

Schedule Summarizing the DOL's Proposed Changes to the LM-2 and a New LM-2 "Long Form"

By David Dorsey, CPA; Caroline Kettering, CPA; Ashleigh Hall, CPA

The Department of Labor (DOL) proposed changes to the current Form LM-2 reporting, and the establishment of a Form LM-2 Long Form (LF) to replace the LM-2 for labor organizations with annual receipts of \$8M+. The LM-2 LF includes all the changes described (however schedule numbers may vary between the LM-2 and LM-2 LF), as well as additional items applicable only to the LM-2 LF.

This schedule summarizes the more significant changes and additions proposed by the DOL. We have provided you with the reference in the current LM-2 and the corresponding reference in the proposed draft forms. Furthermore, we have identified whether the proposed changes applies to both the LM-2 and LM-2 LF, or whether it applies only to the LM-2 LF.

Please note that this schedule does not include all changes described in the DOL's proposal. For example, we have not included all changes in numbering of items from existing to proposed forms and between the two proposed forms. We included only the more significant changes to bring your attention. You may find the details of all proposed changes within the full proposal.

REFERENCE IN CURRENT LM-2 FORM	REFERENCE IN PROPOSED FORMS		LM-2 AND LM-2 LF	LM-2 LF ONLY
PROPOSED CHANGES TO INFORMATION AND QUESTIONS PAGES				
PG 1, ITEM 3	NO CHANGE	New option indicating that the filer is in Trusteeship, if appropriate.	✓	
N/A	PG 2, QUESTION 10(B)	<p>NEW QUESTION</p> <p>10 (b) During the reporting period did an officer or employee paid \$10,000 or more by the labor organization also receive \$10,000 or more as an officer or employee of another labor organization in gross salaries, allowances, and other direct and indirect disbursements?</p> <p>Note that payments would include gross salaries, allowances and other direct and indirect disbursements made during the reporting period. If yes, the union would be required to list the name of the officer or employee, the amount paid by the other organization and that organization's name and the OLMS file number.</p>	✓	
N/A	PG 2, QUESTION 11(C)	<p>NEW QUESTION</p> <p>11(c). During the reporting period did the labor organization have a separate strike fund?</p> <p>If yes, then the union would be required to disclose in Item 75 (formerly Item 69) the amount of strike funds. (Note: The DOL acknowledges that disclosure of certain information might be problematic and requests comments regarding this specific proposal.)</p>		✓
PG 2, ITEM 13	NO CHANGE	<p>EXPANSION OF EXISTING QUESTION</p> <p>13. During the reporting period did the labor organization <u>experience and/or discover any loss or shortage of funds or other assets?</u> (Answer "Yes" even if there has been repayment or recovery.)</p> <p>This change is meant to force a perpetrator who also signs or prepares the annual report to self-report their theft or failure to do so would result in an additional reporting violation.</p>	✓	
N/A	PG 2, QUESTION 18(B)	<p>NEW QUESTION</p> <p>18(b) Enter the date of the labor organization's current Constitution and Bylaws</p>	✓	



REFERENCE IN CURRENT LM-2 FORM	REFERENCE IN PROPOSED FORMS		LM-2 AND LM-2 LF	LM-2 LF ONLY
PROPOSED CHANGES TO CASH RECEIPTS ELEMENTS OF STATEMENT B				
STMT B, ITEMS 36, 37, 38, 39, AND 42	NO CHANGE	No change to these lines but new supporting schedules for each (Schedules 16-20). The thresholds for reporting itemized transactions and non-itemized transactions on these schedules would be the same as existing schedules. 36 = Dues and Agency Fees 37 = Per Capita Tax 38 = Fees, Fines, Assessments, Work Permits 39 = Sale of Supplies 42 = Rents		✓
STMT B, ITEM 43	STMT B, ITEMS 43 & 44	Existing line split into two reporting lines. Refer to section on Proposed Changes to Schedules for details on changes to related schedules. 43 = Sale of Investments 44 = Sale of Fixed Assets	✓	
STMT B, ITEMS 46 & 47	STMT B, ITEMS 47 & 48	New supporting schedules for each (Schedules 21 and 22). The thresholds for reporting itemized transactions and non-itemized transactions on these schedules would be the same as existing schedules. 47 = On Behalf of Affiliates for Transmittal to Them 48 = From Members for Disbursement on Their Behalf		✓
PROPOSED CHANGES TO CASH DISBURSEMENT ELEMENTS OF STATEMENT B				
STMT B, ITEM 50	STMT B, ITEM 51 & 52	Representational Activities split into two separate categories, each with supporting schedules: 51 = Contract Administration and Negotiation 52 = Organizing (Note: the DOL would require the reporting attributed to negotiation of 8(f) pre-hire agreements as collective bargaining activity and not as an organizing activity.)	✓	
STMT B, ITEM 51	STMT B, ITEM 53 & 54	Political Activities and Lobbying split into two separate categories, each with supporting schedules: 53 = Political Activities 54 = Lobbying	✓	
STMT B, ITEM 60	STMT B, ITEMS 63 & 64	Existing line split into two reporting lines. Refer to section on Proposed Changes to Schedules for details on changes to related schedules. 63 = Purchase of Investments 64 = Purchase of Fixed Assets	✓	

IMAGES OF PROPOSED STATEMENT B, CASH RECEIPTS ▼

FORM LM-2

Item CASH RECEIPTS	SCH #	AMOUNT
36. Dues and Agency Fees		
37. Per Capita Tax		
38. Fees, Fines, Assessments, Work Permits		
39. Sale of Supplies		
40. Interest		
41. Dividends		
42. Rents		
43. Sale of Investments	3	
44. Sale of Fixed Assets	4	
45. Loans Obtained	11	
46. Repayments of Loans Made	2	
47. On Behalf of Affiliates for Transmittal to Them		
48. From Members for Disbursement on Their Behalf		
49. Other Receipts	16	
50. TOTAL RECEIPTS		

FORM LM-2 LONG FORM

Item CASH RECEIPTS	SCH #	AMOUNT
36. Dues and Agency Fees	16	
37. Per Capita Tax	17	
38. Fees, Fines, Assessments, Work Permits	18	
39. Sale of Supplies	19	
40. Interest		
41. Dividends		
42. Rents	20	
43. Sale of Investments	3	
44. Sale of Fixed Assets	4	
45. Loans Obtained	11	
46. Repayments of Loans Made	2	
47. On Behalf of Affiliates for Transmittal to Them	21	
48. From Members for Disbursement on Their Behalf	22	
49. Other Receipts	23	
50. TOTAL RECEIPTS		

IMAGES OF PROPOSED STATEMENT B, CASH DISBURSEMENTS ▼

FORM LM-2

ITEM CASH DISBURSEMENTS	SCH #	AMOUNT
51. Contract Administration and Negotiation	17	
52. Organizing	18	
53. Political Activities	19	
54. Lobbying	20	
55. Contributions, Gifts, and Grants	21	
56. General Overhead	22	
57. Union Administration	23	
58. Benefits	24	
59. Per Capita Tax		
60. Strike Benefits		
61. Fees, Fines, Assessments, etc.		
62. Supplies for Resale		
63. Purchase of Investments	5	
64. Purchase of Fixed Assets	6	
65. Loans Made	2	
66. Repayment of Loans Obtained	11	
67. To Affiliates of Funds Collected on Their Behalf		
68. On Behalf of Individual Members		
69. Direct Taxes		
70. Officers	13	
71. Employees	14	
72. Subtotal		
73. Withholding Tax and Payroll Deductions		
73a. Total Withheld		
73c. Total Withheld But Not Disbursed		
74. Total Disbursements (Line 72-73c)		

FORM LM-2 LONG FORM

ITEM CASH DISBURSEMENTS	SCH #	AMOUNT
51. Contract Administration and Negotiation	24	
52. Organizing	25	
53. Political Activities	26	
54. Lobbying	27	
55. Contributions, Gifts, and Grants	28	
56. General Overhead	29	
57. Union Administration	30	
58. Benefits	31	
59. Per Capita Tax		
60. Strike Benefits		
61. Fees, Fines, Assessments, etc.		
62. Supplies for Resale		
63. Purchase of Investments	5	
64. Purchase of Fixed Assets	6	
65. Loans Made	2	
66. Repayment of Loans Obtained	11	
67. To Affiliates of Funds Collected on Their Behalf		
68. On Behalf of Individual Members		
69. Direct Taxes		
70. Officers	13	
71. Employees	14	
72. Subtotal		
73. Withholding Tax and Payroll Deductions		
73a. Total Withheld		
73c. Total Withheld But Not Disbursed		
74. Total Disbursements (Line 72-73c)		

REFERENCE IN CURRENT LM-2 FORM	REFERENCE IN PROPOSED FORMS		LM-2 AND LM-2 LF	LM-2 LF ONLY			
PROPOSED CHANGES TO SCHEDULES							
SCHEDULES 1 & 8	SCHEDULES 1 & 10	ACCOUNTS RECEIVABLE AGING SCHEDULE AND ACCOUNTS PAYABLE AGING SCHEDULE Increases the threshold for detailed reporting from \$5,000 to \$7,500.	✓				
SCHEDULE 3	NO CHANGE	SALE OF INVESTMENTS 2 new columns: 1. Name and Address of Purchaser or Financial Management Firm (A) 2. Date of Sale (C) Identity of the purchasers would not need to be disclosed if the investment(s) was sold over a registered exchange. Transactions would be reported as individually itemized transactions and non-itemized transactions by individual purchaser. SCHEDULE 3 - SALE OF INVESTMENTS <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%; text-align: center;">Name and Address of Purchaser or Financial Management Firm (A)</td> <td style="width: 20%; text-align: center;">Description (B)</td> <td style="width: 20%; text-align: center;">Date of Sale (C)</td> </tr> </table>	Name and Address of Purchaser or Financial Management Firm (A)	Description (B)	Date of Sale (C)	✓	
Name and Address of Purchaser or Financial Management Firm (A)	Description (B)	Date of Sale (C)					
SCHEDULE 3	SCHEDULE 4	SALE OF FIXED ASSETS 2 new columns: 1. Name and Address of Purchaser (A) 2. Date of Sale (C) Additionally, for automobiles, the make, model, year and VIN would also need to be disclosed. SCHEDULE 4 - SALE OF FIXED ASSETS <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 55%; text-align: center;">Name and Address of Purchaser (A)</td> <td style="width: 20%; text-align: center;">Description (if land or building, give location) (B)</td> <td style="width: 25%; text-align: center;">Date of Sale (C)</td> </tr> </table>	Name and Address of Purchaser (A)	Description (if land or building, give location) (B)	Date of Sale (C)	✓	
Name and Address of Purchaser (A)	Description (if land or building, give location) (B)	Date of Sale (C)					
SCHEDULE 4	SCHEDULE 5	PURCHASE OF INVESTMENTS Changes mirror those described in the proposed Schedule 3 – Sale of Investments	✓				
SCHEDULE 4	SCHEDULE 6	PURCHASE OF FIXED ASSETS Changes mirror those described in the proposed Schedule 4 – Sale of Fixed Assets	✓				

REFERENCE IN CURRENT LM-2 FORM	REFERENCE IN PROPOSED FORMS		LM-2 AND LM-2 LF	LM-2 LF ONLY
PROPOSED CHANGES TO SCHEDULES				
SCHEDULES 11 & 12	SCHEDULES 13 & 14	<p>ALL OFFICERS AND DISBURSEMENTS TO OFFICERS AND DISBURSEMENTS TO EMPLOYEES</p> <p>Eliminates the requirement for reporting time estimates.</p> <p>Benefits provided to officers/employees, previously reported in aggregate on Schedule 20, would now be reported individually by officer/employee. (Note: the proposed instructions do not specify this treatment as drafted.)</p> <p>Eliminates the requirement to report indirect payments to or for officers/employees for public transportation costs or temporary lodging as functional expenses. Instead, such payments would be included on Schedules 13 and 14 with direct payments, in one total amount, by each officer/employee. All union credit card activity and payments directly to a third party relating to officers/employees would be reported together with reimbursements made directly to officers/employees on Schedules 13 and 14.</p> <p>Total amounts disbursed to officers and employees would be reported in a single sum on Statement B, Item 70 – Officers and Statement B, Item 71 – Employees.</p>	✓	
SCHEDULE 13	SCHEDULE 15	<p>MEMBERSHIP STATUS</p> <p>Retired members would be reported separately.</p>	✓	
ADDITIONAL COMMENTS REQUESTED IN PROPOSAL				
<ul style="list-style-type: none"> ▪ For the LM-2 LF only, whether to establish Schedule 32 for situations where a union engages in a transaction with a foreign entity or foreign individual (any individual receipt of \$5,000 or more, or total receipts from any single foreign entity or individual that aggregate to \$5,000 or more during the reporting period). ▪ Whether the EIN of the business or individual listed on an itemization page should be required on new LM-2 Schedules 17-23 or LM-2 LF Schedules 24-30. ▪ Whether the existing confidentiality exemptions should be maintained, modified or eliminated. ▪ Whether a question should be added asking about the existence of a whistleblower policy. ▪ Whether to raise the LM-2 reporting threshold from the current \$250,000 to \$300,000. 				

Contact Us



David Dorsey
ddorsey@withum.com



Caroline Kettering
ckettering@withum.com



Ashleigh Hall
ahall@withum.com