Welcome

14th Annual National Labor Union Conference - Annual Update -

CALIBRE CPA GROUP, PLLC
JUNE 25, 2026



Audit & Accounting Update

JESSE C. SARGENT| PRINCIPAL
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Agenda

- Summary of Recently Issued ASUs
- ASU 2023-08: Crypto Assets
- ASU 2023-09: Income Tax Disclosures
- ASU 2025-05: Financial Instruments - Credit Losses (CECL)
- ASU 2025-06: Internal Use Software
- SAS 150: External Confirmations

Summary of Recently Issued ASUs

Recently Issued ASUs - 2025

Issued In 2025

Update 2025-04—Compensation—Stock Compensation (Topic 718) and Revenue from Contracts with Customers (Topic 606): Clarifications to Share-Based Consideration Payable to a Customer

Update 2025-03—Business Combinations (Topic 805) and Consolidation (Topic 810): Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity

Update 2025-02—Liabilities (405): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 122

Update 2025-01—Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date

Recently Issued ASUs - 2025

Issued In 2025

Update 2025-07—Derivatives and Hedging (Topic 815) and Revenue from Contracts with Customers (Topic 606): Derivatives Scope Refinements and Scope Clarification for Share-Based Noncash Consideration from a Customer in a Revenue Contract

Update 2025-06—Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software

Update 2025-05—Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets

Recently Issued ASUs - 2025

Issued In 2025

Update 2025-12—Codification Improvements

Update 2025-11—Interim Reporting (Topic 270): Narrow-Scope Improvements

Update 2025-10—Government Grants (Topic 832): Accounting for Government Grants Received by Business Entities

Update 2025-09—Derivatives and Hedging (Topic 815): Hedge Accounting Improvements

Update 2025-08—Financial Instruments—Credit Losses (Topic 326): Purchased Loans

Recently Issued ASUs - 2026

Issued In 2026

Update 2026-02—Environmental Credits and Environmental Credit Obligations (Topic 818)

Update 2026-01—Equity (Topic 505): Initial Measurement of Paid-in-Kind Dividends on Equity-Classified Preferred Stock

ASU 2023-08: Crypto Assets

Crypto Assets Reported at FMV

- ASU 2023-08: Effective Date - Years Beginning after December 15, 2024
- Crypto Assets to be reported separately from other Intangibles in SoFP and SoA
- Disclosures required – reconciliation of FMV and any restrictions

Crypto Assets – Scope & Measurement

Scope: Crypto assets must meet **all** the following:

- The definition of ***intangible asset*** as Defined in Codification
- Do not provide the asset holder with enforceable rights to or claims on underlying goods, services, or other assets
- Are created or reside on a distributed ledger based on blockchain or similar technology
- Are secured through cryptography
- Are fungible
- Are not created or issued by the reporting entity or its related parties

Measurement

- Measure at fair value
- Increases and decreases recognized in net income (changes in net assets)

Crypto Assets – Presentation & Disclosure

Balance Sheet

Crypto assets separate from other intangible assets measured using other measurement bases

Income Statement (or Statement of Activities)

Gains and losses in net income separate from amortization and impairment of other intangible assets

Statement of Cash Flows

Classify cash flows from crypto assets received in ordinary course of business or as a contribution and converted nearly immediately into cash as operating activities*



ASU 2023-09: Income Tax Disclosures

What is Changing and When?

- Expanded disclosures for income tax rates and payments
  - Rate reconciliation
  - Income taxes paid
  - Other disclosures

- Effective for years beginning after December 15, 2025 (CY26/FY27)

Rate Reconciliation

- Non-public business entities require qualitative disclosures only
- Must explain cause of significant differences between statutory tax rate and effective tax rate

Income Taxes Paid

- Amount of income taxes paid (net of refunds) disaggregated by federal, state, and foreign taxes

- Amount of income taxes paid (net of refunds) disaggregated by individual jurisdiction ≥ 5% of total

Other Disclosures

- Income (or loss) from operations before income tax expense (or benefit) disaggregated between domestic and foreign
- Income tax expense (or benefit) from operations disaggregated by federal, state, and foreign

ASU 2025-05: Financial Instruments - Credit Losses (CECL)

How is CECL Different?

- Probable vs. Expected
- Pooling required
- More subjectivity
- No (or zero) allowance is extremely unlikely

In Scope vs. Out of Scope

In Scope

- A/R related to ASC 606 Revenue
- Notes or loans receivable to unrelated parties
- Assets related to financing leases held by lessor
- Contributions receivable and withdrawal liability receivables for EBPs
- Other financial asset not scoped out where the org has the right to rec'v cash

Out of Scope

- Contributions or Grants Receivable for NFPs
- Interest and Dividend Receivables
- Intercompany notes or receivables
- Participant loans in an EBP

Calculating CECL - Loss Rate Method

- Most common method for calculating the ACL
  - Step 1: Determine actual historical losses
  - Step 2: Determine adjustments for current and forecasted conditions
  - Step 3: Calculate and record Allowance for Credit Losses

ASU 2025-05 Improvements

- Practical Expedient
  - Assumes that current conditions as of the balance sheet date do not change for the remaining life of the asset
- Accounting Policy Election
  - Allowed to consider collection activity after the balance sheet date when estimating expected credit losses
- Effective Date
  - Years beginning after December 15, 2025 (CY26/FY27)
  - Early adoption is permitted

ASU 2025-06: Intangibles – Internal Use Software

Current Capitalization Method

- Preliminary Project Stage - Expense
- Application Development Stage - Capitalize
- Postimplementation Operation Stage - Expense
- Upgrades and Enhancements - Capitalize if result in additional functionality, otherwise expense

New Capitalization Method

- Eliminates “stages”
- Start Capitalizing when 2 Criteria are met:
  - Management has authorized and committed to funding the software project
  - It is probable that the project will be completed and the software will be used to perform the function intended

Transition

- Effective for years beginning after December 15, 2027 (CY28/FY29)
- Early adoption is permitted
- Can apply prospectively, modified, or retrospectively



SAS 150: External Confirmations

SAS 150

- Effective for years ending on or after December 15, 2028
- Auditors can no longer confirm asset or liability balances via observation
- Alternative options:
  - Use direct third-party confirmations (mail, e-mail, confirmation.com)
  - Provide auditors with their own log-in information for financial institution web portals

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ICAP and CAP Audits: A Union Perspective

Susan Davis
Managing Partner
Cohen, Weiss and Simon LLP

June 25, 2026

What are ICAPs and CAPs?

- ICAP: International Compliance Audit Program for National and International Unions
- CAP: Compliance Audit Program for Local Unions and Intermediary Bodies
- CAP and ICAP audits are a subset of overall the Department of Labor (DOL) Office of Labor Management Standards (OLMS) compliance activity
- May involve coordination with the DOL Office of Inspector General (OIG) or federal law enforcement if criminal activity is suspected

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Purpose of CAP and ICAP Audits

The Compliance Audit Program is administered by OLMS to:

- Assess your union's compliance with the Labor Management Reporting and Disclosure Act of 1959 (LMRDA) and the Civil Service Reform Act of 1978 (CSRA)
- Investigate complaints and potential violations
- Provide compliance assistance to help unions meet statutory requirements



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How Unions Are Selected for an Audit

- Failure to file required LM reports on time
- Discrepancies or errors in filed financial reports
- Complaints received by OLMS from members or third parties regarding union finances
- Random selection
- Length of time since last audit



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Duration

Generally:

- Small Local Unions: 2-6 months
- Larger Local Unions: 6-12 months
- International Unions: Up to several years



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Historical Count of CAP Audits by Union, 2013–2024

Year	UAW	Carp.	CWA	IBEW	UFCW	AFGE	IW	Lab.	NALC	IAM	APWU	SEIU	SMART	IATSE	AFSCME	USW	IBT	ATU
2024	8	5	13	6	5	15	1	4	10	10	10	3	4	2	3	27	0	5
2023	3	3	6	7	5	15	2	4	15	4	13	2	6	6	3	23	3	2
2022	3	7	14	12	6	17	3	2	14	4	8	1	8	8	7	18	0	3
2021	5	2	21	3	3	10	0	1	15	3	14	1	6	4	5	18	4	0
2020	4	3	13	8	3	13	0	1	7	4	8	0	7	4	1	34	3	4
2019	6	4	16	6	3	20	1	1	12	1	7	0	12	3	4	21	3	2
2018	7	4	7	6	4	20	0	1	8	2	8	2	8	4	2	26	3	1
2017	4	4	8	7	3	29	0	2	10	9	9	1	5	5	3	25	4	2
2016	11	4	18	8	4	15	2	7	13	6	9	1	6	4	4	26	5	2
2015	2	4	13	6	5	13	3	3	8	5	8	1	1	7	7	6	2	1
2014	8	4	11	5	8	8	1	1	9	5	8	0	0	4	2	12	0	1
2013	3	6	22	8	4	19	7	3	8	6	6	1	0	2	6	23	4	10

Source: OLMS public records. This data can help your union benchmark audit frequency across unions.

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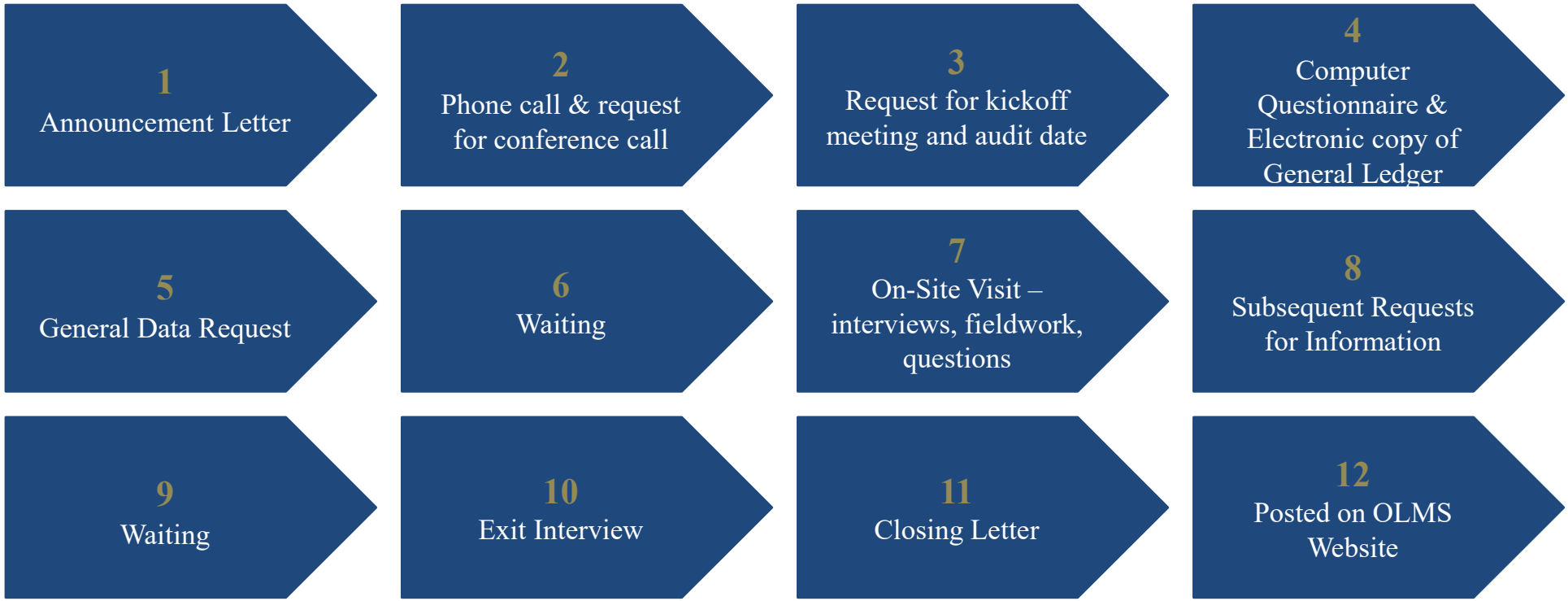
DOL Compliance Audit vs. Financial Statement Audit

DOL Compliance Audit	VS	Financial Statement Audit
1 Focuses on financial aspects of a union's operation but also assesses compliance with all aspects of the LMRDA or CSRA.		1 Focuses primarily on financial aspects of a union's operation.
2 Much broader: examinations are typically more detailed, lengthy, and more thorough than a standard financial statement audit.		2 Reviews processes for key areas of financial reporting, evaluates internal controls, and conducts tests based on a statistical sample of transactions.
3 Primary objective: To determine your union's compliance with the provisions of the LMRDA and CSRA.		3 Objective: to report that the "financial statements fairly present, in all material respects, the net assets of the Union."

Key Takeaway: *An ICAP or CAP audit is significantly broader and more intensive than a standard financial statement audit. Prepare accordingly.*

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Anatomy of a CAP Audit



(Possible 6-month follow-up interview or on-site follow-up based on the significance of findings)

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Your Rights and Obligations

Your Rights

- Right to have legal counsel or auditor present during all audit interactions
- Right to request clarification of the scope and legal authority for the audit
- Right to request written document requests rather than verbal demands
- Right to request and receive reasonable timeframes for producing documents
- Right to review and respond to preliminary findings before the closing letter

Your Obligations

- Produce records required under LMRDA §206 (unions must maintain records for at least 5 years)
- Cooperate with OLMS investigators — obstruction can lead to separate violations
- Ensure accuracy of all documents and statements provided to auditors
- Make officers and staff available for interviews as reasonably requested

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What Does the DOL Request?

Receipts

- Receipts journals
- Dues receipts and records (including for former members who were active during the audit period), checkoff reports, copies of correspondence regarding changes in members' checkoff status or amounts
- Duplicate receipts books maintained by all staff that collect income



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What Does the DOL Request?

- Disbursements journals
- Cancelled checks, check stubs, check registers
- Bank statements and deposit slips
- Vendor invoices, bills, receipts, and other proof of disbursements
- **Documentary authorization for disbursements such as meeting minutes, bylaws, etc.**
- Per capita lists
- Lost time claims and payment vouchers



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What Does the DOL Request?

Assets

- Bank statements for all accounts and certificates of deposit
- Investment certificates or other proof of stocks, bonds, U.S. Treasury certificates, etc.
- The names of persons authorized to withdraw funds from each account
- Operational procedures, vouchers, logs, and proof of expenditures for petty cash fund
- Insurance policies
- Inventory of fixed assets, depreciation schedules

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What Does the DOL Request?

Other Records

- **Compensation for all officers and employees** (pension/welfare benefits, **vacation pay, union autos, allowances, deferred comp**., etc.)
- Employee contracts and job descriptions
- Payroll records, employment tax reports
- **Union credit card records and receipts**: names of card holders/account numbers, authorized users, operational procedures, 3 Ws
- Bond certificate or other proof of bonding covering audit period; correspondence with bond company
- **Current constitution and bylaws filed with DOL,** plus those in effect during the audit period if different
- Financial reports, including those prepared by union trustees and accountants
- Workpapers prepared to support LM report and annual financial report
- Miscellaneous correspondence pertaining to financial matters
- Membership applications (both former and current members)
- Collective bargaining agreements
- **Membership and executive board meeting minutes for the last five years**
- Names, addresses and phone numbers of all officers and key employees
- Contact information for union's attorney, accountant, and International Union representatives (if applicable)
- Full information concerning all **loans** made to officers, employees, members and others (amount, security, repayment, status)
- Identity of any computer bookkeeping software program used

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Additional Areas of DOL Scrutiny

- **Elections** (compliance with LMRDA Title IV requirements)
- Accuracy of fixed assets listings
- Use of **signature stamps** / plates
- Officer review of disbursements, vouchers, transfers and receipts
- **Compliance with Union policies**
- Journal entry documentation



- Log of incoming cash receipts
- **Criminal background verification (for officers handling union funds)**
- Affiliate mergers (proper reporting and member notification)
- **Commingling personal/union funds**
- No current officers as signatories to bank accounts
- **Signing blank checks**
- Two signatures on checks instead of one
- **Expense policy**

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Top 10 Issues

Based on OLMS findings, these are the most frequently cited compliance issues in ICAP and CAP audits:

1. Record retention
2. Officer expenses and compensation
3. Employee expenses
4. Incorrect responses to questions on the annual report
5. Internal controls review
6. LM accuracy and completeness
7. Reporting of shared employees
8. Inadequate bonding
9. Constitutional changes and submission
10. Union-owned automobiles and automobile reimbursement

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Managing the Audit Process: Practical Considerations

Meetings & Communication	Information Requests	Fieldwork Logistics
• Who should participate in the initial meeting, weekly updates, and closing • Answer the question asked — concisely. No stories.	• Provide one "go to" person for information requests • Determine who will review information BEFORE providing it to DOL? • Require written requests • Provide copies; no originals leave union headquarters • Expect questions about prior years • Ask for more time to gather information if needed	• Physical location of the auditors • Locate copier in audit area • Limit DOL access to other offices and personnel



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How You Can Prepare in Advance of a CAP or ICAP audit letter

- Review your policies for adherence to DOL requirements: officer and employee expenses, meals and travel, record retention, auto usage and documentation requirements
- Prioritize and enforce collection and retention of credit card statements, **underlying receipts, and employee reimbursement documentation**
- Review internal control processes for appropriate segregation of duties and documentation that controls occurred as designed
- Review bonding for adequate coverage
- **Consider performing a simulated ICAP or CAP audit internally or with an outside accounting firm**
- Ensure that all officers and staff understand their obligations under the LMRDA and your union's constitution and bylaws

Resource: *ICAP and CAP closing letters can be found at https://www.dol.gov/agencies/olms/audits*

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Potential Audit Outcomes

- **Clean closing letter —** no significant findings; posted publicly on OLMS website
- **Closing letter with findings —** identifies deficiencies with recommended corrective actions
- **Voluntary Compliance Agreement (VCA) —** union agrees to specific remedial steps
- **Civil litigation —** DOL may file suit to compel compliance or seek removal of officers (rare)
- **Criminal referral —** in cases of embezzlement, fraud, or willful violations, matter may be referred to DOL-OIG or U.S. Attorney (most serious cases)
- **Supervised elections —** DOL may seek court-ordered remedies for election violations under LMRDA Title IV (rare)

Most ICAP and CAP audits result in closing letters with findings and recommendations. Proactive compliance significantly reduces the risk of adverse outcomes.

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Questions?

Susan Davis
Managing Partner
Cohen, Weiss and Simon LLP



2026 National Labor Union Report

JAMES A. POULOS, CPA | PARTNER
CALIBRE CPA GROUP, PLLC

SCOPE & METHODOLOGY

Sixty-three unions, sorted into three peer groups by size

Population: national and international unions filing Form LM-2 with the U.S. Department of Labor.

Affiliations span the AFL-CIO, the Strategic Organizing Center, and independent unions.

Size ranges from $365,128 to $390.8M in dues receipts, and from $1.9M to $2.6B in total assets.

Reported as group averages; individual union names are not disclosed.

Group A
Above $100M in dues — 14 unions

Group B
$20M to $100M in dues — 28 unions

Group C
Below $20M in dues — 21 unions

Source: DOL Office of Labor-Management Standards, Form LM-2. Groups set by per capita tax and dues receipts.

NOTES & CAVEATS

Read the figures with their accounting context in mind

Some unions report on a cash basis and others on accrual, so assets and liabilities are not always directly comparable.

Accrual filers may include post-retirement and pension obligations that cash-basis filers do not.

Investments are reported at the lower of cost or market value.

Total receipts are not revenue — they include investment sales, loans obtained, and affiliate or member collections.

Total disbursements are not expense — they include investment purchases, loan repayments, and pass-through payments.

Source: Form LM-2 instructions and Calibre CPA Group methodology notes.

MEMBERSHIP

Membership is growing across every peer group

589,247

average members per reporting union in 2025

Group A unions average 1.02M members each — up 3.4% since 2023.

Group B grew fastest, adding 10.8% to reach 687K members per union.



Source: LM-2 membership counts; average members per reporting union by group, 2023–2025.

FINANCIAL POSITION · DUES & PER CAPITA

Dues revenue scales sharply with union size

$76.0M

average dues & per capita revenue per union

Group A averages $226.8M — roughly 27 times the $8.3M Group C average.

Group B unions average $51.3M in dues and per capita receipts.

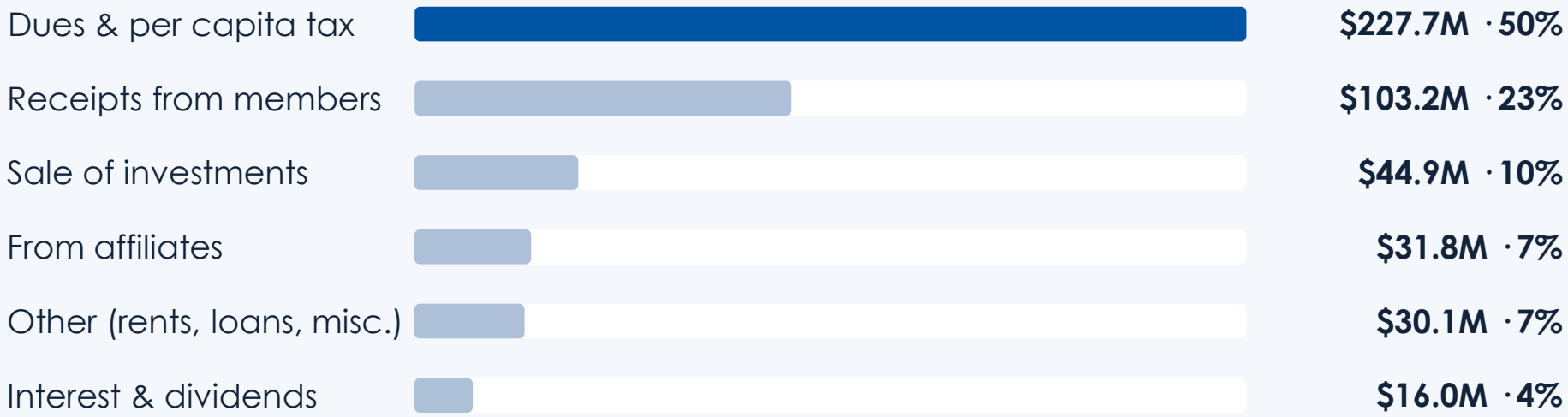


Source: LM-2 dues and agency fees / per capita tax receipts, FY2023–25 group averages.

RECEIPTS · GROUP A COMPOSITION

Dues and per capita make up half of Group A receipts

Group A average total receipts: $453.7M



Source: LM-2 Statement B receipts, Group A average, FY2025. Bar length scaled to the largest line. Total receipts include non-revenue items.

FINANCIAL POSITION · TOTAL ASSETS

Group A unions average $720M in total assets

86%

of all union assets are current or liquid

Investments are the single largest asset class, averaging $170.4M per union.

Even Group C, the smallest cohort, crossed $72.9M in average total assets in 2025.



Source: LM-2 Statement A total assets, FY2023–25 group averages. Current-asset share: 86% across all groups.

FINANCIAL POSITION · LIABILITIES

Pension and post-retirement obligations dominate liabilities

88%

of Group A liabilities are pension, OPEB, and deferred items

Group A averages $142.2M in total liabilities; the all-group average is $53.4M.

Accounts payable, loans, and mortgages combine for under a fifth of the total.



Source: LM-2 Statement A liabilities, FY2023–25 group averages. "Other liabilities" includes OPEB, pension, and deferred items.

FINANCIAL POSITION · NET ASSETS

Net assets keep climbing, but not without pressure

25%

of all reported unions ran an operating deficit

Average net change (modified) across all groups was +$12.9M

Groups B and C posted much more modest net change, an average of +$2.5M



Source: Source: LM-2 modified receipts (operational revenue) minus modified disbursements (operational spending).

FINANCIAL POSITION · INVESTMENTS

Reserves are concentrated in investments and Treasuries

$170M

average investment and U.S. Treasury holdings per union

Group A holds $439.6M on average — over 16 times the Group C average of $27.0M.

These holdings drive the sector's 86% current-asset position.



Source: LM-2 Statement A investments and U.S. Treasury securities, FY2023–25 group averages.

FINANCIAL HEALTH · OPERATING RESERVES

Smaller unions hold the largest operating reserves

37.3

months of reserves at Group C — the highest of any group

Reserves equal net assets divided by average monthly functional expense.

Every group holds at least two years of coverage; the all-group 2025 average is 32.3 months.



Source: Calibre CPA Group, computed as net assets / (total functional expense / 12), FY2023–25.

DISBURSEMENTS · OPERATIONAL SPENDING

Operational spending tracks closely with union size

$95.0M

average modified disbursements per union

Modified disbursements strip out investment purchases, loan repayments, and pass-through payments.

Group A averages $245.6M; Group C averages $24.5M.



Source: LM-2 modified disbursements (operational spending), FY2023–25 group averages.

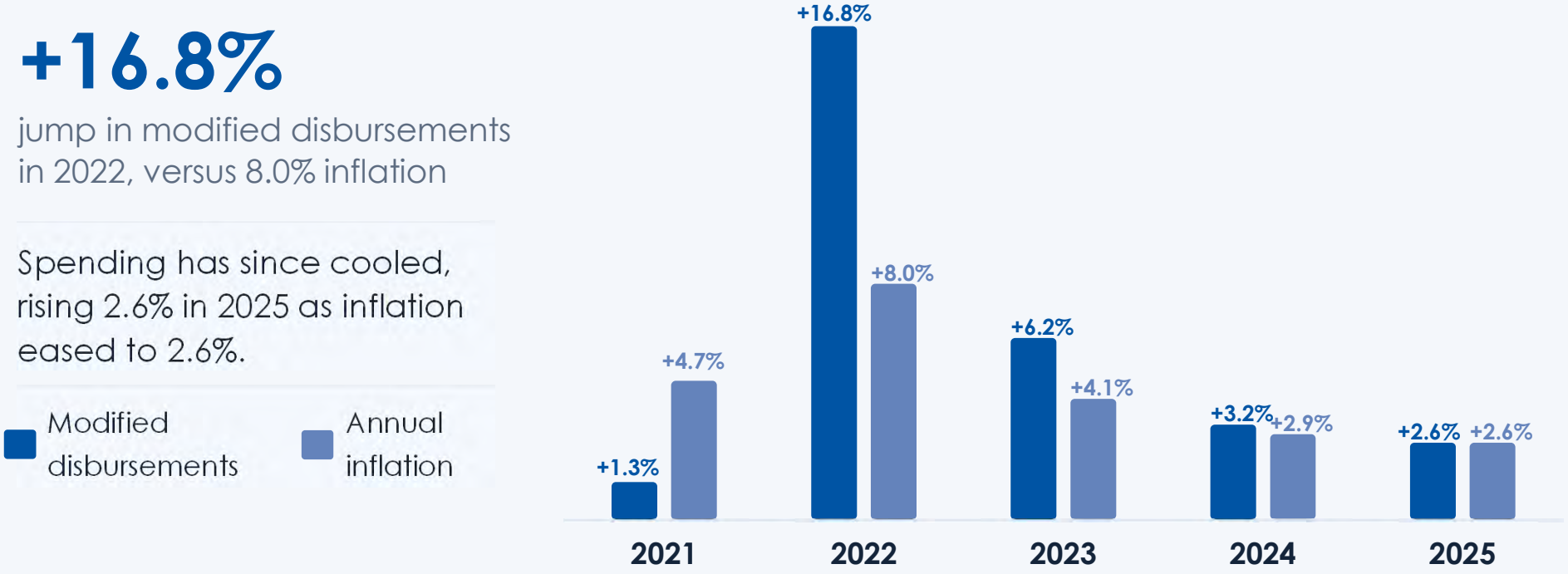
DISBURSEMENTS · INFLATION TRENDS

Spending outran inflation in the post-pandemic surge

+16.8%

jump in modified disbursements in 2022, versus 8.0% inflation

Spending has since cooled, rising 2.6% in 2025 as inflation eased to 2.6%.



Source: year-over-year change in all-group average modified disbursements vs. U.S. Bureau of Labor Statistics annual CPI inflation, 2021–2025.

FUNCTIONAL EXPENSES

Representational activity is the largest use of funds everywhere

SHARE OF FUNCTIONAL EXPENSES	GROUP A	GROUP B	GROUP C	ALL AVG
Representational (Sch. 15)	47.5%	41.6%	41.6%	**42.9%**
Union administration (Sch. 19)	16.0%	23.3%	20.9%	**20.9%**
General overhead (Sch. 18)	21.8%	24.4%	32.2%	**26.5%**
Political & lobbying (Sch. 16)	10.3%	9.1%	3.6%	**7.5%**
Contributions & gifts (Sch. 17)	4.4%	1.5%	1.7%	**2.2%**

Overhead rises as unions get smaller — from 21.8% in Group A to 32.2% in Group C — while political spending falls away.

Source: LM-2 Schedules 15–19 functional expenses, FY2025 group averages (share of total).

PEOPLE & COMPENSATION

Compensation and benefits absorb roughly 70% of spending

AVERAGE PER UNION, 2025	GROUP A	GROUP B	GROUP C	ALL AVG
Payments to officers (Sch. 11)	$3.6M	$4.0M	$0.9M	**$2.9M**
Payments to employees (Sch. 12)	$67.3M	$16.7M	$5.3M	**$24.1M**
Benefits (Sch. 20)	$43.8M	$11.1M	$2.0M	**$15.3M**
Comp + benefits, % of functional	74.1%	68.2%	76.8%	**72.4%**
Benefits, % of officer + employee pay	68.3%	54.0%	37.4%	**51.7%**

Employee payroll far outweighs officer pay, and benefits add another half again on top of total compensation.

Source: LM-2 Schedules 11, 12, and 20, FY2025 group averages.

PEOPLE & COMPENSATION · OFFICERS

Pay for the highest-earning officers keeps rising

$217.6K

average 2025 salary for officers earning over $100K

Up 9% since 2022 across all groups.

Group A leads at $282,353 per officer.



Source: LM-2 Schedule 11, officers earning over $100,000; average salary by group, 2022–2025.

PEOPLE & COMPENSATION · EMPLOYEES

Employee salaries have climbed every year since 2022

$125.2K

average 2025 employee disbursement, all groups

Up 15% from $108,458 in 2022.

Group A and Group B are now nearly level near $128K.



Source: LM-2 Schedule 12, average employee disbursement by group, 2022–2025.

PEOPLE & COMPENSATION · BENEFITS

Benefits are a major component of the cost of labor

$15.3M

average Schedule 20 benefits per union

In Group A, benefits equal 68% of all officer and employee pay.

Across all groups, benefits add roughly 50% on top of payroll.



Source: LM-2 Schedule 20 benefits, FY2023–25 group averages. May include benefits for local employees outside Schedules 11 and 12.

GOVERNANCE & COMPLIANCE

Governance is strong — every union completed an audit

INDICATOR	GROUP A	GROUP B	GROUP C
Completed an audit	100%	100%	100%
Administers a trust	100%	89%	67%
Maintains a PAC	93%	89%	62%
Average bond amount	$1.29M	$1.00M	$0.76M
Assets pledged as security	43%	36%	19%
Reports contingent liabilities	29%	18%	14%

Source: LM-2 governance and compliance questions 10–17, FY2025 by group.

KEY FINDINGS

What the 2025 data tells us

01 Solid Net Worth

Net assets rose across every cohort to an avg. of $234M: the strongest evidence of financial security.

02 Deficit pressure exists

25% of all unions reported an operating deficit In 2025 filings highlighting the importance of healthy reserves.

03 Long-Term Obligations

Pension and post-employment obligations dominate Group A liabilities at 88% of total.

04 Deep Reserves

Operating reserves average well over two years of spending, giving room to absorb potential deficits.

05 A People Business

Compensation and benefits claim 7 out of every 10 dollars spent – pay rising faster than prices.

06 Cost Cycle Cooling

The 2022 spending shock has subsided, with disbursement growth returning close to inflation.

Source: Calibre CPA Group analysis of 2025 LM-2 filings (63 unions).

Break

14th Annual National Labor Union Conference - Annual Update -

CALIBRE CPA GROUP, PLLC
JUNE 25, 2026

Tax Update

ERIN GRAY CRANMER, CPA | TAX DIRECTOR
JUNE 25,2026

Overview

- Tax legislation effective in 2026 (OBBB)
- IRS enforcement priorities
- Labor reporting issues
- Group exemption updates

2026 Tax Landscape

- Significant federal tax legislation and executive orders
- Increased scrutiny on exempt org compliance
- IRS resource challenges

One Big Beautiful Bill

- Enacted July 4, 2025
- Most provisions do not directly impact labor orgs
- Indirect impacts on members, employees, payroll reporting, and benefit programs

OBBB - No Tax on Qualified Overtime

- Maximum deduction: $12,500 (single) or $25,000 (MFJ), subject to income phaseouts
- Does not make overtime entirely tax-free, only the overtime premium portion qualifies
- Payroll taxes (FICA and Medicare) continue to apply

OBBB – Expansion of Excess Comp Tax

- Effective for tax years beginning after December 31, 2025
- "Covered employee" is now any employee of an ATEO
- Excise tax remains at 21%
- Includes vested deferred compensation, severance arrangements, bonuses, and comp paid by related entities

Excess Comp Best Practices

- Identify all compensation arrangements that may exceed $1M
- Monitor nonqualified deferred comp plan vesting timelines
- Review severance agreements and plan accordingly

OBBB – 1099 Filing Threshold Increase

- Increased threshold for 1099 filing from $600 to $2,000
- Applies to both 1099-NEC and 1099-MISC
- Starting in 2027, amount will be indexed for inflation

IRS Enforcement Trends

- Governance practices
- Related-party transactions
- Political activity
- Worker classification
- Unrelated business income

Governance Best Practices

- Document board decisions
- Maintain conflict-of-interest disclosures
- Review compensation approvals
- Monitor related-party transactions

Unrelated Business Income

- Advertising revenue
- Rental income involving services
- Debt-financed property
- Certain affinity programs

Political Activity & Reporting

- Unions can engage in political activity, but it may result in tax on 1120-POL
- Reported on Form 990, Sch C
- Segregate political expenditures appropriately
- Monitor state and federal reporting requirements

Form 990 Enforcement

- Form 990 remains the IRS's primary enforcement tool
- Consistency between 990, financial statements, public disclosures, and other filings is important

Auto Revocation

- Missed 990 filing for three consecutive years results in automatic revocation of tax-exempt status
- Applies to locals and small orgs that don’t file 990-N, even if covered by a group exemption
- Reinstatement is time consuming

Group Exemption Updates

- Central org must maintain ongoing supervision or control over subordinates
- All subordinates must be described in the same paragraph of 501(c) and have a uniform purpose statement
- Annual filing of Supplemental Group Ruling Information (SGRI)
- Transition period until Jan 22, 2027

Group Exemption Risks

- Failure to maintain adequate records of subordinates
- Inactive, dissolved, or revoked subordinates remaining on group exemption rosters
- Subordinate activity inconsistent with exempt purpose
- Insufficient oversight by central org

Group Exemption Recommendations

- Verify compliance with new rules
- Review roster of subordinates and identify which are covered under their own determination letter
- Document supervision or control
- Periodically review group exemption procedures

2026 Action Items

- Update payroll systems to track qualified overtime compensation
- Review compensation for potential excise tax requirements
- Assess UBI activities
- Evaluate governance policies and confirm document retention procedures
- Verify compliance with new group exemption requirements



DOL Form LM-2 Final Rule

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What is Happening?

- The US Department of Labor's Office of Labor-Management Standards ("OLMS") on Friday, May 29, 2026, announced a new combined final rule which will create a longer and more detailed Form LM-2 and revises the filing thresholds for Forms LM-2, LM-3, and LM-4.

How did we get here?

- October 2020, DOL publishes an NPRM which included changes to the Form LM2 and introduced a new Form – the LM2 Long Form
- October – December 2020 comment period
- Biden wins election and work on the rule ceases
  - Comment period closed mid-December 2020
- March 2021, Biden Administration withdraws the NPRM
- July 2025, DOL proposes increasing filing thresholds for LM filers to account for years of inflation

The New LM2 Rule

- On June 1, 2026, DOL published a Final Rule adopting the new filing thresholds proposed in the 2025 NPRM.
- After nearly 6 years, this Final Rule revived the October 2020 NPRM, implementing sweeping changes applicable to all LM2 filers and imposes a new financial disclosure form, the Form LM2 LF, for the "largest and most complex" LM2 filers.
- The Final Rule is **effective on July 1, 2026,** and will apply to FY beginning July 1, 2026, or later, with **first reports under new requirements due in 2027 reporting period**.

When It Takes Effect

The rule becomes effective 30 days after it is published in the Federal Register (publication is scheduled for June 1, 2026). **Importantly, it applies only to fiscal years that begin on or after July 1, 2026.**

Your reports for any fiscal year that begins before that date will use the current forms.

Labor organizations required to file the Form LM-2 Long Form must do so for the first fiscal year in which they meet or exceed the $40,000,000 threshold commencing on or after the effective date. Labor organizations subject to revised Forms LM-2, LM-3, and LM-4 thresholds must also comply beginning with the first fiscal year commencing on or after the effective date.

Which Form Your Organization Will File

The dollar thresholds that determine which form you file have moved. The first thing we will confirm together is which form applies to you for your first fiscal year beginning on or after July 1, 2026, since some organizations will shift to a different form than they use today.

FORM	WHO FILES IT NOW	WHAT CHANGED
LM-2 Long Form (new)	Annual receipts of $40,000,000 or more	New, longer form with significant added detail (about 40 pages, 32 schedules)
LM-2 (revised)	$350,000 to $39,999,999 (up from $250,000)	Updated form with new detail, but not the heaviest Long Form items.
LM-3	$25,000 or more (up from $10,000)	One reporting change; otherwise the same form
LM-4	Less than $25,000 (up from $10,000)	No changes to the form

Note: The threshold increases largely reflect inflation since the prior limits were set (2003 for the LM-2 and 1992 for the LM-3).

New Functional Schedules

- **Schedule 24 - Contract Negotiation and Administration** This schedule is a renumbered portion of prior Schedule 15 - Representational Activities, which is divided into two schedules.

- Transactions reportable under new Schedule 24 - Contract Negotiation and Administration are those directly related to preparing and negotiating CBAs.

- **Schedule 25 - Organizing.** This schedule is the remaining renumbered portion of prior Schedule 15 - Representational Activities. Transactions reportable under Schedule 25 - Organizing are related to efforts to become or remain the exclusive bargaining representative for a unit and to recruit new members.

New Functional Schedules (cont.)

- **Schedule 26—Political Activities**. This schedule is a renumbered portion of prior Schedule 16—Political Activities and Lobbying. As discussed above, the Department divided the previous Schedule 16 into two schedules.

- **Schedule 27—Lobbying.** This schedule is a renumbered portion of prior Schedule 16—Political Activities and Lobbying.

The Department makes no substantive change to this schedules (Renumbered only).

- **Schedule 28—Contributions, Gifts, and Grants.**
- **Schedule 29—General Overhead.**
- **Schedule 30—Union Administration.**

New 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		

Item CASH DISBURSEMENTS	SCH #	AMOUNT
51. Contract Negotiation and Administration	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		
73b. Less Total Disbursed		
73c. Total Withheld But Not Disbursed		
74. TOTAL DISBURSEMENTS (Line 72 – 73c)		

Form LM-2 Long Form (2026)

New 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	
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73a. Total Withheld		
73b. Less Total Disbursed		
73c. Total Withheld But Not Disbursed		
74. TOTAL DISBURSEMENTS (Line 72 – 73c)		

Form LM-2 Long Form (2026)

New LM-2 Long Form (Receipts of $40 Million or More)

This is the most significant change. The Long Form keeps everything from the current LM-2 and adds considerable new details. The main additions:

- **Itemized income.** Seven categories of income that you currently report as single totals will now have to be broken out by source: dues and agency fees; per capita tax; fees, fines, assessments and work permits; sale of supplies; rents; money received on behalf of affiliates; and money received from members to be disbursed on their behalf. For each source that adds up to $5,000 or more in the year, you will report the source's name, the purpose, the date and the amount.

- **Foreign transactions.** A new schedule asks you to separately report any dealing of $5,000 or more with a foreign person or organization, whether money is coming in or going out.

SCHEDULE 32 – FOREIGN TRANSACTIONS

FILE NUMBER:

Name and Address (A)	Purpose (C)	Date (D)	Amount (E)
Type or Classification (B)			
	Total Itemized Transactions with this Payee/Payer		
	Total Non-Itemized Transactions with this Payee/Payer		
	Total of All Transactions with this Payee/Payer for This Schedule		

New LM-2 Long Form (Receipts of $40 Million or More, cont.)

- **Officer and employee pay is reported differently.** The current requirement to estimate the percentage of each officer's and employee's time spent on different activities is **eliminated**.

- **Benefits itemized by individual.** On the new Schedules 13 and 14, you must report in Column (F) the total benefit disbursements made on behalf of each individual officer and employee (for example, life insurance, health insurance and pensions), shown next to that person's name. Aggregate or bulk benefit payments, such as a lump payment to a pension plan, continue to be reported in Schedule 31 (Benefits).

- **Indirect Travel and lodging now required on individual lines.** When your organization pays an officer's or employee's hotel or transportation costs, including by credit card, those amounts must now be included in that person's reported individual line.

SCHEDULE 13 – ALL OFFICERS AND DISBURSEMENTS TO OFFICERS

FILE NUMBER:

	(A) Name Last, First, MI	(B) Title	(C) Status	(D) Gross Salary Disbursements (before any deductions)	(E) Allowances Disbursed	(F) Benefits	(G)Disbursements for Official Business	(H) Other Disbursements not reported in (D) through (G)	(I) Total
1 A									
B									
C									
2 A									
B									
C									

New LM-2 Long Form (Receipts of $40 Million or More, cont.)

- **More detail on buying and selling assets.** Sales and purchases of investments and fixed assets are now reported on separate schedules, and you will identify the other party and the transaction date. Vehicles must be listed by make, model, year and VIN. Routine investments traded through public stock exchanges can still be reported together rather than line by line.

- **A new item 10(b)** has been added for occasions where officers receive payments of $10,000 or more from more than one union. If the answer to this new item is "Yes", then you must provide details in the "Additional Information" item, now renumbered as item 75, including the name of the officer, the labor organization making the payment and its LM file number.

SCHEDULE 3 – SALE OF INVESTMENTS

FILE NUMBER:

Name and Address of Purchaser or Financial Management Firm (A)	Description (B)	Date of Sale (C)	Cost (D)	Book Value (E)	Gross Sales Price (F)	Amount Received (G)
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
9.						
10.						
Total from all itemized sales of investments (lines (D)-(G) above)						
Total from all other sales of investments						
Total of all sales of investments						
			Less Reinvestments			
			Net Sales			

(The total from Net Sales Line will be automatically entered in Item 43.)

Standard LM-2 (Receipts of $350,000 to $39,999,999)

This form picks up most of the structural updates as the new Long Form. This includes:

- **Officer and employee pay is reported differently.** The current requirement to estimate the percentage of each officer's and employee's time spent on different activities is eliminated.

- **Travel and lodging not included on individual lines.** When your organization pays an officer's or employee's hotel or transportation costs, including by credit card, those amounts must now be included in that person’s amounts reported. This will make reported figures higher than before.

Standard LM-2 (Receipts of $350,000 to $39,999,999)

- **More detail on buying and selling assets.** Sales and purchases of investments and fixed assets move to separate schedules, and you will identify the other party and the transaction date. Vehicles must be listed by make, model, year and VIN.

- **Retired members listed separately.** You will now list retired members as their own membership category.

- **A few new questions.** Whether the organization is in trusteeship; whether any officer or employee was paid $10,000 or more by your organization and also by another union; a reworded question about any loss or shortage of funds; and the date of your current constitution and bylaws.

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**		

Item	CASH DISBURSEMENTS	SCH #	AMOUNT
51.	Contract Negotiation and Administration	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		
73b.	Less Total Disbursed		
73c.	Total Withheld But Not Disbursed		
74.	**TOTAL DISBURSEMENTS** (Line 72 – 73c)		

Form LM-3

The main change is the higher threshold. There is one substantive change to the form:

- **Travel and lodging.** When your organization pays an officer's or employee's hotel or transportation costs directly, including by credit card, those amounts must now be included in that person's reported amounts. This will make reported figures higher than before.

Form LM-4

- Only the threshold changed. The form itself is the same.

Confirm your form

- Determine which form applies to your first fiscal year beginning on or after July 1, 2026, since it may differ from what you file today

Review your recordkeeping

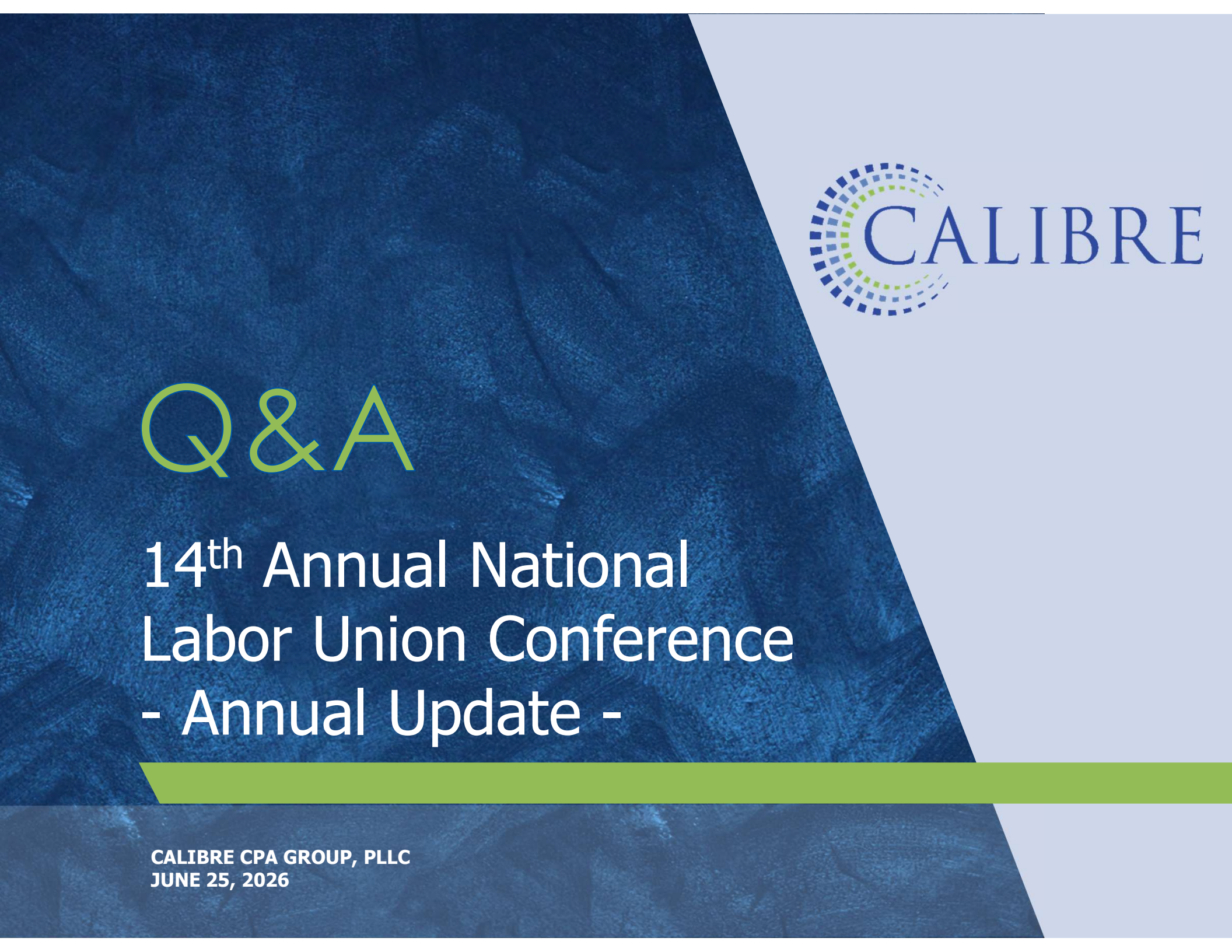
- Several changes depend on information you may not capture today, such as the source and purpose of larger receipts, foreign transactions, vehicle details, and travel costs tied to specific individuals. We can help you identify any gaps and set up simple ways to track this going forward.

Plan ahead on compensation reporting

- Because directly paid travel and lodging now count toward each individual's line reported we can walk through how your numbers will change and how to capture those costs by person.

Let's talk early if you are near or above $40 million

- The Long Form is a significant step-up in detail, and the sooner you start, the easier the transition will be.


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Q&A
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Labor Union Conference
- Annual Update -
CALIBRE CPA GROUP, PLLC
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