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NEW YORK STATE CORRECTIONAL
OFFICERS & POLICE BENEVOLENT
ASSOCIATION, INC. AND AFFILIATE

Schedule of Expenses and Allocation Between
Chargeable and Non-Chargeable Expenses
and Report of Independent Auditors

January 1, 2017 Through December 31, 2017

NEW YORK STATE CORRECTIONAL
OFFICERS & POLICE BENEVOLENT
ASSOCIATION, INC. AND AFFILIATE

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INDEPENDENT AUDITOR'S REPORT

To The Officers and Directors
New York State Correctional
Officers & Police Benevolent
Association, Inc. and Affiliate

We have audited the combined financial statements of New York State Correctional Officers & Police Benevolent Association, Inc. (the Association) and Affiliate as of and for the years ended December 31, 2017 and 2016, and our report thereon dated May 8, 2018, which expressed an unmodified opinion on those combined financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying schedule of expenses and allocation between chargeable and non-chargeable expenses of New York State Correctional Officers & Police Benevolent Association, Inc. and Affiliate for the year ended December 31, 2017, is presented for the purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

Under law, individuals are entitled to a refund of the prorata share of agency shop fees spent by the Association in aid of causes of a political and ideological nature only incidentally related to the terms and conditions of employment. We have been informed by management that the Association bases the determination of non-chargeable expenses for the calculation of its refunds on the definitions in the notes, and these factors and assumptions are based on management's interpretations of legal precedent.

In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended to be used in connection with the calculation of agency shop fee refunds by the Association and should be limited in use to those who are knowledgeable of the Association's agency shop fee refund policies and procedures and should not be used by any other parties.

Whittemore, Dowen & Ricciardelli, LLP

Whittemore, Dowen & Ricciardelli, LLP
Queensbury, New York

May 8, 2018

NEW YORK STATE CORRECTIONAL
OFFICERS & POLICE BENEVOLENT
ASSOCIATION, INC. AND AFFILIATE

Schedule of Expenses and Allocation Between
Chargeable and Non-Chargeable Expenses

January 1, 2017 Through December 31, 2017

	Total Expenses	Non- Chargeable Expenses	Chargeable Expenses
Sector funding	\$ 1,855,962	\$ -	\$ 1,855,962
Salaries and employee benefits	4,349,962	195,225	4,154,737
Travel and meetings	1,414,376	15,076	1,399,300
Legal and professional	3,229,714	50,000	3,179,714
Arbitration	245,525	-	245,525
Publications and promotional	1,708,499	255,476	1,453,023
Telephone	88,247	3,960	84,287
Postage	89,207	4,004	85,203
Office operations	331,213	14,865	316,348
Insurance	61,963	-	61,963
Occupancy and building	330,754	14,844	315,910
PAC/political activities	653,518	653,518	-
Member benefits	<u>2,122,623</u>	<u>-</u>	<u>2,122,623</u>
 Total Chargeable and Non- Chargeable Expenses	 <u>\$ 16,481,563</u>	 <u>\$ 1,206,968</u>	 <u>\$ 15,274,595</u>
 Allocation Percentage	 100.00%	 7.32%	 92.68%

See Independent Auditor's Report and Notes

NEW YORK STATE CORRECTIONAL
OFFICERS & POLICE BENEVOLENT
ASSOCIATION, INC. AND AFFILIATE

Notes to Schedule of Expenses and
Allocation Between Chargeable and
Non-Chargeable Expenses

January 1, 2017 Through December 31, 2017

Organization

The New York State Correctional Officers & Police Benevolent Association, Inc. (the "Association") was established in 1998, when its constitution was adopted, as a not-for-profit organization to further the interest of its membership by seeking improved terms and conditions of employment, to render moral and material aid to members as needed, to participate in the legislative process and to provide representation and/or counsel in legal proceedings. All members of Security Services of the State of New York are eligible for active membership in the Association upon their first day of employment. The loss of the Association's right to represent the membership could have a material adverse effect on the operations and financial condition of the Association.

The Association adheres to accounting principles generally accepted in the United States of America as described in the Industry Audit Guide, "Audits of Not-for-Profit Entities," of the American Institute of Certified Public Accountants.

Individuals who have chosen not to become a member of the Association are entitled to a refund of the prorata share of agency shop fees spent by the Association in aid of causes of a political and ideological nature only incidentally related to the terms and conditions of employment. The Association bases the determination of non-chargeable expenses for the calculation of its refunds on the definitions in the notes and the significant factors and management assumptions described in the notes.

Definitions

(a) **Chargeable Expenses**

Chargeable expenses are those incurred by the Association that reflect the share of the costs of operations of the Association which are considered necessarily and reasonably incurred for the purpose of assisting the Association and local and regional divisions in the performance of their duties as representatives of the employees in dealing with the employer on labor management issues. Those costs include the costs of negotiating and administering the collective bargaining contract; settling grievances and disputes by mutual agreement, or in arbitration, court or otherwise; activities and undertakings normally and reasonably employed to complement the duties of the local sector as representative of the employees in the bargaining unit; pursuing matters affecting the wages, hours or working conditions of employees represented by the Association before governmental or other administrative bodies; communicating with employees or the general public on matters of concern to employees represented by the Association; and the operations of the Association's local sectors. The following are examples of expenditures classified as chargeable: preparation for and negotiations of collective bargaining agreements; contract administration including investigation and processing grievances; meetings, conferences, administrative, arbitral and court proceedings and pertinent investigation and research in connection with work-related subjects and issues; handling work-related problems of employees; communications with community organizations, civic groups, and government agencies representing the Association's position on work-related matters; lobbying and legislative activities with respect to the ratification or negotiation of collective bargaining agreements; maintaining membership and recruitment of members; employee group programs; and providing legal, economic and technical expertise on behalf of employees in all work-related matters.

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Notes to Schedule of Expenses and
Allocation Between Chargeable and
Non-Chargeable Expenses

January 1, 2017 Through December 31, 2017

Definitions – Continued

(b) **Non-Chargeable Expenses**

Non-chargeable expenses are those of a political or ideological nature unrelated to collective bargaining and the work-related interests of employees. The term "political" is defined as support of, or opposition to, political parties or candidates for political office of any level of government. The term "ideological" is defined as support for or against certain positions that the Association may take which are not work-related, as well as improvement of the Association's image in the community that does not benefit members directly.

Significant Factors and Management Assumptions Used in the Allocation of Expenses Between Chargeable and Non-Chargeable Expenses

Significant factors and management assumptions underlying the allocation of such expenses between chargeable and non-chargeable amounts are summarized as follows:

- (a) Political Action Committee expenses are considered to be 100% non-chargeable.
- (b) Non-chargeable salaries and employee benefit expenses represent salaries and benefits paid for time spent on legislative and lobbying activities by one full-time and four part-time employees. Non-chargeable salaries and benefits approximate 4.49% of total salaries and benefits. The Association applies this percentage to allocate certain other operating expenses with the exception of expenses directly identified as described in the notes between chargeable and non-chargeable.

