants' Review Report. and Notes to Financial Statements.

**INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS
LOCAL NO. 99**

Notes to Financial Statements
December 31, 2003 and 2002

1. NATURE AND PURPOSES

The International Brotherhood of Electrical Workers Local No. 99 was organized in 1891 to represent members in the electrical trade.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization prepares its financial statements on the modified cash basis of accounting, thereby recognizing income and related assets when received rather than when earned, and expenses when paid rather than when the obligation is incurred. Therefore, these financial statements are not presented in accordance with generally accepted accounting principles which require the use of the accrual basis of accounting. However, the modified cash basis of accounting is a common method employed by this type of entity.

Financial Statement Presentation

The Organization elected to adopt Statement of Financial Accounting Standards (SFAS) No. 117 "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Association is required to report information regarding its financial position (modified cash basis) and activities (modified cash basis) according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and Cash Equivalents

For purposes of the financial statements, all debt instruments, if any, with a maturity of three months or less are considered to be cash equivalents.

Investments

Investments of the Organization are presented at fair value.

Fixed Assets

The Organization records these assets at cost and depreciation is computed using the straight line method over the estimated useful lives of the individual assets, ranging from 5 to 40 years. Maintenance and repairs are charged to expense when incurred.

Taxes

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

Use of Estimates

The preparation of financial statements requires the organization to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at December 31, 2003 and 2002 were comprised of the following:

	<u>2003</u>	<u>2002</u>
Cash checking (regular)	\$ 83,321	\$ 164,578
Cash checking (special)	100	4,774
Cash savings	0	5,134
Money market fund (regular)	2,139,046	1,671,582
Money market fund (special)	<u>852,447</u>	<u>896,016</u>
	<u>\$ 3,074,914</u>	<u>\$ 2,742,084</u>

4. RELATED PARTY TRANSACTIONS

The Organization leases its premises from Local No. 99 Realty Corporation, a related organization, under terms of a 5-year lease effective September 1, 2001 at an annual rental of \$18,528. Future rental payments required for the term of the lease are as follows:

<u>December 31,</u>	<u>Amount</u>
2004	\$ 18,528
2005	<u>12,352</u>
	<u>\$ 30,880</u>

Local No. 99 also charges related organizations an administrative fee for each organization's share of administration expense. Amounts received in 2003 were as follows:

Local No. 99 Pension Plan	\$ 21,609
Local No. 99 Health and Welfare Plan	18,913
Local No. 99 Annuity Plan	<u>23,534</u>
Total	<u>\$ 64,056</u>

5. FIXED ASSETS

The detail of fixed assets, as presented on the statement of financial position (modified cash basis), at December 31, 2003 is as follows:

	<u>Cost</u>	<u>Depreciation This Year</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Office furniture and fixtures	\$ 89,921	\$ 1,851	\$ 89,921	\$ 0
Computer equipment and software	<u>82,439</u>	<u>14,059</u>	<u>47,215</u>	<u>35,224</u>
	<u>\$ 172,360</u>	<u>\$ 15,910</u>	<u>\$ 137,136</u>	<u>\$ 35,224</u>

6. CREDIT RISK

Cash accounts are held by one financial institution and are insured by the Federal Deposit Insurance Corporation up to \$100,000. At December 31, 2003 and 2002, uninsured cash amounted to approximately \$3,008,958 and \$2,664,527, respectively.

7. WORKING ASSESSMENTS

Members of the International Brotherhood of Electrical Workers contribute 3.825% of their annual gross wages to the organization of which 1.325% of annual gross wages finances the market recovery fund.

8. EMPLOYEES PENSION PLANS

Payments on behalf of employees are made to the International Brotherhood of Electrical Workers Local No. 99 and International Affiliate Pension Plans totaling \$36,737.

9. INVESTMENT

The International Brotherhood of Electrical Workers Local No. 99 made capital investments totaling \$450,000 to the International Brotherhood of Electrical Workers Local Union 99 Realty Corporation.

10. TEMPORARILY RESTRICTED ASSETS

Local No. 99 created the market recovery fund to promote and enhance the general well being of the Local during depressed economic times.