



New York State Public Employees Federation and Subsidiaries Financial Statements and Other Financial Information

March 31, 2005



11 British American Blvd., Latham, NY 12110

INDEPENDENT AUDITORS' REPORT

Officers and Trustees
New York State Public Employees
Federation

We have audited the accompanying consolidated statements of financial position of the New York State Public Employees Federation and Subsidiaries (the Federation) as of March 31, 2005 and 2004, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Federation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free

of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the New York State Public Employees Federation and Subsidiaries as of March 31, 2005 and 2004, and the changes in their net assets and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating statement of financial position, the consolidating statement of activities, and the schedules of consolidated detail of expenses are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in our audits of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Marvin and Company, P.C.

June 10, 2005

NEW YORK STATE PUBLIC EMPLOYEES FEDERATION AND SUBSIDIARIES Notes to Consolidated Financial Statements March 31, 2004 and 2003

1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The New York State Public Employees Federation (PEF) is affiliated with the American Federation of Teachers (AFT) and the Service Employees International Union (SEIU). It is a self-governing unit representing predominantly the professional, scientific and technical employees of the State of New York. The majority of revenues are from membership dues and agency shop fees.

The consolidated financial statements include the accounts of PEF and its subsidiaries, and PEF Land Holding Corporation. The accounts of PEF include a general fund, a political action fund, a Committee on Political Education (COPE) fund and a plant fund. PEF Land Holding Corporation is a not-for-profit corporation formed to hold title to the land and office building used to house PEF's headquarters. All material interfund accounts and transactions between the entities have been eliminated in arriving at the consolidated totals.

PEF and its subsidiaries adhere to U.S. generally accepted accounting principles as described in the American Institute of Certified Public Accountants (AICPA) Industry Audit and Accounting Guide, Not-for-Profit Organizations. Net assets, revenue, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Changes in unrestricted net assets include certain contributions whose

donor imposed restrictions are met during the fiscal year. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the consolidated statement of activities as net assets released from restrictions.

Income Taxes

PEF is a labor union exempt from federal income tax under Section 501(c)(5) of the Internal Revenue Code (the Code). However, under Section 527 of the Code, PEF's investment income from the Political Action Fund is subject to tax. PEF Land Holding Corporation is a title holding corporation and is exempt from federal income tax under Section 501(c)(2) of the Code.

Cash Equivalents

For purposes of the statement of cash flows, PEF considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investment Securities

PEF follows the provisions of Statement of Financial Accounting Standards (SFAS) No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Under the provisions of

SFAS No. 124, investments in equity securities and debt securities (see Note 3) are valued at their fair value based on readily determinable quoted market prices. Realized gains and losses from the sale of securities are recognized on the trade date and are calculated based on market value.

The net change in unrealized appreciation (depreciation) from the beginning of the year to the end of the year is included in net unrealized and realized gains (losses) in the consolidated statements of activities. Interest income is recognized as earned.

Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations using the straight-line method over the following estimated useful lives:

	Years
Building and improvements	31.5
Furniture, fixtures and equipment	3-10
Automobiles	3-10
Computer equipment	3-10

Maintenance and repairs are charged to operations when incurred; betterments and renewals are capitalized. When property, plant and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation are relieved and any gain or loss is included in operations.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

Board Designated Net Assets

Board designated net assets represents funds earmarked by the PEF Executive Board for funding new contract campaigns, member mobilization or political action. Any use of these funds outside of these designations requires approval by at least three-quarters of the Executive Board.

Bad Debts

PEF uses the direct write-off method of accounting for bad debts. Management believes that any allowance would be immaterial.

2. NET MEMBERSHIP DUES AND AGENCY SHOP FEES

Membership Dues and Agency Shop Fees

Revenue is comprised of membership dues paid by members of PEF and agency shop fees paid by those employees who are members of the bargaining unit but not of PEF. Dues income is recognized based upon the pay period for which members' salaries are paid by the State of New York. The biweekly dues and fees are calculated based on .9% of a member's annual compensation for the years ended March 31, 2005 and 2004, respectively.

Divisional Distributions

Divisional distributions represent allocations to local organizations of PEF members. Each division was paid \$6.03 per

NEWYORK STATE PUBLIC EMPLOYEES FEDERATION AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF FINANCIAL POSITION March 31, 2005 and 2004			
ASSETS	<u>2005</u>	<u>2004</u>	
Current Assets			
Current Assets			
Cash and cash equivalents	\$ 2,683,159	\$ 3,259,742	
Undesignated	2,845,482	2,777,878	
Board designated	3,256,098	3,446,553	
Investment securities			
Membership dues and agency shop fees receivable	497,375	380,531	
Other receivables	645,519	616,849	
Prepaid expenses	103,930	213,730	
Total Current Assets	<u>10,031,563</u>	<u>10,695,283</u>	
Property, Plant and Equipment			
Land	165,905	165,905	
Building	1,844,512	1,844,512	
Building improvements	1,092,284	1,043,925	
Furniture, fixtures and equipment	1,414,682	1,396,888	
Automobiles	28,406	28,406	
Computer equipment	1,159,922	1,040,780	
Total	5,705,711	5,520,416	
Less accumulated depreciation	3,663,529	3,217,287	
Net Property, Plant and Equipment	<u>2,042,182</u>	<u>2,303,129</u>	
Other Assets	222,707	171,157	
TOTAL ASSETS	<u>\$ 12,296,452</u>	<u>\$ 13,169,569</u>	

See accompanying notes to consolidated financial statements.

NEWYORK STATE PUBLIC EMPLOYEES FEDERATION AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF FINANCIAL POSITION MARCH 31, 2004 AND 2004			
LIABILITIES AND NET ASSETS	<u>2005</u>	<u>2004</u>	
Current Liabilities			
Due to affiliates	\$ 4,886,927	\$ 5,702,784	
Capital lease obligation, current portion	82,590	73,347	
Accounts payable	973,624	1,284,795	
Earned organizational leave	358,155	591,225	
Other accrued liabilities	531,367	364,065	
Accrued vacation	698,279	648,004	
Accrued post-retirement benefits	224,208	251,691	
Divisional distributions payable	414,882	346,492	
Deferred revenue	16,767	12,495	
Total Current Liabilities	<u>8,186,799</u>	<u>9,274,898</u>	
Long-Term Liabilities			
Capital lease obligation, net of current maturities	443,420	517,420	
Accrued post-retirement benefits	2,318,900	2,026,558	
Total Long-Term Liabilities	<u>2,762,320</u>	<u>2,543,978</u>	
Total Liabilities	<u>10,949,119</u>	<u>11,818,876</u>	
Net Assets			
Unrestricted	(1,717,376)	(1,648,583)	
Unrestricted - board designated	2,845,482	2,777,878	
Temporarily restricted	219,227	221,398	
Total Net Assets	<u>1,347,333</u>	<u>1,350,693</u>	
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 12,296,452</u>	<u>\$ 13,169,569</u>	

See accompanying notes to consolidated financial statements.

member up to 200 members and \$4.82 for each member in excess of 200, in each calendar quarter for the years ended March 31, 2005 and 2004.

Per Capita Taxes

PEF is required to pay per capita taxes on a monthly basis to AFT and SEIU as a result of its affiliation with these organizations. Per capita taxes are presented net of the AFT constitutional rebates of \$250,627 and \$264,168 for the years ended March 31, 2005 and 2004, respectively.

Affiliation Dues

Affiliation dues are amounts paid by PEF to participate with other labor organizations in various labor councils in New York State.

U.S. Treasury zero coupon bonds	19,597	20,061	19,597	20,229
GNMA Pass-thru securities	159,409	162,373	161,384	170,441
Corporate bonds	<u>113,059</u>	<u>118,784</u>	<u>113,059</u>	<u>126,033</u>
Total	<u>\$3,239,664</u>	<u>\$3,256,098</u>	<u>\$3,236,268</u>	<u>\$3,446,553</u>

Net realized gains (losses) for the years ended March 31, 2005 and 2004 were \$(15,714) and \$42,099, respectively. Net unrealized losses for the years ended March 31, 2005 and 2004 were \$(150,628) and \$(109,663), respectively.

4. POLITICAL ACTION FUND

PEF maintains a Political Action Fund (the Fund) from which political contributions are disbursed. Contributions are approved by PEF's Executive Board and funded from PEF's unrestricted net assets. The Fund is administered within PEF by the Legislative Department, which is also responsible for other lobbying activities. For the years ended March 31, 2005 and 2004, the Legislative Department has allocated \$1,164,096 and \$1,172,098 from unrestricted net assets for its operations, including political contributions. During the years ended March 31, 2005 and 2004, \$889,096 and \$897,099 was allocated for Legislative Department operations. For the years ended March 31, 2005 and 2004, expenses were less than the allocation by approximately \$275,000. At March 31, 2005 and 2004, the amount due from the general fund was \$673,949.

5. PENSION FUND

Substantially all employees of PEF are eligible to participate in the Affiliates' Officers and Employees Pension Fund of SEIU (the Pension Fund). The Pension Fund is a defined benefit multi-employer pension plan. Total pension expense was \$1,071,416 and \$997,726 for the years ended March 31, 2005 and 2004, respectively. These amounts are based upon a contribution rate of 14% of total eligible employee compensation. Actuarial and plan asset data relating to employees of PEF is not available.

6. LEASES

PEF has entered into a variety of leases, primarily for the use of office space and equipment, which are accounted for as operating leases. In addition, PEF has certain office and computer equipment leases that are accounted for as capital leases. Included within "furniture, fixtures and equipment" is equipment held under capital leases with a cost basis of \$638,871, and accumulated amortization of \$122,732 and \$45,376 at March 31, 2005 and 2004, respectively. Future minimum payments under all noncancelable leases having initial terms in excess of one year at March 31, 2005 consist of the following:

	<u>Capital Leases</u>	<u>Operating Leases</u>
2006	\$ 220,512	\$ 609,636
2007	220,512	586,932
2008	220,512	534,194
2009	220,514	503,167
2010	—	480,502
Total	<u>882,050</u>	<u>\$2,714,431</u>
Less amounts representing interest	<u>356,040</u>	

3. INVESTMENT SECURITIES

Investment securities are carried at fair value and consist of the following:

	2005		2004	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
U.S. Treasury notes and bills	\$1,489,069	\$1,806,606	\$1,237,008	\$1,357,561
Federal agency issues	1,458,530	1,148,274	1,705,220	1,772,289

NEW YORK STATE PUBLIC EMPLOYEES FEDERATION AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED MARCH 31, 2005 AND 2004

	2005	2004
Changes in Unrestricted Net Assets		
Revenues and gains:		
Membership dues and agency shop fees	\$ 26,418,445	\$ 25,367,244
Less:		
Divisional distributions	962,614	1,063,941
Per capita taxes, net	7,658,493	7,109,806
Affiliation dues	221,212	198,993
Net Membership Dues and Agency Shop Fees	<u>17,576,126</u>	<u>16,994,504</u>
Other support:		
Interest income	228,434	254,636
Net unrealized and realized losses	(166,342)	(67,594)
Gain on sale of fixed assets/lease termination	—	37,993
Grant income	273,879	184,283
Advertising income	205,882	157,447
Rental income	18,920	83,744
Affiliation income	250,627	264,168
Other income	837,540	430,016
Total	<u>1,648,94</u>	<u>1,344,723</u>
Net assets released from restrictions:		
Satisfaction of program restrictions	<u>102,678</u>	<u>64,000</u>
Total Unrestricted Revenues, Gains and Other Support	<u>19,327,744</u>	<u>18,403,227</u>
Expenses:		
Salary and benefit expenses	12,518,770	11,635,084
Staff travel and related expenses	410,754	403,181
Program related expenses	2,087,428	2,058,437
Operating expenses	4,523,559	5,207,116
Depreciation	446,242	432,832
Interest expense	158,037	59,412
Total Expenses	<u>20,144,790</u>	<u>19,796,062</u>
Decrease in Unrestricted Net Assets Before Settlement with American Federation of Teachers	(817,046)	(1,392,835)
Forgiveness of portion of American Federation of Teachers judgment net of provisions for interest of \$499,577 in 2005 and \$570,945 in 2004	<u>815,857</u>	<u>813,119</u>
Decrease in Unrestricted Net Assets	<u>(1,189)</u>	<u>(579,716)</u>
Changes in Temporarily Restricted Net Assets		
Contributions	\$ 97,542	\$ 96,493
Interest	2,965	2,486
Net assets released from restrictions	<u>(102,678)</u>	<u>(64,000)</u>
Increase (Decrease) in Temporarily Restricted Net Assets	<u>(2,171)</u>	<u>34,979</u>
Change in Net Assets	<u>(3,360)</u>	<u>(544,737)</u>
Net Assets, Beginning of Year	1,350,693	1,895,430
Net Assets, End of Year	<u>\$ 1,347,333</u>	<u>\$ 1,350,693</u>

See accompanying notes to consolidated financial statements.

Present Value of Net Minimum Lease Payments	526,010
Less current maturities of capital lease obligations	<u>82,590</u>
Capital Lease Obligations, net of current maturities	<u>\$ 443,420</u>

Total rental expense related to operating leases was \$603,181 and \$591,011 for the years ended March 31, 2005 and 2004, respectively. Lease agreements frequently include renewal options and require PEF to pay utilities, taxes, insurance and maintenance. Additionally, PEF, as lessor, leases certain office space in its main office building. Future minimum rental payments receivable by year, under a noncancellable operating lease and sublease for the next three years, consist of the following at March 31, 2005:

2006	31,932
2007	31,932
2008	<u>31,932</u>
Total	<u>\$ 95,796</u>

7. LITIGATION

Under an arbitration award rendered in May 1985, PEF was ordered to pay New York State United Teachers/ American Federation of Teachers (AFT) in excess of \$9 million in back per capita taxes for the period March 1983 through May 1985. During fiscal 1988, a State Supreme Court decision vacated the award in its entirety. However, AFT subsequently appealed the decision and, in May 1989, the Appellate Division reversed the lower court decision, thereby awarding AFT approximately \$9.2 million of back per capita taxes. In 1989, PEF attempted to appeal the decision of the Appellate Division.

On March 27, 1990, the Court of Appeals denied PEF's motion and reaffirmed the judgment to AFT of approximately \$9.2 million for per capita taxes. During the fiscal year ending March 31, 1991, AFT made a motion to the State Supreme Court to be awarded prejudgment date interest. In June 1991, the State Supreme Court granted AFT's motion for prejudgment date interest. Interest on the outstanding balance accrues at the rate of 9% annually. Each year since 1991, AFT has unilaterally forgiven one twentieth of the total outstanding principal balance and the annual accrued interest amount.

AFT has not sought enforcement of the judgment in the past, but rather, as noted, has forgiven a portion of the indebtedness and interest. It is not possible to predict whether AFT will seek to enforce the judgment in the future. Accordingly, PEF has reported a liability of \$4.9 million, which represents the judgment amount plus accrued interest at 9% per annum from the arbitration dates less amounts previously forgiven.

PEF has been named as a defendant in several other lawsuits and claims. While the ultimate outcome of these actions cannot be predicted at this time, it is the opinion of management that the disposition of these lawsuits and claims will not have a material adverse effect on the financial position of PEF.

8. RELATED ORGANIZATIONS

PEF is affiliated with the following:

Public Employees Federation Membership Benefits Program

This trust was established to provide PEF members the

**NEW YORK STATE PUBLIC EMPLOYEES
FEDERATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2005 AND 2004**

	2005	2004
Cash Flows From Operating Activities		
Change in net assets	\$ (3,360)	\$ (544,737)
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation	446,242	432,832
Forgiveness of portion of American Federation of Teachers judgment	(815,857)	(813,119)
Net unrealized and realized losses	166,342	67,564
Gain on sale of fixed assets/lease termination	—	(37,993)
(Increase) decrease in assets:		
Membership dues and agency shop fees receivable	(116,844)	173,994
Other receivables	(28,670)	(9,158)
Prepaid expenses	109,800	140,750
Other assets	(51,550)	44,772
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(143,869)	349,876
Earned organizational leave	(233,070)	(112,532)
Accrued vacation	50,275	29,219
Accrued post-retirement benefits	264,859	111,417
Divisional distributions payable	68,390	96,492
Deferred revenue	4,272	12,495
Net Cash Used by Operating Activities	<u>(283,040)</u>	<u>(58,128)</u>
Cash Flows From Investing Activities		
Purchase of investments	(1,374,347)	(2,652,686)
Proceeds from sale of investments	1,398,460	4,067,304
Expenditures for property, plant and equipment	(185,295)	(158,522)
Proceeds from sale of fixed assets	—	7,145
Net Cash Provided (Used) by Investing Activities	<u>(161,182)</u>	<u>1,263,241</u>
Cash Flows From Financing Activities		
Principal payments on leases payable	(64,757)	(95,739)
Net Increase (Decrease) in Cash and Cash Equivalents	(508,979)	1,109,374
Cash and Cash Equivalents, Beginning of Year	<u>6,037,620</u>	<u>4,928,246</u>
Cash and Cash Equivalents, End of Year	<u>\$ 5,528,641</u>	<u>\$ 6,037,620</u>
Supplemental Information		
Cash paid for interest	<u>\$ 158,037</u>	<u>\$ 59,412</u>
Noncash Transactions:		
Equipment purchased with capital leases	<u>\$ —</u>	<u>\$ 442,393</u>

See accompanying notes to consolidated financial statements.

opportunity to obtain various insurance and other benefits at group rates. This program is outside the operations of PEF and is not included within the accompanying consolidated financial statements. PEF is not responsible for the debts of the Membership Benefits Program and any remaining assets upon termination of the program revert to the participating members and not to PEF.

PEF incurs costs on behalf of the program, which are billed back to the Membership Benefits Program. Included in other receivables at March 31, 2005 and 2004 are (payables) and receivables from the program for \$(75,358) and \$142,409, respectively. The Membership Benefits Program occupies space in PEF's headquarters under a 20-year lease with PEF requiring minimum annual payments of \$31,932 plus the proportionate share of taxes, utilities and common area costs.

Retirees' Fund

The Fund was established to provide various services, such as continuing insurance and seminars, to retired PEF members. This Fund is outside the operations and control of PEF and is not included within the accompanying consolidated financial statements. PEF incurs various costs for payroll, benefits and office expenses on behalf of the Retirees' Fund, which it bills back to the Fund. Included in other receivables at March 31,

2005 and 2004 are receivables from the Fund for \$61,483 and \$66,702, respectively.

9. FUNCTIONAL EXPENSES

PEF's expenses by functional activity were as follows:

	<u>2005</u>	<u>2004</u>
Membership services	\$ 11,280,717	\$ 11,190,403
Administration and support	4,142,399	3,431,350
Grants and contracts activities	335,025	222,044
Labor management activities	3,039,154	3,861,040
Legislative and political action	<u>1,347,495</u>	<u>1,091,225</u>
Total	<u>\$20,144,790</u>	<u>\$19,796,062</u>

10. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at March 31, 2005 and 2004 are available for the following purposes:

	<u>2005</u>	<u>2004</u>
COPE:		
Political contributions	<u>\$219,227</u>	<u>\$221,398</u>

11. CHANGES IN TEMPORARILY RESTRICTED NET ASSETS

	<u>2005</u>	<u>2004</u>
COPE:		
Contributions received with donor restrictions	<u>\$ 97,542</u>	<u>\$96,493</u>
Interest earned that has been restricted	<u>\$ 2,965</u>	<u>\$ 2,486</u>
Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes	<u>\$102,678</u>	<u>\$64,000</u>

12. CONCENTRATION OF CREDIT RISK

At March 31, 2005, PEF's concentration of credit risk consists of cash deposited in financial institutions in excess of federally insured limits. The amount subject to credit risk is approximately \$5.4 million.

13. ACCRUED POST-RETIREMENT BENEFITS

Retired PEF employees can convert unused sick leave to cash for the purpose of paying health insurance benefits. To be eligible, retiring employees must meet one of the three following criteria: sixty-five years of age and three years of service; fifty-five years of age and 10 years of service; or age fifty and 30 years of service. PEF recognizes the cost of providing post-retirement health insurance benefits by estimating the accumulated post-retirement benefit. It is at least reasonably possible that this significant estimate will change within the next year.

The estimated accumulated post-retirement benefit obligation at March 31, 2005 and 2004 was \$2,543,108 and \$2,278,249, respectively. The post-retirement expense for the years ended March 31, 2005 and 2004 was approximately \$267,000 and \$111,000, respectively and is included in salary and benefit expenses.

14. SELF-INSURANCE PLAN

PEF provides health insurance benefits utilizing a self-funded plan that covers substantially all full-time employees. The liability for claims incurred and claims incurred but not

**NEW YORK STATE PUBLIC EMPLOYEES
FEDERATION AND SUBSIDIARIES
CONSOLIDATED DETAIL OF EXPENSES
FOR THE YEARS ENDED MARCH 31, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
Salary and Benefit Expenses		
Salaries	\$ 8,070,545	\$ 7,603,933
Union leave	718,077	749,614
Pension expense	1,071,416	997,726
Health insurance	1,788,771	1,426,691
Payroll taxes	719,130	685,665
Tuition reimbursement	8,090	22,047
Term life insurance	48,690	48,236
Dependent care	29,301	37,010
401(k) plan	13,750	13,000
Long-term disability	51,000	51,162
Total	<u>\$ 12,518,770</u>	<u>\$ 11,635,084</u>
Staff Travel and Related Expenses		
Staff travel	\$ 206,718	\$ 223,580
Automobile expense	204,036	179,601
Total	<u>\$ 410,754</u>	<u>\$ 403,181</u>
-		
Program Related Expenses		
Program related travel	\$ 1,606,802	\$ 1,699,020
Earned organizational leave	480,626	359,417
Total	<u>\$ 2,087,428</u>	<u>\$ 2,058,437</u>
Operating Expenses		
Advertising	\$ 463,196	\$ 1,586,531
Postage	660,003	446,916
Professional and consultant fees	440,210	262,036
Office rent and parking	619,570	591,011
Telephone and communications	309,670	334,664
Political and associated contributions	349,643	275,728
Printing	407,135	333,536
Arbitration	165,535	185,367
Office supplies	101,894	101,938
Reproduction	37,519	129,499
Outside legal fees	-	8,034
Utilities	108,338	113,459
Maintenance and repairs	59,321	69,430
Outside temporary hires	85,470	43,834
Janitorial	84,039	74,464
Real estate taxes	97,668	91,954
Charitable and other contributions	43,561	55,049
Insurance	116,687	131,365
Miscellaneous	30,035	37,012
Periodicals and membership fees	30,077	31,638
Steno and transcript fees	24,852	29,359
Minor equipment purchases	19,419	35,176
Scholarships	38,400	40,000
Books and reference material	69,985	52,281
Equipment rental	9,250	10,554
Computer fees	43,598	66,086
Photographic supplies	5,806	6,195
COPE expense	102,678	64,000
Total	<u>\$ 4,523,559</u>	<u>\$ 5,207,116</u>

reported was approximately \$75,000 for both years ended March 31, 2005 and 2004.

PEF has purchased individual risk and excess risk stop-loss insurance to limit its exposure to claims in excess of specified amounts.