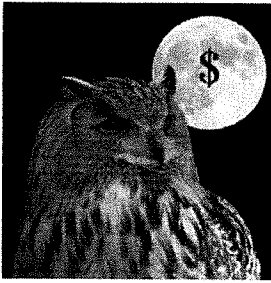


AMALGAMATED TRANSIT UNION #757

Audited Financial Statements
For the Years Ended June 30, 2018 and 2017

Traxton **CPA**
Professional Corporation
12725 SW 66th Avenue, Suite 202
Tigard, Oregon 97223



Traxton CPA

Professional Corporation

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INDEPENDENT AUDITOR'S REPORT

To the Executive Board of the ATU Local 757

I have audited the accompanying financial statements of the Amalgamated Transit Union Local 757 (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets—cash basis as of June 30, 2018 and 2017, and the related statements of revenue and expenses and changes in net assets—cash basis for the years 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 the cash basis of accounting as described in Note A; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 entity'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 entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of the Amalgamated Transit Union Local 757 as of June 30, 2018 and 2017, and its revenue and expenses and changes in net assets for the years then ended in accordance with the cash basis of accounting as described in Note A.

Basis of Accounting

I draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. My opinion is not modified with respect to that matter.

Tigard, Oregon

December 10, 2018

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AMALGAMATED TRANSIT UNION, LOCAL 757
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS-CASH BASIS
JUNE 30, 2018 AND 2017

<u>ASSETS</u>	2018	2017
Cash and cash equivalents	\$ 1,566,840	\$ 1,276,475
Investments, at market	74,967	79,877
Other receivables		-
Property and equipment, at cost:		
Land, building, building improvements	487,806	487,805
Office furniture and equipment	210,486	206,292
Less accumulated depreciation	<u>(543,522)</u>	<u>(513,263)</u>
	<u>154,770</u>	<u>180,834</u>
 Total assets	 <u><u>\$ 1,796,577</u></u>	 <u><u>\$ 1,537,186</u></u>
 <u>LIABILITIES</u>		
Credit card balances, accrued payroll and other liabilities	<u>\$ (3,097)</u>	<u>\$ 9,198</u>
 Total liabilities	 (3,097)	 9,198
 <u>NET ASSETS</u>		
Unrestricted:		
Undesignated	<u>1,799,674</u>	<u>1,527,988</u>
 Total net assets (All are unrestricted)	 <u>1,799,674</u>	 <u>1,527,988</u>
 Total liabilities and net assets	 <u><u>\$ 1,796,577</u></u>	 <u><u>\$ 1,537,186</u></u>

The accompanying notes are an integral part of this statement

AMALGAMATED TRANSIT UNION, LOCAL 757
STATEMENT OF REVENUE AND EXPENSES AND CHANGES
IN NET ASSETS-CASH BASIS
JUNE 30, 2018 AND 2017

<u>REVENUE</u>	<u>2018</u>	<u>2017</u>
Per capita dues	\$ 3,318,650	\$ 3,180,558
Initiation fees	70,743	74,460
Investment return	(1,970)	9,145
Misc. income	23,659	19,521
Total revenue	<u>3,411,082</u>	<u>3,283,684</u>
<u>EXPENSES</u>		
Per capita dues expense		
Per capita dues - International	758,038	810,685
Per capita dues - local	92,821	90,086
Total dues expense	<u>850,859</u>	<u>900,771</u>
Program services		
Legislative	600	148,782
Grievance arbitration	54,142	108,593
Negotiations	258,690	231,433
Total program services	<u>313,432</u>	<u>488,808</u>
Supporting services		
Management and General	<u>1,975,105</u>	<u>1,980,821</u>
Total expenses	<u>3,139,396</u>	<u>3,370,400</u>
Increase (Decr.) in Unrestricted Net Assets-From Operations	271,686	(86,716)
NET ASSETS, beginning of year	<u>1,527,988</u>	<u>1,614,704</u>
NET ASSETS, end of year	<u>\$ 1,799,674</u>	<u>\$ 1,527,988</u>

The accompanying notes are an integral part of this statement

AMALGAMATED TRANSIT UNION, DIVISION 757
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE A: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Amalgamated Transit Union, Division 757 of Portland, Oregon (the Union) was formed on June 28, 1917, to advance the wages, shorten hours, and improve the working conditions of its members.

The Union's programs to accomplish these tasks are:

Legislative: This program includes lobbying, issue-related donations and candidate donations. It also includes support for various work-related legislation and candidates.

Arbitration: This program supports members' rights related to bargaining agreements and other work-related issues.

Negotiation: This program represents the members in the negotiation of bargaining agreements.

The Union is chartered by the International Office of the Amalgamated Transit Union, which is affiliated with the American Federation of Labor and Congress of Industrial Organizations.

Income Taxes

The Union is subject to income taxes on the investment income earned by the legislative fund bank account.

The balance of the Union's income is exempt from income taxes as a labor organization under Internal Revenue Code Section 501(c)(5).

Basis of Accounting

The Union's financial statements have been prepared on the cash basis of accounting. Consequently, certain revenue and the related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred.

Financial Statement Presentation

As the Union does not receive donations, all of its net assets are classified as unrestricted net assets.

Estimates

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

Program and Supporting Services

The Union does not allocate expenses for management and general supporting services to program service.

Cash and Cash Equivalents

The Union considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

During the fiscal year, the Union's bank balances have exceeded the Federally insured limits. On June 30, 2018 and 2017 the Union balances exceeded the Federally insured limit by \$1,358,136 and \$1,103,745.

AMALGAMATED TRANSIT UNION, DIVISION 757
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018 AND 2017

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of assets, liabilities, and net assets-cash basis. Unrealized gains and losses are included in the change in net assets. Investment income and gains are reported as increases in unrestricted net assets in the reporting period in which the income and gains are recognized.

Property and Equipment

It is the Union's policy to capitalize property and equipment over \$500. Lesser amounts are expensed. Property and equipment are capitalized at cost. Depreciation is computed over the estimated useful lives of the respective assets using the straight-line method.

NOTE B: FAIR VALUE MEASUREMENTS

FASB ASC Topic 820 establishes 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC Topic 820 are described below.

Level 1-Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2-Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

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

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following tables set forth by level, within the fair value hierarchy, the Union's investments at fair value at June 30, 2018, 2017 and 2016.

ON JUNE 30, 2018

DESCRIPTION	LEVEL 1	LEVEL 2	LEVEL 3
Corporate Stocks	\$74,967	\$0	\$0

ON JUNE 30, 2017

DESCRIPTION	LEVEL 1	LEVEL 2	LEVEL 3
Corporate Stocks	\$79,877	\$0	\$0

AMALGAMATED TRANSIT UNION, DIVISION 757
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018 AND 2017

ON JUNE 30, 2016

DESCRIPTION	LEVEL 1	LEVEL 2	LEVEL 3
Corporate Stocks	\$73,607	\$0	\$0

NOTE C: PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2018</u>	<u>2017</u>
Land	52,534.00	52,534.00
Building and Improvements	435,272.00	434,272.00
Furniture and Equipment	128,426.00	124,231.00
Vehicles	<u>82,060.00</u>	<u>82,060.00</u>
	698,292.00	693,097.00
Accumulated Depreciation	<u>543,523.00</u>	<u>513,264.00</u>
	154,769.00	180,833.00

NOTE D: EMPLOYEE BENEFITS

Employee benefits consist principally of health care benefits for employees and pension costs for Union office staff. The expense for these items is included on the Statement of Revenues and Expenses under Supporting Services-Management and General.

Health Care Plans

All current full-time officers are on leave of absence from the Tri-Metropolitan Service District (TriMet). Prior to May 2012, TriMet paid for health care insurance for these officers. As of May 2012, the Union is responsible for paying these costs.

The Union pays for health care insurance for Union office staff employees until retirement or termination of employment. Under the terms of the labor agreement with the office staff's union, covering the period of December 1, 2017 through November 30, 2022, employees who were hired on or before date of ratification and who meet the qualifications for full retirement benefits as defined in the TriMet Agreement, and who retire, shall receive the same health benefits until age 65 that is available to active employees and their spouses, excluding orthodonture and dental coverage for dependent children. Upon retirement, the employee becomes responsible for their share of the premium under the TriMet Agreement. At age 65 the employer shall reimburse for Medicare B premium. Employees who are hired after the date of ratification and who meet the qualifications for full retirement benefits as defined in the TriMet agreement, and who retire, shall be entitled to the same stipend in the same amount as specified in the TriMet Agreement. Upon reaching age 65, the retiree shall no longer be eligible for any health benefit. In either case, retired employees who meet the qualifications for full retirement benefits shall also follow those other terms and conditions as contained in the TriMet Agreement, as amended from time to time.

Total health care insurance costs paid for the years ended June 30, 2018 and 2017 were \$225,750 and \$213,398.

AMALGAMATED TRANSIT UNION, DIVISION 757
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

Pension Plans

Union employees benefit from one of two pension plans.

All current full-time officers are on leave of absence from the Tri-Metropolitan Service District (TriMet). TriMet contributes to a defined benefit plan for these officers based upon years of service.

Union office staff, who are members of OPEIU Local #11, participate in a defined contribution plan to which the Union contributes monthly amounts based upon the hours worked by the employees. These contributions are made in accordance with a negotiated labor contract.

Pension costs to the Union totaled \$35,416 and \$36,274 for the years ended June 30, 2018 and 2017.

NOTE E: RELATED PARTY TRANSACTIONS

ATU 757 Building Fund, Inc.

In September 1992, ATU 757 Building Fund, Inc. was established to purchase, improve and maintain the building housing the Union's offices at 1801 N.E. Couch St. in Portland, Oregon. The ATU 757 Building Fund, Inc. purchased and currently owns the title to the property located at 1801 N.E. Couch Street. It is a corporation with a Board of Directors appointed by the Union's President. The Union was Guarantor on the \$165,000 mortgage which was paid off in September 1995.

NOTE F: TRIMET ASSESSMENT

In November of 2012, Union members approved a TriMet Assessment (TMA) to support contract negotiations at TriMet. The funds were to be collected for one year beginning January 2013 and were to be spent to (a) "launch a public relations campaign to educate the public about the truth of TriMet management", (b) "Hire the experts and legal help needed to help us win the fight" and (c) "set up a two-way members' communications system through which we (1) obtain information about TriMet; (2) provide regular bulletins about what is happening at bargaining, and (3) strengthen our support for each other in the grim days ahead."

In 2017, the final \$9,334 of expenditures were made for this TMA, the account was closed, and this TMA has concluded.

NOTE G: INCOME TAX FILINGS

The Union files U.S. Form 990: Return of Organization Exempt From Income Tax on an annual basis. As of June 30, 2018, the Union's tax years for 2015, 2016 and 2017 are subject to examination by the tax authorities.

NOTE H: SUBSEQUENT EVENTS

Management evaluated events and transactions that occurred after the balance sheet date for potential recognition and disclosure through December 2018, the date on which the financial statements were issued.