

## Report of the Audit Committee

**JANUARY 1, 2008, TO DECEMBER 31, 2008**

### **INTERNATIONAL UNION OF PAINTERS AND ALLIED TRADES**

In accordance with Section 22 of the Constitution of the International Union of Painters and Allied Trades, the Audit Committee convened on May 5, 2009, for the purpose of auditing the accounts of the International Union for the year ended December 31, 2008. The committee members were duly elected and consisted of Craig Olson, District Council 82/Local Union 106; John J. Cornett, District Council 91/Local Union 669; and Wilfred Jarvis, District Council 39/Local Union 1439.

The General Executive Board engaged the services of the independent certified public accounting firm of Novak Francella LLC to act in conjunction with the Audit Committee. The committee reviewed the consolidated financial statements of the International Union for the year ended December 31, 2008, including the detail of assets, liabilities, revenue, and expenses. The committee concludes that the transactions undertaken by the International Union were in accordance with established policies and the Constitution.

The committee had access to all of the International Union's records including bank statements, investment custody reports, receipts, and disbursements. The committee noted that a strong internal control system was in place for safeguarding the assets of the International Union. General Fund operating revenue exceeded expenses by \$1.5 million during 2008. The total assets of the International Union exceeded \$83 million at December 31, 2008. The savings that were planned from increased efficiencies and cost controls have continued to be realized. More importantly, services have been expanded. The International Union spent more than \$44 million this year for the benefit and advancement of our members and affiliates.

In addition to the net operating revenue, there was a capital gain during 2008 of \$17 million from the sale of the interest in the International Union Headquarters building in Washington, DC. The investment in that building was carried at \$5 million and the sales proceeds were \$22 million. The sales proceeds will be used to build the new International Union Headquarters facilities.

Headquarters returned \$5.5 million to the affiliates during 2008. That amount is about 25% of the per capita received from the affiliates during 2008. It is the most monies ever returned to the affiliates during any year. The Organizing Fund that began in 2004 provided \$3.4 million in assistance this year, which is a 50% increase over the prior year. The GO Fund that began in 2008 provided the remaining affiliate assistance.

The cash and investments at December 31, 2008, were \$45 million. Once the new building is completed, the cash and investments will then represent 12 months of General Fund reserves. The committee was informed that the IUPAT strives to maintain reserves at 12 months, as recommended by our independent accountants. We noted that the goal was maintained for 2008.

The General Officers, Staff, and Employees Pension Fund was merged into the National Pension Fund during 2007. The merger was to provide cost containment in future years. The IUPAT pension funding was 14% of payroll in 2008 and 30% in 2007. The financial condition of our International Union is sound. We noted that the General Executive Board has worked to minimize the operating costs and maximize the investment performance in a difficult economic environment. These actions have provided, at the lowest cost to members, the financial strength and stability that is reflected in our net assets.

We have found the accounts to be maintained in a careful and systematic manner. The independent auditor has provided an unqualified opinion on the consolidated financial statements. We, the Members of the Audit Committee, are in agreement as to the International Union's financial status for the year ended December 31, 2008.

#### **MEMBERS OF THE AUDIT COMMITTEE:**

May 6, 2009

Craig Olson  
District Council 82/Local Union 106

John J. Cornett  
District Council 91/Local Union 669

Wilfred Jarvis  
District Council 39/Local Union 1439

Working in conjunction with the Audit Committee:

NOVAK FRANCELLA LLC  
Certified Public Accountants

**Novak | Francella**  
LLC CERTIFIED PUBLIC ACCOUNTANTS

# Report of Independent Auditors

## Members of the General Executive Board International Union of Painters and Allied Trades

We have audited the accompanying consolidated statement of the financial position of the International Union of Painters and Allied Trades (the International Union) as of December 31, 2008, and the related consolidated statements of activities and cash flows for the year then ended. These consolidated financial statements are the responsibility of the International Union's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 the International Union's management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides 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 International Union as of December 31, 2008, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

May 14, 2009

## INTERNATIONAL UNION OF PAINTERS AND ALLIED TRADES

### Consolidated Financial Statements December 31, 2008

#### NOTE 1. NATURE OF OPERATIONS

The International Union of Painters and Allied Trades (the International Union) is a labor organization representing painters and workers in allied trades throughout the United States and Canada. The primary source of revenue is per capita paid by local unions and district councils.

#### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Method of Accounting** - The financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets are classified as unrestricted, temporarily restricted, or permanently restricted, based on the presence or absence of donor restrictions. Net assets are "released from restriction" when amounts are expended for the purpose specified. The International Union does not have any permanently restricted net assets.

**Consolidation and Fund Accounting** - The consolidated financial statements include the accounts and activities of the International Union and related entities under the International Union's control. For purposes of presentation in the consolidated financial statements and in accordance with requirements set forth in its Constitution, the International Union reports its accounts and activities as follows:

**IUPAT** - The funds of the IUPAT are the General, Convention, Accidental Death, GO, Disaster Relief, Death Benefit, and

Organizing. Per capita revenue is based on monthly billings to District Councils and Local Unions for membership activity reported through December each year. The allocation of per capita among the funds is in accordance with the International Union's Constitution.

**General Fund** - Provides for the ongoing activities of the International Union not specifically carried out by any other fund. Included in the General Fund are the accounts and activities of the IUPAT Building Corp., LLC, which was formed on December 14, 2004, to acquire and hold title to the property to be used for the national training center. The General Fund also includes the activity of the Job Corps program, which is a party to a U.S. Government agency contract, as discussed in Note 5.

**Convention Fund** - Accumulates allocated assessments received from affiliates to defray the costs of the convention held every five years. Currently, an allocation of per capita tax in the amount of \$1.04 per member per month is allocated to the Convention Fund.

**Accidental Death Fund** - Provides accidental death benefits for all members in good standing. The benefit for eligible members is \$10,000. This benefit is funded by allocating \$.05 per member per month to this Fund.

**GO Fund (Growth and Opportunity)** - Established to defray the cost of our District Councils engaging in new opportunities

## REPORT OF INDEPENDENT AUDITORS

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to expand the organization. Funding is provided by an allocation of per capita tax in the amount of \$1.25 per member per month.

**Disaster Relief Fund** - Established to provide assistance to areas affected by natural disaster. Funding sources include contributions from the General Fund, local unions, district councils, members, and others. This benefit is also funded by allocating per capita tax in the amount of \$.25 per member per month.

**Death Benefit Fund** - Provides a death benefit for eligible members. The benefits paid vary in amount depending upon the classification of the member. Most payments are for the normal death benefit, which is \$2,500. This benefit is funded by allocating each month \$2.00 per member.

**Organizing Fund** - Established to defray the costs of enhanced organizing activities. Funding sources include administrative processing fees and an allocation of per capita tax in the amount of \$3.00 per member per month.

**PAT** - The International Union has established two separate segregated entities for political, legislative, and educational purposes. The Political Action Together - Legislative and Educational Fund (PAT-LEC) is financed through an allocation of per capita tax in the amount of \$1.50 per member per month and payments from Local Unions and District Councils. The Political Action Together - Political Committee Fund (PAT-PC) directly receives voluntary contributions, including payroll check-offs, from members of the International Union.

**Cash and Cash Equivalents** - Consist of amounts held in demand deposit and money market accounts.

**Investments** - Securities are reported at their aggregate fair value. The fair value of investments in common and preferred stocks and U.S. Government and Government Agency securities are determined by quoted market prices. The short-term investments are carried at cost, which approximates fair value.

**Property and Equipment** - Property and equipment are carried at cost. Major additions in excess of \$10,000 are capitalized while replacements and repairs that do not improve or extend the lives of the respective assets are expensed. Depreciation and amortization expense is computed using the straight-line method over the following estimated useful lives of the assets:

Leasehold improvements	20 years
Furniture and equipment	5 years
Automobiles	4 years
Computer equipment	5 years

Depreciation and amortization expense totaled \$568,334 for the year ended December 31, 2008.

**Canadian Currency** - The International Union maintains checking and savings accounts in Canada as well as the United States. For financial statement purposes, all assets are expressed in U.S. dollar equivalents.

Canadian currencies included in the consolidated statement of financial position are translated at the exchange rates in effect on the last day of the year. Unrealized increases and decreases due to fluctuations in exchange rates are included in the consolidated statement of activities.

Funds received and disbursed in Canada are stated in U.S. dollars based on the average exchange rate in effect during the year when reported in the revenue and expenses included in the consolidated statement of activities. The average exchange rate for 2008 used to translate revenue and expenses was \$.9432 per Canadian dollar. At December 31, 2008, the exchange rate was \$.8166 per Canadian dollar.

**Use of Estimates in the Preparation of Financial Statements** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Financial Presentation** - The International Union's financial statements present its net assets, revenues, expenses, gains, and losses, classified between unrestricted, temporarily restricted, and permanently restricted, based on the existence or absence of donor-imposed restrictions.

**NOTE 3. TAX STATUS**

The International Union is exempt from federal income taxes under Section 501(c)(5) of the Internal Revenue Code.

The financial statements include the activity of the PAT-LEC and PAT-PC. Section 527 of the Internal Revenue Code provides for the exemption from Federal income tax for "exempt function income" of a political committee that is a separate segregated fund of an exempt organization which is not a political organiza-

tion. Contributions received are exempt function income, provided that the receipts are primarily expended for an exempt function or for some or all of its administrative expenses. However, interest income will be taxed. Both the PAT-LEC and the PAT-PC file Internal Revenue Service Form 1120-POL to report financial activities. Income tax expense for 2008 totaled \$23,539.

The Disaster Relief Corp is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

#### NOTE 4. UNINSURED CASH BALANCES AND INVESTMENT CONCENTRATIONS

The International Union maintains its cash accounts primarily with banks located in Washington, DC. The total cash balances are insured by the Federal Deposit Insurance Corporation at up to \$250,000 per bank. The International Union has cash balances on deposit at December 31, 2008, that exceeds the balance of FDIC insurance coverage by approximately \$9,640,000. Subsequent to year end, a majority of the uninsured cash was deposited into a sweep account, which is backed by U.S. Treasury Securities.

The International Union also maintains cash at a Canadian financial institution, which is insured at up to \$100,000 in Canadian dollars. As of December 31, 2008, the International Union's cash in the Canadian financial institution in excess of insurance coverage totaled approximately \$1.693 million in Canadian dollars (\$1.464 million U.S. equivalent).

#### NOTE 5. U.S. GOVERNMENT AGENCY CONTRACTS

The International Union is a party to a cost-reimbursement contract with the U.S. Department of Labor Job Corps Program.

The 2008 activity and unexpended contract funds at December 31, 2008, were as follows:

	Unexpended Contract Funds at beginning of year	Contract Receipts	Transfers/ Expenditures	Unexpended Contract Funds at end of year
U.S. Department of Labor Job Corps Program	470,266	6,440,681	7,017,662	(106,715)

The base period of the contract expires on December 31, 2009, but may be extended at the option of the Department of Labor for the three additional one-year periods.

#### NOTE 6. INVESTMENTS

The cost and fair value of investments held by the International Union at December 31, 2008, is summarized below:

	Cost	Fair Value
United States Government and Government Agency obligations	\$ 6,741,557	\$6,714,299
Common stock	9,466,182	6,995,456
ULLICO stock	39,826	39,826
Short-term investments	39,779,059	39,779,059
	<u>\$56,026,624</u>	<u>\$53,528,640</u>

Investment income for the year ended December 31, 2008, consisted of the following:

Interest and dividends	\$1,362,907
Realized gain on sale of United Unions, Inc. investment	16,934,233
Net realized and unrealized loss on investments	( 2,339,574)
	<u>\$15,957,566</u>

#### NOTE 7. PROPERTY AND EQUIPMENT

At December 31, 2008, property and equipment consisted of the following:

Land	\$ 859,428
Furniture and equipment	1,260,339
Leasehold improvements	2,359,121
National Training Facility	10,344,331
Construction in progress	145,750
Computer software in progress	1,183,481
Automobiles	36,757
	<u>16,189,207</u>
Less accumulated depreciation and amortization	( 3,391,127)
Net property and equipment	<u>\$ 12,798,080</u>

#### NOTE 8. PENSION PLANS

The International Painters and Allied Trades Industry Pension Plan (the Plan), a multi-employer, defined benefit pension plan, provides defined benefits to substantially all of the International Union's employees. The contribution rate to the Plan is 14.05% of employees' salaries. Contributions to the Plan for the year ended December 31, 2008, totaled \$705,067.

The International Union maintains a 401(k) plan. The International Union contributes 6% of salary for eligible employees. These contributions totaled \$318,577 for the year ended December 31, 2008.

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## REPORT OF INDEPENDENT AUDITORS

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**NOTE 9. AFFILIATIONS PER CAPITA**

During the year ended December 31, 2008, the International Union incurred per capita expenses to affiliated organizations as follows:

AFL-CIO	\$ 722,560
AFL-CIO - State (Full Affiliation Program)	582,150
Building & Construction Trades Dept., AFL-CIO	645,232
Maritime Trades Dept., AFL-CIO	4,320
Union Label Trades Dept., AFL-CIO	6,000
Metal Trades Dept., AFL-CIO	87,636
Professional Employees Dept., AFL-CIO	1,013
Union Sportsmen's Alliance	176,124
IUPAT Canadian Organizing Fund (U.S. dollars)	104,049
National Heavy & Highway	60,000
Canadian Provincial Federation of Labour (U.S. dollars)	62,055
	<u>\$ 2,451,139</u>

**NOTE 10. RELATED ENTITIES**

The International Union currently subleases a portion of its leased space to the International Painters and Allied Trades Industry Pension Plan, Political Action Together, and Painters and Allied Trades Labor-Management Cooperation Initiative. The International Union also leases office space in the national training center to Job Corps, International Union of Painters and Allied Trades Finishing Trades Institute and Painters and Allied Trades Labor-Management Cooperation Initiative. The International Union received \$1,651,214 in rent from these entities for the year ended December 31, 2008.

The International Union incurred \$1,200,432 in information technology expenditures for the year 2008. During the year ended December 31, 2008, \$507,436 was reimbursed from International Painters and Allied Trades Industry Pension Plan, International Union of Painters and Allied Trades Finishing Trades Institute, Painters and Allied Trades Labor-Management Cooperation Initiative, Political Action Together, Job Corps, and Painters and Allied Trades for Children's Hope Foundation.

In January 2006, LMCI loaned \$2 million to the IUPAT Building Corp, LLC under the terms of a mortgage loan agreement. The loan bears interest at an annual rate of 5.75% and requires monthly payments of \$12,584, including principal and interest. The terms of the loan are such that, beginning February 1, 2006, principal and interest payments are due on the first day of each month. The loan matures on December 1, 2015, at which time the entire balance plus all accrued and unpaid interest shall be due. Interest expense for the year

ended December 31, 2008, for this loan totaled \$109,747. On January 24, 2009, the IUPAT Building Corp., LLC paid the entire principal balance of \$1,886,309 plus all accrued interest to date on the loan.

On October 31, 2005, the Death Benefit Fund loaned \$4.5 million to the IUPAT Building Corp, LLC to be used for renovating the national training facility. The loan is secured by national training facility property. The loan is repayable in monthly installments of \$28,314 beginning December 1, 2005 including interest at the annual rate of 5.75%. Final payment is due November 2030. Interest expense for the year ended December 31, 2008, for this loan totaled \$246,067.

As of December 31, 2008, the future principal maturities of this loan are as follows:

Year Ended December 31,	Death Benefit Fund
2009	\$ 99,236
2010	105,095
2011	111,300
2012	117,871
2013	124,830
Thereafter	<u>3,669,898</u>
	<u>\$4,228,230</u>

**NOTE 11. COMMITMENTS AND CONTINGENCIES**

The International Union is involved in litigation arising in the normal course of operations. Some of the litigation involves matters common to any organization of comparable size, including personnel, employment, contract, and trademark issues. None of this litigation involves any substantial potential liability on the part of the International Union.

**NOTE 12. FAIR VALUE MEASUREMENTS**

During the year ended December 31, 2008, the International Union adopted the provisions of Statement of Financial Accounting Standard No. 157, "Fair Value Measurements" (SFAS 157). SFAS 157 establishes a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The three levels of the fair-value hierarchy under SFAS 157 are described below:

**Basis of Fair Value Measurement**

Level 1 - Unadjusted quoted prices in active markets for identical assets that are accessible at the measurement date.

Level 2 - Quoted prices in markets that are not considered active or investments for which all significant inputs are observable.

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

Fair Value Measurements at December 31, 2008

	Total	Level 1	Level 2	Level 3
U.S. Government and agency obligations	\$ 6,714,299	\$6,714,299	\$-	\$-
Common stock	6,995,456	6,995,456	-	-
ULLICO stock	39,826	-	-	39,826
Short-term investments	39,779,059	39,779,059	-	-
	<u>\$53,528,640</u>	<u>\$53,488,814</u>	<u>\$ -</u>	<u>\$ 39,826</u>

Level 3 Fair Value Measurements

	Total	Ullico stock
Beginning balance	\$ 39,826	\$ 39,826
Realized gains (losses)	-	-
Unrealized gains (losses)	-	-
Purchases	-	-
Sales	-	-
Transfers into (out of) Level 3	-	-
Ending balance	<u>\$ 39,826</u>	<u>\$ 39,826</u>

**NOTE 13. RISKS AND UNCERTAINTIES**

The International Union invests in various investments. Investments are exposed to various risks such as economic, interest rate, market, and sector risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Financial Position.



Members of the 2009 Audit Committee (from left to right): Executive Assistant to the General Secretary-Treasurer Charlie Harris, Jason Cornett of DC 91/LU 669, Craig Olson of DC 82/LU 106, General Secretary-Treasurer George Galis, Wilfred Jarvis of DC 30/LU 1439, Steve Mazur of Novak Francella, Assistant to the General Secretary-Treasurer Ron Kniess and Peter Novak of Novak Francella.



**INTERNATIONAL UNION OF PAINTERS AND ALLIED TRADES  
 CONSOLIDATED IUPAT STATEMENT OF FINANCIAL POSITION • DECEMBER 31, 2008**

	General Fund	Convention Fund	Accidental Death Fund	GO Fund
<b>Assets</b>				
Cash and cash equivalents	\$ 2,414,396	\$ 4,513,958	\$ 176,943	\$ 1,095,848
Accrued interest receivable	98,391	6,254	-	-
Per capita receivable	5,468,681	-	-	-
Due from related funds	608,737	-	-	-
Other receivable	455,162	-	-	-
Intrafunds receivable (payable)	(6,120,469)	244,504	12,402	310,107
Prepaid expenses	251,887	-	-	-
Unexpended contract funds	106,715	-	-	-
Investments	42,977,700	285,861	-	-
Property and equipment, net	12,798,080	-	-	-
<b>Total assets</b>	<u>\$ 59,059,280</u>	<u>\$ 5,050,577</u>	<u>\$ 189,345</u>	<u>\$ 1,405,955</u>
<b>Liabilities and Net Assets</b>				
<b>Liabilities</b>				
Accounts payable and accrued expenses	\$ 701,897	\$ 6,333	\$ 3,000	-
Unexpended contract funds	106,715	-	-	-
Prepaid per capita	429,414	-	-	-
Mortgage loan payable	1,886,309	-	-	-
<b>Total liabilities</b>	3,124,335	6,333	3,000	-
<b>Net assets</b>	<u>55,934,945</u>	<u>5,044,244</u>	<u>186,345</u>	<u>1,405,955</u>
<b>Total liabilities and net assets</b>	<u>\$ 59,059,280</u>	<u>\$ 5,050,577</u>	<u>\$ 189,345</u>	<u>\$ 1,405,955</u>

See accompanying notes to consolidated financial statements.

Disaster Relief Fund	Death Benefit Fund	Organizing Fund	IUPAT		PAT		Total
			Unrestricted	Unrestricted	Temporarily Restricted		
\$ 172,897	\$ 1,416,609	\$ 596,386	\$ 10,387,037	\$ 1,603,314	\$ 2,270,849	\$ 14,261,200	
-	10,983	561	116,189	-	2,228	118,417	
-	-	-	5,468,681	-	-	5,468,681	
-	-	-	608,737	90,713	-	699,450	
-	-	-	455,162	-	61,694	516,856	
62,021	4,667,845	761,018	(62,572)	62,572	-	-	
-	-	-	251,887	-	-	251,887	
-	-	-	106,715	-	-	106,715	
303,115	7,102,284	2,859,680	53,528,640	-	-	53,528,640	
-	-	-	12,798,080	-	-	12,798,080	
<u>\$ 538,033</u>	<u>\$ 13,197,721</u>	<u>\$ 4,217,645</u>	<u>\$ 83,658,556</u>	<u>\$ 1,756,599</u>	<u>\$ 2,334,771</u>	<u>\$ 87,749,926</u>	
\$ -	\$ 62,922	\$ 59,496	\$ 833,648	\$ 173,549	\$ 10,875	\$ 1,018,072	
-	-	-	106,715	-	-	106,715	
-	-	-	429,414	-	-	429,414	
-	-	-	1,886,309	-	-	1,886,309	
-	62,922	59,496	3,256,086	173,549	10,875	3,440,510	
538,033	13,134,799	4,158,149	80,402,470	1,583,050	2,323,896	84,309,416	
<u>\$ 538,033</u>	<u>\$ 13,197,721</u>	<u>\$ 4,217,645</u>	<u>\$ 83,658,556</u>	<u>\$ 1,756,599</u>	<u>\$ 2,334,771</u>	<u>\$ 87,749,926</u>	



**INTERNATIONAL UNION OF PAINTERS AND ALLIED TRADES  
CONSOLIDATED IUPAT STATEMENT OF ACTIVITIES • YEAR ENDED DECEMBER 31, 2008**

	General Fund	Convention Fund	Accidental Death Fund	GO Fund
<b>Revenue</b>				
Per capita	\$ 17,871,413	\$ 1,163,525	\$ -	\$ 1,244,397
Administrative processing, reinstatement, and clearance card fees	549,575	35,515	-	-
Benefit contributions	-	-	74,535	-
Individual contributions	-	-	-	-
Contributions and donations	-	-	-	-
Investment income (includes United Unions, Inc. gain of \$16,934,233)	17,617,212	81,606	2,678	7,616
Administrative cost reimbursements	5,018,723	-	-	-
Royalties and reimbursements	255,526	-	-	-
Local union supplies and bond premiums	264,846	-	-	-
Job Corps program	7,017,662	-	-	-
Other	760,563	-	-	-
	<u>49,355,520</u>	<u>1,280,646</u>	<u>77,213</u>	<u>1,252,013</u>
Net assets released from restriction	-	-	-	-
<b>Total revenue</b>	<u>49,355,520</u>	<u>1,280,646</u>	<u>77,213</u>	<u>1,252,013</u>
<b>Expenses</b>				
Personnel costs	11,365,546	-	-	-
Affiliation fees	2,451,139	-	-	-
Benefits and awards	-	-	110,000	-
Assistance to affiliates	1,109,013	-	-	838,115
Communications (includes cost of IUPAT <i>Journal</i> )	742,448	16,432	-	-
Conferences, committees, and seminars	1,276,259	-	-	-
Government affairs	-	-	-	-
Regional organizing efforts	150,415	-	-	-
Legal and litigation	541,510	-	-	-
Charitable contributions	247,525	-	-	-
Local union supplies and bond premiums	405,306	-	-	-
Job Corps program	7,017,662	-	-	-
Administrative, office, and general				
Office and computer equipment	1,449,922	-	-	-
Occupancy	2,006,847	-	-	-
Postage, printing, and supplies	631,823	6,114	-	-
Depreciation	454,279	-	-	-
Currency translation	256,973	6,384	16,820	7,672
Other	755,318	3,040	-	271
<b>Total expenses</b>	<u>30,861,985</u>	<u>31,970</u>	<u>126,820</u>	<u>846,058</u>
<b>Change in net assets</b>	18,493,535	1,248,676	(49,607)	405,955
Intrafund transfers	(1,000,000)	-	-	1,000,000
<b>Net assets at beginning of year</b>	<u>38,441,410</u>	<u>3,795,568</u>	<u>235,952</u>	<u>-</u>
<b>Net assets at end of year</b>	<u>\$ 55,934,945</u>	<u>\$ 5,044,244</u>	<u>\$ 186,345</u>	<u>\$ 1,405,955</u>

See accompanying notes to consolidated financial statements.

Disaster Relief Fund	Death Benefit Fund	Organizing Fund	IUPAT		PAT		Total
			Unrestricted	Unrestricted	Temporarily Restricted		
\$ -	\$ -	\$ 3,130,232	\$ 23,409,567	\$ 3,768,016	\$ -	\$ 27,177,583	
-	-	125,200	710,290	-	-	710,290	
-	2,575,902	-	2,650,437	-	-	2,650,437	
-	-	-	-	-	2,818,284	2,818,284	
155,599	-	-	155,599	-	-	155,599	
6,822	(1,879,114)	66,130	15,902,950	9,908	44,708	15,957,566	
-	-	-	5,018,723	-	-	5,018,723	
-	-	-	255,526	-	-	255,526	
-	-	-	264,846	-	-	264,846	
-	-	-	7,017,662	-	-	7,017,662	
-	3,791	-	764,354	1,400	-	765,754	
162,421	700,579	3,321,562	56,149,954	3,779,324	2,862,992	62,792,270	
-	-	-	-	3,373,022	(3,373,022)	-	
162,421	700,579	3,321,562	56,149,954	7,152,346	(510,030)	62,792,270	
-	-	-	11,365,546	887,599	-	12,253,145	
-	-	-	2,451,139	-	-	2,451,139	
-	2,266,713	-	2,376,713	-	-	2,376,713	
-	-	3,358,652	5,305,780	-	-	5,305,780	
-	-	-	758,880	481,642	-	1,240,522	
-	-	-	1,276,259	319,115	-	1,595,374	
-	-	-	-	3,698,293	-	3,698,293	
-	-	-	150,415	-	-	150,415	
305	-	-	541,815	-	-	541,815	
54,100	-	-	301,625	-	-	301,625	
-	-	-	405,306	-	-	405,306	
-	-	-	7,017,662	-	-	7,017,662	
-	-	-	1,449,922	25,495	-	1,475,417	
-	-	-	2,006,847	30,391	-	2,037,238	
-	-	-	637,937	61,488	-	699,425	
-	-	-	454,279	-	-	454,279	
2,144	131,948	21,721	443,662	7,099	-	450,761	
975	53,086	230	812,920	1,618,184	-	2,431,104	
57,524	2,451,747	3,380,603	37,756,707	7,129,306	-	44,886,013	
104,897	(1,751,168)	(59,041)	18,393,247	23,040	(510,030)	17,906,257	
-	-	-	-	-	-	-	
433,136	14,885,967	4,217,190	62,009,223	1,560,010	2,833,926	66,403,159	
\$ 538,033	\$ 13,134,799	\$ 4,158,149	\$ 80,402,470	\$ 1,583,050	\$ 2,323,896	\$ 84,309,416	



**INTERNATIONAL UNION OF PAINTERS AND ALLIED TRADES  
CONSOLIDATED IUPAT STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2008**

	<u>IUPAT</u>	<u>PAT</u>	<u>Total</u>
<b>Cash flows provided by operating activities</b>			
Cash received from			
District councils, local unions, and members	\$ 26,940,334	\$ 6,542,858	\$ 33,483,192
Investment income	1,429,837	60,007	1,489,844
Other revenue and reimbursements	<u>13,579,177</u>	<u>306,212</u>	<u>13,885,389</u>
Net cash received	<u>41,949,348</u>	<u>6,909,077</u>	<u>48,858,425</u>
Cash disbursed			
For personnel costs	(11,492,321)	(887,599)	(12,379,920)
To service providers, suppliers, vendors, and others	<u>(26,072,070)</u>	<u>(6,086,821)</u>	<u>(32,158,891)</u>
Net cash used	<u>(37,564,391)</u>	<u>(6,974,420)</u>	<u>(44,538,811)</u>
Net cash provided by (used for) operating activities	<u>4,384,957</u>	<u>(65,343)</u>	<u>4,319,614</u>
<b>Cash flows used in investing activities</b>			
Proceeds from sale or redemption of investments	31,515,400	-	31,515,400
Proceeds from sale of United Union, Inc. investment	22,328,953	-	22,328,953
Purchase of investments	(56,355,235)	-	(56,355,235)
Purchase of property and equipment	<u>(1,329,231)</u>	<u>-</u>	<u>(1,329,231)</u>
Net cash used for investing activities	<u>(3,840,113)</u>	<u>-</u>	<u>(3,840,113)</u>
<b>Cash flows used for financing activities</b>			
Principal payments on mortgage loan	<u>(41,262)</u>	<u>-</u>	<u>(41,262)</u>
Net cash used for financing activities	<u>(41,262)</u>	<u>-</u>	<u>(41,262)</u>
<b>Net increase (decrease) in cash</b>	503,582	(65,343)	438,239
<b>Cash and cash equivalents</b>			
Beginning of year	<u>9,883,455</u>	<u>3,939,506</u>	<u>13,822,961</u>
End of year	<u>\$ 10,387,037</u>	<u>\$ 3,874,163</u>	<u>\$ 14,261,200</u>
<b>Reconciliation of change in net assets to net cash provided by (used for) operating activities</b>			
Change in net assets	\$ 18,393,247	\$ (486,990)	\$ 17,906,257
Net appreciation of investments	(14,594,659)	-	(14,594,659)
Depreciation and amortization expense	568,334	-	568,334
(Increase) decrease in assets			
Receivables	186,642	219,490	406,124
Intrafund receivables and payables	(59,641)	47,271	(12,370)
Prepaid expenses	(7,382)	-	(7,382)
Increase (decrease) in liabilities			
Accounts payable and accrued expenses	(186,869)	154,886	(31,983)
Prepaid per capita	<u>85,293</u>	<u>-</u>	<u>85,293</u>
Net cash provided by (used for) operating activities	<u>\$ 4,384,957</u>	<u>\$ (65,343)</u>	<u>\$ 4,319,614</u>

See accompanying notes to consolidated financial statements.