

**PROFESSIONAL STAFF CONGRESS OF THE
CITY UNIVERSITY OF NEW YORK**

FINANCIAL STATEMENTS

AUGUST 31, 2015

**PROFESSIONAL STAFF CONGRESS OF THE
CITY UNIVERSITY OF NEW YORK**

**FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION**

AUGUST 31, 2015 AND 2014

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INDEPENDENT AUDITOR'S REPORT

To the Executive Board of
Professional Staff Congress of the
City University of New York

We have audited the accompanying financial statements of the Professional Staff Congress of the City University of New York (PSC/CUNY), which comprise the statement of financial position as of August 31, 2015, and the related statements of activities and of cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the PSC/CUNY's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the PSC/CUNY's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the 2015 financial statements.

Opinion on the 2015 Financial Statements

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Professional Staff Congress of the City University of New York as of August 31, 2015, and the changes in its net assets and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matter - 2014 Financial Statements

The financial statements of PSC/CUNY as of and for the year ended August 31, 2014 were audited by predecessor auditors, whose report dated April 9, 2015, expressed an unmodified opinion on those statements.

The 2014 supplemental schedule was subjected to auditing procedures applied to the 2014 audit of the financial statements by the predecessor auditors whose report on such information stated that it was fairly stated in all material respects in relation to the 2014 financial statements as a whole.

Report on 2015 Supplemental Information

Our audit of PSC/CUNY's financial statements as of and for the year ended August 31, 2015, was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental 2015 Schedule of Expenses by Category is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the PSC/CUNY's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

NOVAK FRANCELLA, LLC
New York, New York
March 15, 2016

**PROFESSIONAL STAFF CONGRESS OF THE
CITY UNIVERSITY OF NEW YORK**

STATEMENTS OF FINANCIAL POSITION

AUGUST 31, 2015 AND 2014

	2015	2014
ASSETS		
CASH AND CASH EQUIVALENTS	\$ 832,714	\$ 733,885
INVESTMENTS - at fair value		
Certificates of deposit	992,000	992,000
Mutual funds	5,335,902	5,304,761
Total investments	6,327,902	6,296,761
RECEIVABLES		
Dues	971,000	887,000
Due from related entities	624,000	259,393
Due from other	774	-
Total receivables	1,595,774	1,146,393
PROPERTY AND EQUIPMENT		
Equipment	657,240	652,259
Leasehold improvements	529,641	538,683
Furniture and fixtures	330,967	328,762
	1,517,848	1,519,704
Less: accumulated depreciation	(1,111,641)	(1,014,326)
Net property and equipment	406,207	505,378
Total assets	\$ 9,162,597	\$ 8,682,417
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued expenses	\$ 238,786	\$ 256,602
Accrued compensated balances	481,472	471,847
Due to related entities	2,223,142	1,234,000
Total current liabilities	2,943,400	1,962,449

See accompanying notes to financial statements.

	<u>2015</u>	<u>2014</u>
LONG-TERM LIABILITIES		
Deferred rent	\$ 893,170	\$ 871,690
Unfunded projected pension benefit obligation	1,948,304	1,452,199
Total long-term liabilities	<u>2,841,474</u>	<u>2,323,889</u>
Total liabilities	<u>5,784,874</u>	<u>4,286,338</u>
UNRESTRICTED NET ASSETS	<u>3,377,723</u>	<u>4,396,079</u>
Total liabilities and net assets	<u><u>\$ 9,162,597</u></u>	<u><u>\$ 8,682,417</u></u>

See accompanying notes to financial statements.

**PROFESSIONAL STAFF CONGRESS OF THE
CITY UNIVERSITY OF NEW YORK**

STATEMENTS OF ACTIVITIES

YEARS ENDED AUGUST 31, 2015 AND 2014

	2015	2014
REVENUE		
Membership dues and agency fees	\$ 14,177,108	\$ 13,690,367
Organizing assistance	3,568,744	3,403,992
Investment income		
Net realized and unrealized gains (losses)	(83,499)	264,866
Interest and dividends	148,512	124,446
Less investment fees	(15,325)	(15,425)
Rental income	222,459	208,887
Total revenue	18,017,999	17,677,133
EXPENSES		
Affiliation fees	10,222,776	9,580,452
Salaries, employee benefits, and payroll taxes	4,887,649	4,905,446
Representational and governance	241,899	214,272
Public relations	149,516	186,863
Building expenses	1,359,201	1,353,547
Administrative, office and general	434,858	434,933
Professional fees	478,633	444,215
Contract & budget campaigns	503,363	63,498
Stipends and reassigned time	367,075	367,618
Depreciation expense	106,357	100,275
Total expenses	18,751,327	17,651,119
NET (DECREASE) INCREASE IN NET ASSETS	(733,328)	26,014
NET ASSETS, UNRESTRICTED		
Beginning of year	4,396,079	4,218,579
Adjustment to pension liability funded status	(285,028)	151,486
End of year	\$ 3,377,723	\$ 4,396,079

See accompanying notes to financial statements.

**PROFESSIONAL STAFF CONGRESS OF THE
CITY UNIVERSITY OF NEW YORK**

STATEMENTS OF CASH FLOWS

YEARS ENDED AUGUST 31, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (733,328)	\$ 26,014
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	106,357	100,275
Net realized and unrealized losses (gains)	83,499	(264,866)
Pension liability funded status	(285,028)	151,486
(Increase) decrease in assets:		
Dues receivable	(84,000)	(35,000)
Due from relates entities	(364,607)	433,607
Due from other	(774)	-
Increase (decrease) in liabilities:		
Accrued expenses	(17,816)	(96,283)
Accrued compensated absences	9,625	(33,283)
Due to related entities	989,142	86,000
Unfunded pension liability	496,105	151,650
Deferred rent	21,480	80,190
Net cash provided by operating activities	220,655	599,790
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(7,186)	(42,146)
Purchase of certificates of deposit	(198,000)	(199,000)
Liquidation of certificates of deposit	198,000	199,000
Sale of investments	553,204	1,827,269
Purchase of investments	(667,844)	(1,914,309)
Net cash used for investing activities	(121,826)	(129,186)
NET INCREASE IN CASH	98,829	470,604
CASH AND CASH EQUIVALENTS		
Beginning of year	733,885	263,281
End of year	\$ 832,714	\$ 733,885

See accompanying notes to financial statements.

**PROFESSIONAL STAFF CONGRESS OF THE
CITY UNIVERSITY OF NEW YORK**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015 AND 2014

NOTE 1. ORGANIZATION AND TAX STATUS

The Professional Staff Congress of the City University of New York (PSC/CUNY) was created by a merger of the Legislative Conference of The City University of New York and the United Federation of College Teachers. It was created to be the collective bargaining representative of the instructional staff of the City University of New York (CUNY). The Professional Staff Congress of the City University of New York is a Local (Local 2334) of the American Federation of Teachers (AFT). Through the AFT, PSC/CUNY is affiliated with The American Federation of Labor and Congress of Industrial Organizations (AFL-CIO).

The purpose of PSC/CUNY is to advance and secure the professional and economic interest of the instructional staff of the CUNY and other members of the bargaining units of PSC/CUNY. The objectives of PSC/CUNY are to improve the quality of education, research and scholarships at the CUNY; to negotiate and administer collective bargaining agreements; to cooperate with other educational, professional, and labor organizations in order to enhance the quality of education in the nation and to promote the professional and economic interests and the welfare of all workers; to serve as the public representative of the instructional staff of the CUNY and other members of the bargaining units of the Professional Staff Congress; and to cooperate with other CUNY employee and academic organizations and student bodies in order to advance the interests of the faculty, staff and students of the CUNY and the community it serves. The benefits members receive are paid for by contributions from the employer, the CUNY, which are negotiated during bargaining as part of members' compensation. PSC/CUNY and its affiliated organizations have arranged for various special economic benefits for its members. PSC/CUNY also sponsors certain welfare benefits, which are paid from a separate trust fund and are not included in these financial statements.

PSC/CUNY is exempt from Federal income taxes under Section 501(c)(5) of the Internal Revenue Code under a blanket exemption of the AFT.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by PSC/CUNY and recognize a tax liability if PSC/CUNY has taken an uncertain position that, more likely than not, would not be sustained upon examination by the U.S. Federal, state, or local taxing authorities. PSC/CUNY is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Typically, tax years will remain open for three years; however, this may differ depending upon the circumstances of PSC/CUNY.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting - The accompanying financial statements are prepared using the accrual basis of accounting. Net assets are classified as unrestricted, temporarily restricted or permanently restricted. Net assets are generally reported as unrestricted unless assets are received from donors with explicit stipulations that limit the use of the asset. PSC/CUNY does not have any temporarily or permanently restricted net assets.

Cash and Cash Equivalents - PSC/CUNY considers all unrestricted cash and highly liquid investments, including certificates of deposit with initial maturities of three months or less, to be cash equivalents.

Investments - Investments are carried at fair value which generally represents quoted market prices, or the net asset value of the mutual funds, as of the last business day of the fiscal year as provided by the custodian or investment manager. Certificates of deposit are carried at cost which approximates fair value. Certificates of deposit that have initial maturity dates of more than three months are considered to be investments.

Property and Equipment - Property and equipment are recorded at cost. Major additions are capitalized while replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are expensed currently. Depreciation is computed over the assets' estimated useful lives, three to thirty years, by the straight line method. Depreciation expense was \$106,357 for the year ended August 31, 2015 and \$100,275 for 2014.

Accrued Compensated Balances - Future employee absences that have been earned but not yet taken are accrued within the contract limits. The accrued compensated balances were \$481,472 for the year ended August 31, 2015 and \$471,847 for 2014.

Deferred Rent - Operating leases are recognized on a straight-line basis over the term of the lease. Deferred rent has been recorded for the difference between the fixed payment and the rent expense. Deferred rent was \$893,170 for the year ended August 31, 2015 and \$871,690 for 2014.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Reclassifications - Certain reclassifications have been made to prior year amounts to conform to the current year presentation.

NOTE 3. CONCENTRATION OF CASH

PSC/CUNY places its cash with financial institutions deemed to be creditworthy. The balance is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash balances may at times exceed the insurance deposit limits. As of August 31, 2015, PSC/CUNY's cash in excess of FDIC coverage totaled \$582,423.

NOTE 4. INVESTMENTS

The following summary presents the fair value for each of the PSC/CUNY's investment categories.

	<u>2015</u>	<u>2014</u>
Investments at fair value as determined by quoted market price or net asset value of the fund:		
Mutual funds	\$ 5,335,902	\$ 5,304,761
Investments at cost which approximates fair value:		
Certificates of deposit	<u>992,000</u>	<u>992,000</u>
Total	<u>\$ 6,327,902</u>	<u>\$ 6,296,761</u>

NOTE 5. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Basis of Fair Value Measurement:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the PSC/CUNY has the ability to access.

Level 2 - Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

NOTE 5. FAIR VALUE MEASUREMENTS (continued)

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

For the years ended August 31, 2015 and 2014, there were no transfers in or out of levels 1, 2, or 3.

	Fair Value Measurements at August 31, 2015			
	Total	Level 1	Level 2	Level 3
Certificates of deposit	\$ 992,000	\$ 992,000	\$ -	\$ -
Mutual funds:				
Fixed income	4,359,914	4,359,914	-	-
Equity	975,988	975,988	-	-
	<u>\$ 6,327,902</u>	<u>\$ 6,327,902</u>	<u>\$ -</u>	<u>\$ -</u>

	Fair Value Measurements at August 31, 2014			
	Total	Level 1	Level 2	Level 3
Certificates of deposit	\$ 992,000	\$ 992,000	\$ -	\$ -
Mutual funds:				
Fixed income	4,276,359	4,276,359	-	-
Equity	1,028,402	1,028,402	-	-
	<u>\$ 6,296,761</u>	<u>\$ 6,296,761</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 6. SINGLE-EMPLOYER PENSION PLAN

PSC/CUNY contributes to the Professional Staff Congress of the City University of New York Pension Plan (the Plan), a single employer plan covering all non-collectively bargained employees who meet age and service requirements. Contributions are actuarially determined.

NOTE 6. SINGLE-EMPLOYER PENSION PLAN (continued)

The Professional Staff Congress of the City University of New York Pension Plan is a defined benefit plan paying 2.2% of Final Average Compensation for each year of service, up to 25 years. Final Average Compensation is the average compensation over the last highest 5 consecutive years (or highest 60 months) of service. Plan assets do not include any securities of the employer or related entities. No amount of future annual benefits of plan participants is covered by insurance contracts. There were no significant transactions between the PSC/CUNY or related parties and the plan during the years ended 2015 and 2014.

The following are the balances as of or for the years ended August 31, 2015 and 2014 as provided by the Plan's actuary:

	<u>2015</u>	<u>2014</u>
Projected benefit obligation	\$ (4,681,141)	\$ (4,172,301)
Fair value of plan assets	<u>2,732,837</u>	<u>2,720,102</u>
Funded status	<u>\$ (1,948,304)</u>	<u>\$ (1,452,199)</u>
Accumulated benefit obligation	<u>\$ (807,000)</u>	<u>\$ (595,398)</u>
Amounts recognized in the statement of financial position:		
Noncurrent assets	\$ -	\$ -
Current liabilities	-	-
Noncurrent liabilities	(1,948,304)	(1,452,199)
Amounts in net assets not recognized as components of net periodic benefit cost:		
Accumulated net gain or (loss)	(1,141,304)	(856,801)
Weighted-average assumptions:		
Discount rate	3.75%	5.00%
Expected return on plan assets	7.00%	7.00%
Rate of compensation increase	4.00%	4.00%
Employer contributions	<u>\$ 215,004</u>	<u>\$ 215,004</u>
Benefits paid	<u>\$ 13,621</u>	<u>\$ -</u>
Net periodic pension cost	<u>\$ 426,081</u>	<u>\$ 518,140</u>

NOTE 6. SINGLE-EMPLOYER PENSION PLAN (continued)

The change in unfunded pension benefit obligations consists of the following:

	<u>2015</u>	<u>2014</u>
Net periodic pension cost	\$ 426,081	\$ 518,140
Less: Employer remittances	<u>(215,004)</u>	<u>(215,004)</u>
	211,077	303,136
Increase (decrease) in unrecognized accumulated net gain or loss	<u>285,028</u>	<u>(151,486)</u>
	<u>\$ 496,105</u>	<u>\$ 151,650</u>

In 2015 and 2014, PSC/CUNY has recorded a loss of \$285,028 a gain of \$151,486, respectively, to its net assets for the additional change in accrued pension payable beyond the current-year pension expense.

The Plan's expected long-term rate of return on assets assumption is 7.00%. This assumption represents the rate of return on Plan assets reflecting the average rate of earnings expected on the funds invested or to be invested to provide for the benefits included in the benefit obligation. The assumption has been determined by reflecting expectations regarding future rates of return for the investment portfolio, with consideration given to the distribution of investments by asset class and historical rates of return for each individual asset class.

At August 31, 2015 and 2014, the Plan's net assets available for benefits were allocated as follows:

	<u>2015</u>	<u>2014</u>
Mutual funds	21.55%	23.40%
Common stock	49.15%	52.64%
United States Government and Government Agency obligations	24.95%	19.69%
Cash and cash equivalents	4.35%	4.27%

The major classes of Plan investments at August 31, 2015 and 2014 are:

	<u>2015</u>	<u>2014</u>
	<u>Fair Value</u>	<u>Fair Value</u>
Mutual funds	\$ 588,950	\$ 636,606
Common stock	1,343,214	1,431,964
United States Government and Government Agency obligations	681,877	535,543
Cash and cash equivalents	<u>118,796</u>	<u>115,989</u>
	<u>\$ 2,732,837</u>	<u>\$ 2,720,102</u>

NOTE 6. SINGLE-EMPLOYER PENSION PLAN (continued)

For the years ended August 31, 2015 and 2014, there were no transfers in or out of levels 1, 2 and 3.

	Fair Value Measurements at August 31, 2015			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 118,796	\$ 118,796	\$ -	\$ -
Common stock:				
Basic materials	185,187	185,187	-	-
Consumer goods	155,715	155,715	-	-
Financial	161,506	161,506	-	-
Healthcare	170,883	170,883	-	-
Industrial goods	76,730	76,730	-	-
Services	310,548	310,548	-	-
Technology	282,645	282,645	-	-
U.S. Government and Government Agency obligations:				
United States Treasury	195,242	195,242	-	-
Government agencies	486,635	-	486,635	-
Mutual funds:				
Fixed income	333,317	333,317	-	-
Equity	<u>255,633</u>	<u>255,633</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,732,837</u>	<u>\$ 2,246,202</u>	<u>\$ 486,635</u>	<u>\$ -</u>

	Fair Value Measurements at August 31, 2014			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 115,989	\$ 115,989	\$ -	\$ -
Common stock:				
Basic materials	385,515	385,515	-	-
Consumer goods	146,191	146,191	-	-
Financial	88,672	88,672	-	-
Healthcare	121,815	121,815	-	-
Industrial goods	93,382	93,382	-	-
Services	329,112	329,112	-	-
Technology	267,277	267,277	-	-
U.S. Government and Government Agency obligations:				
United States Treasury	216,042	216,042	-	-
Government agencies	319,501	-	319,501	-

NOTE 6. SINGLE-EMPLOYER PENSION PLAN (continued)

	Fair Value Measurements at August 31, 2014			
	Total	Level 1	Level 2	Level 3
Mutual funds:				
Fixed income	\$ 332,417	\$ 332,417	\$ -	\$ -
Equity	<u>304,189</u>	<u>304,189</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,720,102</u>	<u>\$ 2,400,601</u>	<u>\$ 319,501</u>	<u>\$ -</u>

PSC/CUNY's investment policies are designed to ensure that adequate plan assets are available to provide future payments of pension benefits to eligible participants. Taking into account the expected long-term rate of return on plan assets, PSC/CUNY formulates the investment portfolio composed of the optimal combination of cash and cash equivalents, equities, fixed income and mutual funds.

Future Cash Flows

The projected contribution for next fiscal year is \$215,004.

The following benefit payments, which reflect expected future service, are expected to be paid as follows:

2016	\$ 673,990
2017	-
2018	-
2019	-
2020	1,030,800
2021-2025	2,813,549

NOTE 7. MULTIEMPLOYER DEFINED BENEFIT PENSION PLAN

PSC/CUNY participates in the Office and Professional Employees International Union, Local 153 Pension Fund, a multiemployer defined benefit pension plan, under the terms of a collective bargaining agreement that covers its union-represented employees who meet age and service requirements. The risks of participating in multiemployer defined benefit pension plans are different from single-employer plans in the following aspects:

- a. Assets contributed to the multiemployer defined benefit pension plan by one employer may be used to provide benefits to employees of other participating employers.
- b. If a participating employer stops contributing to the multiemployer defined benefit pension plan, the unfunded obligations of the multiemployer defined benefit pension plan may be borne by the remaining participating employers.

NOTE 7. MULTIEMPLOYER DEFINED BENEFIT PENSION PLAN (continued)

- c. If the Plan chooses to stop participating in the multiemployer defined benefit pension plan, the Plan may be required to pay the multiemployer defined benefit pension plan an amount based on the underfunded status of the multiemployer defined benefit pension plan, referred to as a withdrawal liability.

PSC/CUNY's participation in the multiemployer defined benefit pension plan for the annual periods ended August 31, 2015 and 2014, is outlined in the table below. The zone status is based on information that PSC/CUNY received from the multiemployer defined benefit pension plan and is certified by the multiemployer defined benefit pension plan's actuary. Among other factors, pension plans in the red zone are generally less than 65 percent funded, pension plans in the yellow zone are less than 80 percent funded, and pension plans in the green zone are at least 80 percent funded.

Legal Name of Pension Plan	Pension Plan's Employer Identification Number	Pension Plan's Plan Number	Pension Protection Act Zone Status				Expiration Date of Collective Bargaining Agreement
			Zone Status	Extended Amortization Provisions Used?	Zone Status	Extended Amortization Provisions Used?	
Local 153 Pension Fund	13-2864289	001	Red as of 01/01/15	No	Red as of 01/01/14	No	*

* PSC/CUNY participates in the Local 153 Pension Fund through a collective bargaining agreement between PSC/CUNY and the Office & Professional Employees International Union, Local 153AFL-CIO. The collective bargaining agreement has a three year term of October 1, 2012 through September 30, 2015.

Legal Name of Pension Plan	Contributions paid by the Plan directly to the Pension Plan		Contributions to the Pension Plan greater than 5% of total Pension Plan contributions (Plan year ending)		Employer Contribution Rate of the Pension Plan		Number of Employees Covered by the Pension Plan for which the Plan contributes directly to the Pension Plan	
	8/31/2015	8/31/2014	No, Plan year ending 8/31/15.	No, Plan year ending 8/31/14.	8/31/2015	8/31/2014	8/31/2015	8/31/2014
Local 153 Pension Fund	\$ 108,533	\$ 102,213			*	*	13	12

* The employer contribution rate of the Pension Plan was \$161 per week per employee effective June 1, 2013, \$177 effective June 1, 2014, and \$195 effective June 1, 2015.

Legal Name of Pension Plan	Funding Improvement Plan or Rehabilitation Plan Implemented or Pending?	Surcharge paid to Pension Plan by the Benefit Funds?	Minimum contributions required in future by CBA, statutory requirements, or other contractual requirements?	
			No?	If yes, description
Local 153 Pension Fund	Rehabilitation Plan Implemented	Yes	No	N/A

NOTE 8. MULTIEMPLOYER PLAN THAT PROVIDES POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

PSC/CUNY contributed to one multiemployer defined benefit health and welfare plan during the years ended August 31, 2015 and 2014 that provides postretirement benefits for its full-time support staff employees. PSC/CUNY’s contributions to the welfare plan on behalf of its full-time employees, contribution rates, and number of employees covered are as follows:

Legal Name of Plan providing postretirement benefits other than pension	Contributions to Plan		Employer contribution rates		Number of employees covered by Plan	
	8/31/2015	8/31/2014	8/31/2015	8/31/2014	8/31/2015	8/31/2014
	Local 153 Health Fund	\$ 265,964	\$ 298,285	*	*	17

The monthly contribution rate per active employee and retiree was \$1,919 and \$861, respectively, for the years ended August 31, 2015 and 2014. Effective January 1, 2015, regular contributions for support staff members to PSC/CUNY153 Health Fund ceased and PSC/CUNY began contributing to New York State United Teachers (NYSUT) to participate in their health plan under which the professional staff is covered. After January 1, 2015, PSC/CUNY contributed \$66 per month to PSC/CUNY153 Health Fund per active employee and \$8 per month per retiree for life insurance and vision benefits, and disability for active employees.

NOTE 9. RELATED PARTY TRANSACTIONS

Identification of Related Organizations

PSC/CUNY has the following related entities:

- American Federation of Teachers (AFT)
- New York State United Teachers (NYSUT)
- Professional Staff Congress of the City University of New York Welfare Fund
- The American Association of University Professors (AAUP)

The entities listed above share common trustees, officers or affiliation with PSC/CUNY .

PSC/CUNY is affiliated with New York State United Teachers (NYSUT) and the American Federation of Teachers (AFT) through arrangements whereby PSC/CUNY pays dues to each entity in order for its members to participate in affiliated programs and, in turn, is reimbursed for various expenses, including reimbursements for meetings, organizing, legislative representation, training programs, and arbitration.

Dues paid to NYSUT for the years ended August 31, 2015 and 2014 were \$6,604,035 and \$6,185,300, respectively. As of August 31, 2015 and 2014, PSC/CUNY owed NYSUT for dues \$1,460,512 and \$811,000, respectively. Dues paid to AFT for the years ended August 31, 2015 and 2014 were \$3,333,962 and \$3,127,314, respectively. As of August 31, 2015 and 2014, PSC/CUNY owed AFT for dues \$762,630 and \$423,000, respectively.

NOTE 9. RELATED PARTY TRANSACTIONS (continued)

Reimbursements from NYSUT for the years ended August 31, 2015 and 2014 were \$3,315,113 and \$3,107,363, respectively. As of August 31, 2015 and 2014, the NYSUT owed PSC/CUNY \$585,000 and \$228,393, respectively. Reimbursements from AFT for the years ended August 31, 2015 and 2014 were \$247,801 and \$235,062, respectively. As of August 31, 2015 and 2014, AFT owed PSC/CUNY \$32,000 and \$31,000, respectively.

Office Space Leases

PSC/CUNY leases office space from 61 Broadway Owner, LLC (the Realty Corp). On September 30, 2005, PSC/CUNY entered into a sixteen year lease with the Realty Corp for Suites 1500 and 1615 of the 61 Broadway building. The lease was amended on August 4, 2009 and May 17, 2012 to include Suites 1630 and 1610, respectively. The leases, all which expire on August 31, 2022, are classified as operating leases and provide for minimum annual rentals, plus certain additional expense escalations and utility charges. Per the agreement, PSC/CUNY is also responsible for its portion of real estate taxes.

The minimum annual future rental payments under the three leases are summarized as follows:

Year ending August 31,	
2016	\$ 1,102,872
2017	1,171,395
2018	1,195,401
2019	1,219,899
2020	1,247,967
Thereafter	<u>2,591,979</u>
Total	<u>\$ 8,529,513</u>

Rent including utilities was \$1,206,201 for the year ended August 31, 2015 and \$1,205,591 for 2014.

PSC/CUNY subleases office space to the Professional Staff Congress of the City University of New York Welfare Fund, a related party. The Welfare Fund pays PSC/CUNY a sum equal to 23.90% of the lease of Suite 1500. The sublease expires on August 31, 2022.

The minimum annual future rental income under the sublease with the related party is summarized as follows:

Year ending August 31,	
2016	\$ 185,379
2017	200,055
2018	204,056
2019	208,137
2020	212,300
Thereafter	<u>437,423</u>
Total	<u>\$ 1,447,350</u>

NOTE 9. RELATED PARTY TRANSACTIONS (continued)

Total rental income for the years ended August 31, 2015 and 2014 was \$222,459 and \$208,887, respectively. As of August 31, 2015, the Welfare Fund owed PSC/CUNY \$7,000 for rent.

NOTE 10. FUNCTIONAL EXPENSES

PSC/CUNY expended \$18,751,327 for the year ended August 31, 2015 and \$17,651,119 for 2014. PSC/CUNY has estimated that on a functional classification basis these expenses would be allocated as follows:

	<u>2015</u>	<u>2014</u>
Union activities	83%	82%
Management and administrative	<u>17</u>	<u>18</u>
Total	<u>100%</u>	<u>100%</u>

NOTE 11. LITIGATION

Certain claims, suits, and complaints arising in the ordinary course of business have been filed or are pending against PSC/CUNY. In the opinion of PSC/CUNY's management and legal counsel, the ultimate outcome of these claims will not have a material adverse effect on the financial position of PSC/CUNY.

NOTE 12. SUBSEQUENT EVENTS

PSC/CUNY has evaluated subsequent events through March 15, 2016, the date the financial statements were available to be issued, and they have been evaluated in accordance with relevant accounting standards.

SUPPLEMENTAL INFORMATION

**PROFESSIONAL STAFF CONGRESS OF THE
CITY UNIVERSITY OF NEW YORK**

SCHEDULES OF EXPENSES BY CATEGORY

YEARS ENDED AUGUST 31, 2015 AND 2014

	2015	2014
AFFILIATION FEES		
New York State United Teachers	\$ 6,604,035	\$ 6,185,300
American Federation of Teachers	3,333,962	3,127,314
The American Association of University Professors	233,640	218,320
Municipal Labor Committee	20,019	19,420
Other	31,120	30,098
	10,222,776	9,580,452
SALARIES, EMPLOYEE BENEFITS, AND PAYROLL TAXES		
Salaries	3,312,043	3,243,697
Payroll taxes	265,856	258,662
Health benefit expense	732,815	754,456
Pension benefit expense	534,614	620,353
Other	42,321	28,278
	4,887,649	4,905,446
REPRESENTATIONAL AND GOVERNANCE		
Conferences and conventions	149,594	188,656
Elections	82,786	16,505
Committees	9,519	9,111
	241,899	214,272
PUBLIC RELATIONS		
Mobilization and outreach	114,592	148,334
Community relations	27,365	30,955
Cultural activities	7,559	7,574
	149,516	186,863
BUILDING EXPENSES		
Rent and services	1,206,201	1,205,591
Real estate taxes	78,444	51,074
Repairs and maintenance	74,556	96,882
	1,359,201	1,353,547

See accompanying notes to financial statements.

	<u>2015</u>	<u>2014</u>
ADMINISTRATIVE, OFFICE AND GENERAL		
Office	\$ 280,125	\$ 286,025
Postage	45,384	42,074
Insurance	36,292	33,155
Dues processing	67,000	63,000
Other	6,057	10,679
	<u>434,858</u>	<u>434,933</u>
PROFESSIONAL FEES		
Legal	234,122	251,856
Consulting	88,878	44,059
Accounting and auditing	39,375	37,550
Computer	116,258	110,750
	<u>478,633</u>	<u>444,215</u>
CONTRACT AND BUDGET CAMPAIGNS	<u>503,363</u>	<u>63,498</u>
STIPENDS AND REASSIGNED TIME	<u>367,075</u>	<u>367,618</u>
DEPRECIATION EXPENSE	<u>106,357</u>	<u>100,275</u>
Total expenses	<u>\$ 18,751,327</u>	<u>\$ 17,651,119</u>

See accompanying notes to financial statements.