

# **CWA Public Sector Local Union Chargeable/Non Chargeable Expenses Calculation Instructions and Forms – Public Sector**

## **Revised January 2015**

Your local's calculations of chargeable and non-chargeable expenditures must be audited by an independent certified public accountant. These instructions and the attached form and schedules are intended to provide a convenient format for your local's report on chargeable expenses. It is important to confer with your accountant about the sort of records that will be necessary to permit an audit of the calculation.

### **TIME PERIOD TO BE REPORTED**

If your local operates on a calendar-year cycle, the relevant period is January 1 through December 31 of the most recently completed year.

If your local operates on a standard CWA local fiscal year, which begins on October 1 and ends on September 30, use the most recently completed fiscal year. When you prepare the calculations required for this report, include only those expenses actually incurred or paid within your twelve-month operating cycle.

The deadline for submitting this report to CWA is March 15 each year – one month after the IRS 990 deadline. Unlike the IRS, CWA is not able to extend the deadline.

### **CHARGEABLE AND NON-CHARGEABLE ACTIVITIES AND EXPENSES**

Expenses "germane to collective bargaining, contract administration, and/or grievance adjustment" are chargeable. Chargeable expenses include not only the direct costs of these activities, but, in addition, all other expenses for activities and projects normally or reasonably undertaken by the local to carry out its functions as a collective bargaining representative. Non-chargeable expenses are those that support "political or ideological activities not germane to collective bargaining, contract administration, and/or grievance adjustment." This is your working definition of "non-chargeable" in making these calculations. It should be read conservatively; that is, if there is uncertainty over whether an activity is chargeable or non-chargeable, record it as non-chargeable. A representative list of chargeable and non-chargeable expenses is included in these instructions.

Expenses incurred for "organizing" should be included in the non-chargeable category. The reason for this is that such expenses are not chargeable under some statutes, and in order to avoid any possible dispute over the adequacy of its procedure, CWA has decided not to charge for any organizing expenses. Activities carried out for the sole purpose of convincing non-members to join CWA or for the purpose of establishing

CWA as the collective bargaining representative of any previously unrepresented bargaining unit are included as "organizing" activities for the purpose of this calculation. Other activities, such as work-site meetings to explain the contract and effective representation of workers in handling grievances will no doubt encourage non-members to join the union, but these are not "organizing" activities for the purposes of this calculation. The union is a service agency that encourages membership whenever it does its job well, but this does not mean that doing your job well is "organizing" for this purpose (even if you think of it as organizing). Only recruitment of members or organizing new bargaining units are "organizing" for purposes of this calculation. Please be sure to keep this distinction in mind when determining which expenses are non-chargeable.

The following is a representative list of examples of chargeable and non-chargeable expenses. We emphasize that this is a list of examples and that there may be other chargeable and non-chargeable expenses. In addition, certain overhead costs such as telephone expense, occupancy costs, equipment rental and maintenance, and insurance expense need to be allocated between chargeable and non-chargeable. Techniques for identifying chargeable and non-chargeable expenses and allocating overhead costs are suggested in the instructions for each expense category.

### **CHARGEABLE ACTIVITIES AND EXPENDITURES**

- Contract proposals, negotiations and ratification work
- Grievance adjustment and arbitrations
- Contract ratification report and ratification expenses
- Bargaining council expenses
- Contract agreement printing expenses
- Work on questions and complaints about working conditions, benefits and contract rights available to everyone represented
- Attendance at meetings, conversations, phone calls, etc., with employer representative(s)
- Worksite meetings regarding matters germane to collective bargaining, contract administration and grievance adjustment.
- Background reading, phone calls, conferences, discussions or other preparation concerning wages, working conditions, industry conditions or other matters germane to collective bargaining, contract administration and grievance adjustment
- Demonstrations, leafleting and strikes about CWA wages, hours, working conditions, including visiting picket lines, strike committee meetings etc
- Preparation for and attendance at steward meetings and training
- Preparation for and attendance at CWA schools

- Adjudicatory proceedings before courts or administrative agencies that are directly related to private sector collective bargaining, contract enforcement, grievance adjustment or union administration in the United States
- CWA publications, including *CWA News*, and Local newsletters, concerning matters germane to collective bargaining, contract administration and grievance adjustment
- Non-litigation legal expenses that are directly related to collective bargaining, contract enforcement, grievance adjustment or union administration
- Committees and conferences that are on topics germane to collective bargaining, contract administration and grievance adjustment
- Salaries of part-time employees, working on activities germane to collective bargaining, contract administration and grievance adjustment
- Rent on meeting rooms relating to matters germane to collective bargaining, contract administration and grievance adjustment
- Education programs, if content is germane to collective bargaining, contract administration and grievance adjustment
- Preparation for and attendance at CWA meetings (for example, conventions, monthly, and area meetings)
- CWA Local union meetings
- Supplies, printing, freight
- Committees and conferences relating to union administration
- Local union administration including interpretation of constitution, local elections, and local union management
- Local general clerical salaries, hall rental, accounting costs
- Office management and administrative financial matters, forms, scheduling, miscellaneous material
- International Union convention expenses
- Executive Board expenses
- Insurance (excluding employee benefits)
- Taxes (excluding payroll)
- Legal expenses related to union administration
- Salaries of part-time employees - voucher, identified as administrative

## **NON-CHARGEABLE ACTIVITIES AND EXPENDITURES**

- Recruiting members to CWA (organizing)
- Organizing new bargaining units
- Charitable contributions and expenses
- Scholarship fund
- Community services
- Legislative activity, including contacts with government agencies concerning CWA=s views as to appropriate regulations
- Political contributions to State and Local candidates
- Contributions to organizations outside CWA
- Public relations
- Affiliation fees and contributions to other (non-CWA) labor organizations
- Adjudicatory proceedings before courts or administrative agencies that are not directly related to private sector collective bargaining, contract enforcement, grievance adjustment or union administration in the United States
- CWA publications not concerning matters germane to collective bargaining, contract administration and grievance adjustment
- Meetings and conventions of other labor organizations that do not provide background information directly related to collective bargaining, contract administration and grievance adjustment
- Registration and get-out-the-vote activity
- COPE activities and expenses
- Other political activity
- Foreign affairs, including hosting foreign visitors, international relief efforts, international trade union activity (other than within CWA)
- Members-only benefit expenses, including events to which only members are invited
- Citizenship activities and expenses
- Non-litigation legal expenses that are not directly related to collective bargaining, contract enforcement, grievance adjustment or union administration
- Committees and conferences identified as political, ideological or not on topics germane to collective bargaining, contract administration and grievance adjustment
- Salaries of part-time employees - voucher, identified as political, ideological or not germane to collective bargaining, contract administration and grievance adjustment
- Rent on meeting rooms - voucher, identified as political, ideological or not germane to collective bargaining, contract administration and grievance adjustment
- Education programs - topics identified as political, ideological or not germane to collective bargaining, contract administration and grievance adjustment

## **SPECIAL CONCERNS**

The chargeable category of activities includes more than collective bargaining and grievance adjustment in the narrow sense of meeting directly with the employer. The chargeable category also includes activities reasonably related to collective bargaining and grievance adjustment. For example, answering an employee's questions about the collective bargaining agreement or investigating a possible contract breach is chargeable even if a grievance is ultimately not filed.

Make your calculations carefully. To insure that your local's calculation is legally unimpeachable, it is better to err on the side of classifying an expense as non-chargeable rather than as chargeable.

Do not count expenses on activities that are self-financing. For example, if the local has a dance and sells tickets for admission, count only the local's net loss on the dance as an expense which is non-chargeable or chargeable.

Retain organized documentation on how you made your calculations and copies of material used in making the calculations.

Submit your report (see Verification of Calculation Form and Schedules section of the instructions) to the Agency Fee Administrator of the CWA International Union on the form and schedules provided here. In addition, please submit a copy of the Federal Form 990 for the same period covered in your chargeable and non-chargeable expense Calculation Form.

Be careful not to double-count. When filling out the schedules, a single expense should appear on no more than one schedule.

When filling out the forms and schedules, round the figures to the nearest dollar.

## **INSTRUCTIONS TO FORM AND SCHEDULES**

To begin, enter in Column A, the expense amounts for the indicated expense categories (as they apply to your local). Please note that the expense categories correspond precisely to those on Part IX of IRS Form 990 and that the entries in Column A of the Calculation Form should be taken from there.

If additional expense categories other than those preprinted on the form apply to your local, use Schedule A to itemize these expenses. Carry the total amount of these expenses to Line 25, "Other Expenses" of the Calculation Form.

As indicated on Line 31 of the form, the total of Column A should equal the amount on Part I, Line 18, of IRS Form 990.

Next, you must allocate the expenses in Column A between chargeable (Column B) and non-chargeable (Column C). To document this process, Schedule A should be used for expense categories not preprinted on the Chargeable Expenses Calculation Form; Schedule B-1 should be used for salaries of officers and other staff; Schedule B-2 should be used for pension plan contributions, other employee benefits and payroll taxes; Schedule C should be used for local newsletter and publications; a separate Schedule D must be completed for each expense category containing both chargeable and non-chargeable expenses (see instructions for completing Schedule D).

The following is a description of each expense category on the Calculation Form. It is important to note that Column A, "Total Expenses" must duplicate the amounts entered on Part I, Line 18, of the local's IRS Form 990.

Note: All IRS 990 line numbers refer to Part IX.

#### Line 1 - Grants to Governments and Organizations (IRS 990 Line 1)

Use Line 1 to report all grants and contributions made by the local to government units and organizations outside of CWA. These expenses will generally be considered entirely non-chargeable.

#### Line 2 - Grants to Individuals (IRS 990 Line 2)

This category is for payments to or for the benefit of particular individuals. Do not record international strike assistance in this category (except for unreimbursed amounts incurred by your local for strike benefit payments) since it is an expense of the International Union and treated as a pass-through item at the local union level.

#### Line 3 - Benefits Paid to or For Members (IRS 990 Line 4)

This category should include benefits paid to or on behalf of members. This should be treated as non-chargeable to the extent that benefits were not available to non-members.

#### Line 4 - Compensation of Officers, Directors, etcetera (IRS 990 Line 5).

Include in this line all salaries, wages, and allowances paid to officers of your local union. To determine the allocation between the chargeable and non-chargeable portions, you must complete and attach a Schedule B-1 (see instructions to Schedule B-1).

Line 5 - Other Salaries and Wages (IRS 990 Line 7)

Use this line to report all non-officer salaries, wages, and allowances. Complete and attach Schedule B-2 to determine chargeable and non-chargeable amounts (see instructions to Schedule B-2)

Line 6 - Pension Plan Contributions (IRS 990 Line 8)

Report all payments made to pension plans on behalf of officers and other employees. Use the chargeable percentage calculated on Schedule B-3 to allocate between chargeable and non-chargeable portions. (See specific instructions on Schedule B-3).

Line 7 - Other Employee Benefits (IRS 990 Line 9)

Report all employee benefits, other than the pension plan contributions included in Line 6, paid to or on behalf of officers and other employees. These may include premium payments for employee health, dental, and life insurance benefits. Use the chargeable percentage calculated on Schedule B-3 to allocate between chargeable and non-chargeable portions. (See specific instructions on Schedule B-3).

Line 8 - Payroll Taxes (IRS 990 Line 10)

Payroll taxes will generally include all employer paid amounts such as F.I.C.A. expense (employer portion only) and federal and state unemployment taxes. Use the chargeable percentage calculated on Schedule B-3 to allocate between chargeable and non-chargeable portions. (See specific instructions on Schedule B-3).

Line 9 - Management Fees (IRS 990 Line 11a)

Enter the total fees paid to outside firms and individuals for management services.

Line 10 - Legal Fees (IRS 990 Line 11b)

This expense category will consist of all fees and expenses paid to legal counsel, including attorneys on retainer or otherwise. Non-litigation legal expenses that are directly related to collective bargaining, contract enforcement, grievance adjustment or union administration should be considered chargeable. Non-litigation legal expenses that are not directly related to collective bargaining, contract enforcement, grievance adjustment or union administration should be reported as non-chargeable. Adjudicatory proceedings before courts or administrative agencies that are not directly related to

private sector collective bargaining, grievance adjustment, contract administration or union administration in the U.S. should be reported as non-chargeable.

To determine the allocation between these types of expenses, you must examine each of the local's expenses under this category. To document this process, a Schedule D must be completed itemizing each non-chargeable expense reported (see instructions to Schedule D).

#### Line 11 - Accounting Fees (IRS 990 Line 11c)

Include all audit, accounting, and bookkeeping fees (excluding salaries paid to in-house accountants/bookkeepers.) Accounting fees, unless specifically related to non-chargeable activities, should be treated as entirely chargeable.

#### Line 12 – Lobbying Fees (IRS 990 Line 11d)

Enter amounts for activities intended to influence foreign, national, state, or local legislation, including direct lobbying and grassroots lobbying. Lobbying fees should be treated as entirely non-chargeable.

Do not include activities to influence actions by executive, judicial or administrative officials or bodies or other advocacy services. Report these amounts on line 14.

#### Line 13 – Investment Management Fees (IRS 990 Line 11f)

Enter amounts for investment counseling and portfolio management. Monthly account service fees are considered portfolio management expenses and must be reported here. Do not include transaction costs such as brokerage fees and commissions which are considered sales expenses and are included on IRS 990, Part VIII, line 7b.

#### Line 14 – Other Fees for Services (IRS 990 Line 11g)

Enter amounts for other independent contractor services not listed on lines 9 through 13.

#### Line 15 – Advertising Expenses (IRS 990 Line 12)

Enter amounts paid for advertising. Include amounts for print and electronic media advertising. Also include Internet site link costs and signage costs.

Note: CWA divides IRS 990 Line 13 – Office expenses into five categories as follows:

Line 16 – Office expenses – Office supplies (IRS 990 Line 13)

Enter total cost of office and other supplies. Generally, expenses for supplies relating to the local's day-to-day functioning as a collective bargaining representative are chargeable. This category should be analyzed on an expense-by-expense basis to determine if any costs are associated with the purchase of supplies relating to non-chargeable activities. For example, materials purchased to be used in an organizing campaign should be listed as non-chargeable while expenses for bookkeeping supplies should be classified as chargeable.

A Schedule D should be completed and attached disclosing all non-chargeable expenses noted (see instructions to Schedule D).

Line 17 – Office Expenses – Telephone (IRS 990 Line 13)

Telephone expense represents an overhead expense item which generally cannot be specifically allocated between chargeable and non-chargeable using an expense-by-expense analysis. Therefore, to determine the chargeable portion of this expense, you will need to multiply the total expense by the chargeable percentage computed on Line 4 of Schedule B-3. (See specific instructions on Schedule B-3).

Line 18 – Office Expenses – Equipment Rental and Maintenance (IRS 990 Line 13)

Equipment rental and maintenance expense represents an overhead expense item which generally cannot be specifically allocated between chargeable and non-chargeable using an expense-by-expense analysis. Therefore, to determine the chargeable portion of this expense, you will need to multiply the total expense by the chargeable percentage computed on Line 4 of Schedule B-3. (See specific instructions on Schedule B-3).

Line 19 – Office Expenses - Postage and Shipping (IRS 990 Line 13)

Postage and shipping expenses should be entered on this line. An expense-by-expense analysis of postage and shipping expenses should be completed to determine if any expenses were incurred for a purpose that does not come within the definition of chargeable activities, such as providing postage for a political candidate. Document on a Schedule D all expenses which pertain to a non-chargeable activity.

If any expenses in this category related to the local's newsletter, Schedule C should be completed to determine the percentage of space in the newsletter which was devoted to chargeable and non-chargeable topics. Whenever you encounter an expense for the local's newsletter, multiply that expense by the percentage on Line 5 of Schedule C (see instructions to Schedule C) and enter the product in the "Amount" column on the

Schedule D, listing "newsletter" as part of the purpose of the expense in the "Payee and Description" column of Schedule D; e.g., "newsletter postage" or "newsletter supplies".

#### Line 20 - Office Expenses - Printing and Publications (IRS 990 Line 13)

Printing and publications expenses should be entered in this line. An expense-by-expense analysis of printing and publications expenses should be completed to determine if any expenses were incurred for a purpose that does not come within the definition of chargeable activities. Document on a Schedule D form all expenses which pertain to a non-chargeable activity.

If any expenses in this category relate to the local's newsletter, Schedule C should be completed to determine the percentage of space in the newsletter which was devoted to chargeable and non-chargeable topics. Whenever you encounter an expense for the local's newsletter, multiply that expense by the percentage on Line 5 of Schedule C (see instructions to Schedule C) and enter the product in the "Amount" column on the Schedule D, listing "newsletter" as part of the purpose of the expense in the "Payee and Description" column of Schedule D.

#### Line 21 - Information Technology (IRS 990 Line 14)

Enter amounts for information technology, including hardware, software and support services such as maintenance, help desk and other technical support services. Also include expenses for infrastructure support such as web site design and operations, and virus protection and other information security programs and services.

#### Line 22 - Occupancy (IRS 990 Line 16)

Enter amounts for the use of office space or other facilities, including rent, heat, light power and other utilities expenses; property insurance, real estate taxes; mortgage interest; and similar occupancy-related expenses.

Occupancy expense represents an overhead expense item which generally cannot be specifically allocated between chargeable and non-chargeable using an expense-by-expense analysis. Therefore, to determine the chargeable portion of this expense, you will need to multiply the total expense by the chargeable percentage computed on Line 4 of Schedule B-3. (See specific instructions on Schedule B-3).

### Line 23 – Travel (IRS 990 Line 17)

Enter the total travel expenses, including transportation costs (fares, mileage allowances, and automobile expenses), meals and lodging, and per-diem payments. Travel costs include the expenses of purchasing, leasing, operating, and repairing any vehicles owned by the local and used for the local's activities. However, if the local leases vehicles on behalf of its executives or other employees as part of an executive or employee compensation program, the leasing costs are considered employee compensation and are reported on Lines 4 and 5. Document on a Schedule D Form all expenses in this category which pertain to a non-chargeable activity.

### Line 24 – Payments of Travel, Entertainment for Public Officials (IRS 990 Line 18)

Enter total amounts for travel or entertainment expenses (including reimbursement for such costs) for any federal, state or local public officials and their family members

### Line 25 - Conferences, Conventions and Meetings (IRS 990 Line 19)

Enter the total expenses incurred by the local in conducting meetings related to its activities. Include such expenses as facility rentals, speakers' fees and expenses, and printed materials. Include the registration fees (but not travel expenses) paid for sending any of the local's staff to conferences, conventions and meetings conducted by other organizations.

Conferences, conventions, and meeting expenses will need to be analyzed in order to determine the chargeable and non-chargeable portions. The nature of the conference, convention or meeting for which a particular expense relates will determine its classification as chargeable or non-chargeable. For example, an expense related to an organizing meeting would be classified as non-chargeable while an expense for a conference on collective bargaining would be chargeable. Itemize all non-chargeable expenses noted in your analysis of this category on a Schedule D form (see instructions to completing Schedule D).

### Line 26 - Interest (IRS 990 Line 20)

Enter on this line all interest expenses incurred by the local union. The allocation of interest expense between chargeable and non-chargeable will depend on the nature of the debt giving rise to the interest expense. For example, if the local union incurred an interest expense on a loan borrowed from the International Union to assist in funding the general administration of the local, the expense would be chargeable (since expense to maintain the local's associational existence are chargeable). Conversely, if the loan was obtained to finance a non-chargeable activity such as an organizing drive, the interest expense should be classified as non-chargeable. A Schedule D Form

should be completed listing all non-chargeable interest expense charges (see instructions to Schedule D).

Line 27 - Payments to Affiliates [not to CWA International] (IRS 990 Line 21)

Enter total of payments to affiliated state, regional or national organizations. These expenses are classified as non-chargeable and a Schedule D form should be completed for them.

Do not include per capita payments to the CWA International. These payments should be treated as a pass-through and not an expense.

Line 28 - Depreciation, Depletion, etcetera (IRS 990 Line 22)

Depreciation expense represents an overhead expense item which generally cannot be specifically allocated between chargeable and non-chargeable using an expense-by-expense analysis. Therefore, to determine the chargeable portion of this expense, you will need to multiply the total expense by the chargeable percentage computed on Line 4 of Schedule B-3. (See specific instructions on Schedule B-3).

Line 29 – Insurance (IRS 990 Line 23)

Enter total insurance expenses such as a labor organization bond. Do not include property or occupancy-related insurance. Report those expenses on Line 18. Do not report the cost of employment-related benefits such as health insurance, life insurance or disability insurance provide by the local to its officers and employees. Report these expenses on Lines 6 and 7.

Line 30 - Other Expenses (IRS 990 Line 24)

If additional categories other than those preprinted on the Calculation Form apply to your local, use Schedule A to itemize these expenses. The allocation of these expenses between chargeable and non-chargeable should be determined and documented on Schedule D by either (1) performing an expense-by-expense analysis for each expense category which contains expenses specifically identifiable as chargeable or non-chargeable; or (2) for expenses which cannot be specifically allocated by using the chargeable percentage calculated on Line 4 of Schedule B-3. After completing the Schedule A, carry the total amount of Schedule A to Line 26, "Other Expenses", of the Calculation Form.

Line 31 - Total

After completing Lines 1 through 30 of the Calculation Form, enter the totals on Line 31 (for Columns A through C).

### Line 32 - Chargeable Percentage

To determine the percentage of total expenses of your local union deemed to be chargeable, divide Line 31 Column B by Line 31, Column A, and enter the result on Line 32.

## **SCHEDULE A - OTHER EXPENSES**

If additional categories other than those preprinted on the Calculation Form apply to your local, use Schedule A to itemize these expenses. The allocation of these expenses between chargeable and non-chargeable should be determined and documented on a separate Schedule D Form for each expense category by either (1) performing an expense-by-expense analysis for each expense category which contains expenses specifically identifiable as chargeable or non-chargeable; or (2) for expenses which cannot be specifically allocated, such as insurance expense, by using the chargeable percentage calculated on Line 4 of Schedule B-3.

After completing the Schedule A, carry the total amount of Schedule A to Line 26, "Other Expenses", of the Calculation Form.

## **SCHEDULE B-1 - SALARIES OF OFFICERS**

List the name of each officer compensated for his or her time, their title, and their total salary in Columns (1), (2), and (4) respectively.

NOTE: If your local prefers, for reasons of confidentiality, designators may be used in lieu of names and titles of officers (i.e., officers may listed as Officer 1, Officer 2, etc.)

Enter in Column (3) the percentage of each officer's union-paid time that is spent on chargeable activities. To calculate this percentage, first determine the total amount of time for which the local pays the officer to work. If the individual is full-time, that total is all of his or her working time. If the individual is paid only on a lost-time basis, the total is only the lost time.

Next, determine how much paid time is spent on chargeable activities. This may be done by a careful review with each individual of the past year's activity, using notes, calendars, and other materials as appropriate. From this review, determine whether an individual's work is devoted primarily to chargeable or primarily to non-chargeable activities. Once this is done, it is often easier for the person to isolate and recall the specific periods spent on out-of-the ordinary activities.

For example, if an individual spends almost all of his time on answering employee inquiries and complaints and filing grievances, but attends the legislative conference once a year and participates in one or two organizing drives, it will be easier for him to recall the days he spent on those non-chargeable activities than it will be for him to account for all the days spent on the chargeable activities that routinely take up his time. The normal workday for this person will be counted as chargeable and special days on which he engaged in non-chargeable activities will be noted and counted as non-chargeable.

To take another example, your local may employ an organizer, who occasionally helps on chargeable activities. It will be easier for her to isolate the days spent on chargeable activities. The normal workday for this person will be counted as non-chargeable and special days on which she engaged in chargeable activities will be counted as chargeable.

The result of this review should be documented in a brief report for each officer, signed by that individual and maintained by the local. You should confer with your accountant to determine what additional documentation may be necessary. For each officer, divide the chargeable paid time by the total paid time and enter these percentages in the appropriate lines of Column (3).

There are a variety of reasonable methods for allocating time. You should feel free to call the accountants we have retained at Calibre CPA Group to discuss any questions you may have about which method best fits your situation.

After completing Schedule B-1, carry the total amounts from Columns (4) and (5) to Columns A (Total Expenses) and B (Chargeable Expenses) to the appropriate of the Calculation Form. At this point, Column C (Non-Chargeable Expenses) of the Calculation Form for these expense categories may be completed by subtracting Column B from Column A.

## **SCHEDULE B-2 - SALARIES OF OTHER EMPLOYEES (NON-OFFICERS)**

To complete Schedule B-2, follow the instructions to Schedule B-1 with the exception of substituting "Salaries of Other Employees (Non-Officers)" as the expense category in lieu of "Salaries of Officers" which is reported on Schedule B-1.

NOTE: As in Schedule B-1, if your local prefers, for reasons of confidentiality, designators may be used in lieu of names and titles of employees (i.e., employees may be listed as Employee 1, Employee 2, etc.)

In addition, if you have groups of employees performing similar functions i.e., three secretaries with similar duties, you may group their salaries.

### **SCHEDULE B-3 - CHARGEABLE COMPENSATION PERCENTAGE**

The purpose of Schedule B-3 is to determine a composite percentage of time devoted to chargeable activities for all compensated officers and employees of your local.

Enter in the appropriate columns of Line 1, the total and chargeable compensation of all officers as reported on Schedule B-1, Columns (4) and (5), respectively.

Also enter in the appropriate columns of Line 2, the total and chargeable compensation of all other employees (non-officers) as reported on Schedule B-2, Columns (4) and (5), respectively.

Add Lines 1 and 2 and enter the result on line 3 (for both total and chargeable amounts).

To determine the percentage of time spent on chargeable activities by your compensated officers and employees, divide Line 3, Column (2) by Line 3, Column (1) and enter the quotient on Line 4.

The chargeable percentage computed on this schedule will be used to allocate the following expense categories:

<u>Calculation Form Category</u>	<u>Line Number</u>
Pension Plan Contributions	6
Other Employee Benefits	7
Payroll Taxes	8
Telephone	13
Occupancy	15
Equipment Rental and Maintenance	16
Depreciation, Depletion, Etc.	21

In addition, other expenses reported on Line 30 of the Calculation Form (itemized on Schedule A) which cannot be specifically allocated as chargeable or non-chargeable (such as insurance expense) should be allocated based on the above computed percentage.

### **SCHEDULE C - NEWSLETTER SPACE CALCULATION**

This schedule is to be completed if the local incurred expenses pertaining to a newsletter or similar periodic publication. The calculations performed will result in the

percentage of space devoted to chargeable and non-chargeable topics in the local's newsletter. This percentage will be used to allocate all newsletter related expenses which may be encountered when analyzing the various expense categories of the local.

Note: It is probable that newsletter related expenses, if any, will be categorized as postage and shipping expenses and/or printing and publications expenses on the Calculation Form.

Enter in Line 1, the total number of newsletters for which expenses were incurred in the period covered. Enter in Line 2, the total space measured in eighth pages (8 eighths per page) for all of these newsletters.

Examine the articles in these issues of the newsletter, and mark those which concern chargeable topics. Total the eighth pages devoted to such chargeable topics, and enter this figure on Line 3 of Schedule C.

Divide the figure on Line 3 by the figure on 2 and enter the quotient on Line 4. This is the percentage of newsletter space devoted to chargeable topics.

Enter on Line 5, the percentage of non-chargeable space which can be calculated by subtracting the percentage on Line 4 from 100.00%.

## **SCHEDULE D - NON-CHARGEABLE EXPENSES**

Schedule D calls for you to list non-chargeable expenses. In filling out this Schedule for each appropriate expense category, it is very important to bear in mind that you are identifying both the chargeable and the non-chargeable expenses within that category. You are asked to list non-chargeable expenses because these are generally far fewer in number than the chargeable expenses.

To fill out Schedule D, you need to examine each of the local's expenses in the category being analyzed.

Beginning with the category listed on Line 1 of the Calculation Form, go down the column in your ledger for that category of expenses examining each check or other accounting entry listed under that category for the applicable period covered. You should skip Lines 4 through 8 (salaries and related expenses) and Lines 17, 18, 22 and 28 since they will be analyzed and allocated using Schedules B-1, B-2 and B-3.

If you find an expense for a purpose that does not come within the definition of chargeable activities or that is not similar in kind to the examples of chargeable expenses in the representative list accompanying these instructions, you should either consider the expense as non-chargeable or call CWA with your question.

When you find such a non-chargeable expense under a particular category in your ledger, you should complete a Schedule D, entering the check number or voucher number, a description of the purpose of the expense and its payee, and the amount in the columns provided for these purposes on Schedule D. List all non-chargeable expenses for that expense category in similar fashion on the same form.

**IMPORTANT:** Fill out and total a different Schedule D form for each separate category of expense (excluding Line Nos. 4, 5, 6, 7, 8, 17, 18, 22 and 28 which are allocated based on Forms B-1, B-2 or B-3) having both chargeable and non-chargeable expenses. You should make additional copies of the blank Schedule D should you need them.

If the local incurred expenses pertaining to a newsletter, Schedule C must be completed. Whenever you encounter an expense for the local's newsletter, multiply that expense by the percentage on Line 5 of Schedule C (see instructions to Schedule C) and enter the product in the "Amount" column on the Schedule D for the relevant category of expense. Whenever you do this, be sure to list "newsletter" as part of the purpose of the expense in the "Description" column on the Schedule D.

When you have finished examining all of the expenses for a particular category, add the total of the non-chargeable amounts and enter the sum in the space provided at the bottom of the "Amount" column on the Schedule D for that category. Enter this amount in Column C of the appropriate category line on the Calculation Form. You should also enter the total of the chargeable expenses for the category analyzed in Column B of the appropriate Calculation Form line. It is important to note that Columns B and C of any category line of the Calculation Form must equal Column A which represents total chargeable and non-chargeable expenses for that category.

If after having carefully reviewed all of the expenses in a category, you conclude that all of the expenses in that category were entirely chargeable or entirely non-chargeable under the definition given within these instructions, then do not fill out a Schedule D for that category.

**NOTE:** If it is convenient for you to report non-chargeable expenses for each category on computerized accounting printouts, you may submit these printouts in lieu of Schedule D. However, it is important to ensure that all information which would have been reported on Schedule D is included in any such printouts.

## **VERIFICATION OF CALCULATION FORM AND SCHEDULES**

Accurately completing the Calculation Form and Schedules is a legal requirement of equal dignity with the filing of the Form 990 at the Internal Revenue Service. The officer responsible for completing the Calculation Form and Schedules should sign the statement of verification at the bottom of the Form.

**Your calculations of chargeable and nonchargeable expenditures must be audited by an independent certified public accountant. In this regard, it is important to note that a review or compilation is not acceptable. All forms that are submitted with a statement from the CPA that the calculations have been reviewed or compiled will be rejected.**

A copy of your local's Calculation Form will be provided to your Local's agency fee objectors.

The Calculation Form and Schedules, a copy of the local's IRS Form 990 covering the same period as the Calculation Form, and the auditor's letter should be sent to the following address:

Agency Fee Administrator  
Communications Workers of America  
501 Third Street, NW  
Washington, DC 20001-2797

#### **AVAILABLE ASSISTANCE IN COMPLETING FORMS**

For inquiries and assistance in completing the required forms and schedules, please contact the agency fee administrator, at 202.434.1330.