

# Summary of New Reporting Requirements for Form LM-2

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The Department of Labor's (DOL) final rule rescinding Form T-1, *Trust Annual Report* and amending Form LM-2, *Labor Organization Annual Report* was effective January 1, 2011. The changes to Form LM-2 reporting requirements that are required by this new rule apply to LM-2 reports for fiscal years beginning on or after January 1, 2011. As a result, labor unions whose year end is December 31, 2011 are subject to those changes for filings due on March 30, 2012. The full text of the changes is available at <http://edocket.access.gpo.gov/2010/pdf/2010-29226.pdf>. (Requires Adobe Reader: <http://get.adobe.com/reader/>)

Following is a summary of the most significant rule changes:

## Subsidiary Reporting

The change that is likely to have the greatest impact involves reporting financial information for subsidiary organizations. Subsidiary organizations are defined in the LM-2 instructions as any organization which is wholly owned, controlled, and financed by the labor organization. The labor organization (the Union) is required to report financial information for subsidiary organizations using one of two methods:

**Method 1** – Consolidate the financial information for the subsidiary(ies) with the Union's LM-2; or

**Method 2** – Exclude the subsidiary(ies) financial information from the Union's LM-2 and attach the subsidiary(ies) audited financial statements.

## Aggregated Receipts

The definition of "Total Annual Receipts" of the Union has been amended so that it now includes the receipts of the Union **and** the receipts of any subsidiary. The LM-2 reporting threshold is \$250,000 total aggregated receipts.

## Officer and Employee Reporting

A very important item to note is that if you adopt reporting Method 2, you must include an attachment that reports the information required on Schedules 11 and 12 of Form LM-2. This information includes the name, title, gross salary, allowances, disbursements for official business, and other disbursements for all officers and employees who received over \$10,000 during the year. If Method 1 is used, Schedules 11 and 12 should also include information for officers and employees of the subsidiary(ies).

## Question 11 Changes

Question 11 on Page 2 of Form LM-2 has been modified and includes new Question 11a, which relates to Political Action Committee (PAC) funds, and new Question 11b, which relates to subsidiary organizations. If you answer "yes" to either of these questions you must supply additional information in Item 69. The instructions state that for any subsidiary(ies) you must report the name, address, and purpose of the subsidiary, and indicate which reporting method has been adopted.

## Reporting Subsidiary(ies) Interest

When reporting Method 2 is used and the subsidiary is an investment of the Union, such as a building holding corporation, the financial interest in the subsidiary is to be reported on Schedule 5 (Investments) of the Union's Form LM-2. If interest in the subsidiary(ies) is not considered an investment of the Union, such as a scholarship fund, it should be reported on Schedule 7 (Other Assets).

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