TABLE 5
Outcomes of Revitalization Efforts with DMRev Explanations

Revitalization Effort	Revitalization Outcome	DMRev Explanation of Outcome
CORE	Election wins and gradual replacement of leadership Transformation from servicing model to member-driven model Prevented many school closings Won strikes Resisted concession demands from school board regarding work conditions and changes to compensation plan Achieved positive contract with wage increases, no increase in member-paid health care, just cause provision, and mediation and arbitration in cases of member discipline	Sustained democratic effort Broad-based member involvement from rank and file Willingness to engage in militant tactics
TDU	Achieved election successes in 1997 campaign Teamster oligarchy took back leadership in subsequent elections TDU continues to struggle to revitalize Teamsters and movement continues despite setbacks	Effective tactics from oligarchy reduced overall union revitalization Oligarchies are resilient
RMT	Membership grew contrary to trend during years 2000-2007 Strikes and other direct actions protected member interests Labour party became more responsive to union interests and no longer takes union support for granted	Willingness to advocate for members results in organizing successes Willingness to engage in militant action predicts continued union relevancy
Fight Back	Largely unsuccessful in changing union leadership Movment still exists and now focuses on fair wages for workers in fast food industry	Election efforts as main focus in ineffective Oligarchies are resilient
SMART	Successful at stopping by-law change that would have merged away local Effort continues; final results to be determined	Sustained effort is needed to affect revitalization
Chicago Glassworkers	Sit-down strike worked to mobilize community support Workers purchase the factory that was closing Union protected member jobs and prevented permanent closing of factory	Willingess to engage in militancy produces wins for members Effiective militancy motivates rather than alienates community stakeholders Militancy produces broad-based solidarity

Revitalization Effort	Revitalization Outcome	DMRev Explanation of Outcome
UNITE HERE	Reformers win elections Corporate campaigns and direct actions continue Militant actions such as boycotts continue to be effective strategies	Militant and democratic efforts are reinforcing Resistant oligarchies can be defeated with sustained effective leadership Militant action connected to broader social movements are effective
MFD	Corrupt leadership was ousted and replaced with reformers Corrupt oligarchs were convicted of crimes ranging from murder to fraud	Appropriate use of the legal system can be an effective form of militancy Overreach by resistant oligarchs can aid revitalization efforts
Progressive movement NYPPU Active Painters Club	Progressives successfully oust corrupt leaders Union has competive elections from 1935-51 Progressives become a new oligarchy during 1950's and 1960's Legal challenges were successful stopping illegal election procedures and member harassment Victories on the East Coast led to reform in California New York chapter was effectively takent over by Lucchese family in the 1960's	Appropriate use of the legal system can be an effective form of militancy Overreach by resistant oligarchs can aid revitalization efforts New progressive leaders can become new oligarchies Revitalization must be a continuous process to succeed over long term Failed revitalization can kill a union

Does It Matter If Stockbrokers Get Caught Cheating? Consequences of Misconduct on Careers in the Securities Industry

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ABSTRACT

This analysis investigates the consequences of misconduct on the careers of U.S. stockbrokers. The basic expectation is that, besides official penalties, individual-level misconduct results in reputational damage and impaired future labor market opportunities. However, the consequences of misconduct seem mild on Wall Street where misconduct could be perceived by employers as a sign of aggressiveness or a cost of doing business. To address this ambiguity, we investigate the career consequences of one form of Wall Street misconduct where stockbrokers cheat their customers by generating higher fees through conducting unnecessary, unsuitable, or unauthorized transactions. Specifically, we examine whether visible instances of misconduct are associated with higher/lower likelihood of exiting the profession and being able to leave one's current employer. We also examine whether a stockbroker's tenure moderates the consequences of misconduct since misconduct may be a weaker signal to the market the more experienced the stockbroker is. We use the records of the Financial Industry Regulatory Authority (FINRA) which include stockbrokers' employment history and any involvement in formal disputes with customers. We measure misconduct as disputes resulting in settlements or restitution payments to customers. Our sample includes 4,810 stockbrokers randomly selected from FINRA's population of 1.3 million stockbrokers with employment spells at 1,940 brokerage firms during 1980-2013. Using robust linear probability models and accounting for individual, firm, and time unobserved heterogeneity, we find that stockbrokers with recent misconduct suffer negative labor market consequences. Particularly, stockbrokers who experience settlements or restitution payments are 3.7% more likely to exit the industry and 15.4% less likely to be able to change employers over the next three years than those without such judgments. We also find that higher tenure appears to weaken these negative consequences of misconduct. Ongoing analysis will help us refine and expand our findings and inform regulatory policy in the securities

INTRODUCTION

Ex ante, the career consequences of misconduct on Wall Street are ambiguous. On the one hand, in a review of organizational misconduct research, Greve, Palmer and Pozner (2010) summarize and articulate a baseline expectation that organizations and individuals who are judged to have committed wrongdoing will suffer two types of punishments: an "official" monetary or symbolic penalty, as well as impaired future prospects, either in the form of withdrawal of business partners for organizations or limited labor market opportunities for individuals. This occurs in part due to the reputational damage and negative stigma associated with misconduct. In fact, recent empirical studies indicate that officers and directors of firms implicated in accounting fraud suffer loss of positions with the focal firm and diminished subsequent job opportunities (Pozner 2008; Arthaud-Day & Certo 2006; Srinivasan 2005).

Greve, Palmer and Pozner (2010) also note that research on the consequences of misconduct for individual organizational members is limited, particularly below the officer and director level. They specifically note that "more work also needs to be done on how organizational misconduct affects organizational members below the top management level" (Greve, Palmer, & Pozner, 2010, p. 91). And they point to the substantial variance in who does or does not get punished as an opportunity for valuable research insights.

On the other hand, there are reasons to doubt this baseline expectation for financial services professionals. We have seen complaints in recent business press post-2008 financial crisis, where for all the appearance of rotten behavior, there is a concern that individuals who are caught cheating their clients are not being punished. That is, in the case of misconduct on Wall Street specifically, there has been a groundswell of concern that the consequences are mild at best. While the U.S. government has extracted settlements and fines from financial firms, the amounts are seen as a slap on the wrist, dwarfed by the overall size of the firms/banks' profits. Furthermore, few individuals at the implicated firms have been penalized, either monetarily or via criminal prosecutions (Frontline 2014), raising concerns that there are no consequences for individuals—punishment is borne only by shareholders (Rushton 2014).

In fact, recent work by Roulet (2014) offers interesting theory and evidence suggesting that behavior which is criticized by the society at large might be rewarded by a specific industry. In particular, he finds that firms which are more criticized by the press tend to get more business in investment banking. This finding suggests that we should not expect negative consequences to misconduct for stockbrokers if the firms in the securities industry on Wall Street do not negatively stigmatize those individuals and merely view misconduct as a sign of aggressiveness.

These contradictory arguments and evidence, then, portrays an open question when it comes to the consequences of misconduct for individuals on Wall Street—particularly for those below the top management level. To make progress on this opportunity, we investigate the career consequences of one form of Wall Street misconduct: stockbrokers cheating their customers by generating higher fees through conducting unnecessary, unsuitable, or unauthorized transactions. Being caught cheating customers may damage the reputation of both the stockbroker and her employer, which could lead to loss of current position and adverse future labor market outcomes. But it could alternatively be perceived by current and potential employers in a positive light—a sign of aggressiveness—or at least a neutral light—a cost of doing business or an unlucky experience with a disgruntled client. Our primary question, then, is whether visible instances of misconduct have an impact on stockbroker careers. In particular, are they associated with higher or lower likelihood of exiting the profession and/or of being able to leave one's current employer? Exiting the industry and not being able to leave one's current employer are considered unfavorable outcomes for individuals in the securities industry where generally high mobility is expected and is associated with higher pay.

We also address Greve, Palmer and Pozner's (2010) question about sources of variance in the consequences of misconduct. In this respect, Arnold and Hagen (1992), for instance, show that client complaints against lawyers are more likely to be prosecuted the less experienced the lawyer is. This suggests misconduct may be a stronger signal to the market the less experienced the stockbroker is. Our second question, then, is whether a stockbroker's tenure moderates the impact of misconduct on the likelihood of exiting the industry or changing current employer.

To empirically examine our research questions, we draw on records of the Financial Industry Regulatory Authority (FINRA), the professional association and regulatory body for th U.S. securities industry. FINRA maintains records of every registered securities stockbroker.These records include employment history and any involvement in formal disputes with customers. We measure misconduct as disputes with customers which result in settlements or stockbrokers (and/or their employers) making restitution payments to customers.

Our sample includes 4,810 stockbrokers randomly selected from FINRA's population of 1.3 million stockbrokers. The resulting panel runs yearly from 1980 to 2013 which includes employment spells at 1,940 brokerage firms.

Using robust linear probability models and accounting for individual, firm, and time unobserved heterogeneity, we find that stockbrokers with recent misconduct suffer negative labor market consequences. Particularly, stockbrokers who experience settlements or restitution payments are 3.7% more likely to exit the industry and 15.4% less likely to be able to change employers over the next three years than those without such judgments. One interpretation of these results—which we are probing in more detail—is that stockbrokers who are caught cheating are disadvantaged in a way that they are driven from the profession and in a way that they cannot circulate to other firms. We also find that tenure does appear to moderate the effect of misconduct—such that higher tenure dampens the negative consequences of misconduct.

Future analysis will help establish more robust interpretations to build our theories of organizational misconduct as well as to inform regulatory policy in the securities industry.

We next provide a theoretical background for our investigation, describe the setting of our empirical study in more detail, provide details on our data and estimation model, present the results, and finally discuss our results and their implications.

THEORY

To theorize about the career consequences of misconduct on Wall Street, we draw from two sets of literatures which seem to offer contradictory insights—the literature on organizational misconduct and the literature on institutional logics. On the one hand, the longstanding arguments in the organizational misconduct literature seem to suggest that organizations and individuals who engage in misconduct will be penalized in two ways upon getting caught. First, they suffer an official monetary or symbolic penalty, imposed to them by a "social control agent" such as the government or a regulatory body (Greve, Palmer, & Pozner, 2010). Second, they suffer impaired future prospects, either in the form of withdrawal of business partners for organizations or limited labor market opportunities for individuals (Greve, Palmer, & Pozner, 2010). Recent empirical studies support this expectation in the way they find that officers and directors of firms implicated in accounting fraud suffer loss of positions with the focal firm and diminished subsequent job opportunities (Pozner 2008; Arthaud-Day & Certo 2006; Srinivasan 2005).

While the former punishment in the form of official penalties is of interest to legal scholars, the latter punishment in the form of limited labor market opportunities is of significant interest to scholars in organizational studies. In this respect, these scholars have proposed various theoretical mechanisms to explain the negative career consequences of misconduct. In one line of reasoning, Lorsch and MacIver (1989), for example, argue that misconduct signals to the market certain inadequacies, including unfavorable performance and quality, which will then limit future labor market opportunities for the individuals involved. In another line of reasoning, Pozner (2008), for instance, argues that to the extent to which misconduct represents deviation from accepted rules, regulations, and norms in general, it comes with reputational damage and negative stigma. The resulting stigma in turn reduces the social acceptability of those who are involved with misconduct (Carter & Feld, 2004; Kurzban & Leary, 2001) in a way that would limit their subsequent career opportunities, as others seek to dissociate themselves to lessen the threat to their identities and image (Pozner 2008). This line of reasoning further suggests that the more controllable is the deviation from the acceptable norms, the greater will be the extent to which an individual faces stigmatization (Goffman, 1986). That is to say, if the market perceives an individual to be in control of the act of misconduct, the greater will be the extent to which the market would seek to dissociate.

Taken together, these arguments seem to suggest that stockbrokers who are caught cheating their clients suffer negative consequences in two specific ways career-wise. First, they are more likely to exit the industry because the perceived inadequacies in their performance will lessen their market value or simply because they seek to "avoid difficult interactions with the untainted" (Pozner, 2008, p.145). Second, they are less likely able to change employers because other brokerage firms do not wish to associate—particularly because stockbrokers have high level of discretion/control in what they do and therefore their act of misconduct will be of a greater negative signal. In this respect then, we hypothesize that stockbrokers' visible instances of misconduct lead to negative career consequences:

- *Hypothesis 1a:* stockbrokers' visible instances of misconduct are associated with higher likelihood of exiting the profession.
- *Hypothesis 1b:* stockbrokers' visible instances of misconduct are associated with lower likelihood of being able to leave current employer

These arguments can also inform Greve, Palmer and Pozner's (2010) call for examining the sources of variance in the consequences of misconduct. In particular, these arguments seem to further suggest that the negative consequences of visible misconduct are weakened for those stockbrokers with higher tenure for two reasons. First, misconduct may be a weaker signal of inadequacies to the market the more experienced the stockbroker is since the market has more historical information on the performance and qualities of a more experienced individual to go by. Second, in a similar fashion, misconduct may be a weaker stigmatizing signal to the market for more experienced stockbrokers. In this case, in the aftermath of misconduct, others might think that such experienced perpetrators have been around long enough to know better, so there must have been something else that facilitated misconduct above and beyond their control. Arnold and Hagen's (1992) finding provide some support for these arguments as they show that client complaints against lawyers are more likely to be prosecuted the less experienced the lawyer is. In light of this, we hypothesize that higher tenure dampens the negative career consequences of stockbrokers' visible instances of misconduct:

- *Hypothesis 2a:* higher tenure weakens the positive relationship between stockbrokers' visible instances of misconduct and likelihood of exiting the profession.
- *Hypothesis 2b:* higher tenure weakens the negative relationship between stockbrokers' visible instances of misconduct and likelihood of being able to leave current employer.

On the other hand, the literature on institutional logics provides reasons to doubt the baseline expectation around the negative consequences of misconduct for financial services professionals on Wall Street. In this respect, recent research suggests that certain behavior in an industry which is criticized by the society at large might be rewarded by that industry itself. In doing so, for example, Roulet (2014) notes that "if loyalty to resistant logics is valued enough by crucial groups of stakeholders, it might be better for an actor to preserve the vilified logics rather than change" (Roulet, 2014, p. 26). He in fact finds that firms which are more criticized by the press for their societally perceived questionable behavior tend to get more business in investment banking. At the core of it, the argument is that when there is conflict between behavioral norms that an actor can adapt (e.g., engage in misconduct or not), the actor will benefit most from adapting to the norm that is local to them as opposed to the norm that is distant but is perhaps more universal (i.e., being loyal for better evaluation by peers).

These arguments seem to suggest that we should not expect negative but rather expect positive career consequences to misconduct for individuals in the securities industry on Wall Street where being caught cheating customers could be perceived by current and potential employers in a positive light—a sign of aggressiveness—or at least a neutral light—a cost of doing business or an unlucky experience with a disgruntled client. That is to say misconduct does not disadvantage stockbrokers to drive them from the profession, and that they are able to circulate to other firms. In this context, we therefore expect and hypothesize that stockbrokers' visible instances of misconduct lead to positive career consequences:

- *Hypothesis 1a*:* stockbrokers' visible instances of misconduct are associated with lower likelihood of exiting the profession.
- *Hypothesis 1b*:* stockbrokers' visible instances of misconduct are associated with higher likelihood of being able to leave current employer.

As for Greve, Palmer and Pozner's (2010) question about sources of variance in the consequences of misconduct, these arguments seem to further suggest that the positive consequences of visible misconduct are weakened for those stockbrokers with higher tenure. That is to say, misconduct early in the career will provide a greater signal of aggressiveness and loyalty to the local norms and ultimately will enhance future labor market opportunities, whereas misconduct later in the career will provide a lesser signal of aggressiveness and will raise doubt on the loyalty of the individual involved to the local norms (i.e., it will be too late to signal one's aggressiveness/loyalty later during the career to the industry). We therefore expect that higher tenure dampens the positive career consequences of stockbrokers' visible instances of misconduct:

- *Hypothesis 2a*:* higher tenure weakens the negative relationship between stockbrokers' visible instances of misconduct and likelihood of exiting the profession.

- *Hypothesis 2b*:* higher tenure weakens the positive relationship between stockbrokers' visible instances of misconduct and likelihood of being able to leave current employer.

These contradictory theoretical arguments raise an open question when it comes to the consequences of misconduct for individuals on Wall Street—particularly for those below the top management level—which set the stage for an empirical investigation.

EMPIRICAL SETTING

To empirically make progress on this opportunity, we investigate the career consequences of one form of Wall Street misconduct, namely stockbrokers cheating their customers by generating higher fees through conducting unnecessary, unsuitable, or unauthorized transactions, in the context of the U.S. securities industry.

We chose the U.S. securities industry as the setting for our empirical analysis because it satisfies several characteristics that facilitate the examination of our research questions: well- defined misconduct, relatively cheap mechanisms by which to seek visible adjudication of alleged misconduct, archives of individuals' employment history and records of misconduct, and relatively high mobility across employers.

At its core, the securities industry consists of firms that buy and sell financial securities on behalf of clients. This includes not only buying and selling existing securities, but also underwriting new securities issues; hence, the industry includes both stockbrokerages and investment banks. The boundaries of the industry are reasonably well-defined in the U.S. because securities trading is regulated under the provisions of the Securities Exchange Act of 1934. Any company that trades securities for its own account or on behalf of clients is required to register as a "broker/dealer" with the Securities and Exchange Commission (SEC) and with one of the industry's self-regulatory organizations (SROs), either FINRA or a specific stock exchange.

Employees who act as agents of broker/dealer firms (i.e., stockbrokers) must also be registered with the SEC and one of the SROs. Hence, they are often referred to as "registered representatives" (RRs). Registration as a stockbroker requires passing an exam to establish knowledge of financial securities, securities order processing, and ethical responsibilities to clients and for acceptable conduct.

As part of its mandate to regulate the licensing and professional behavior of securities stockbrokers, FINRA maintains a database of every person who is or has been registered as a securities broker, including their employment history within the securities industry and any involvement in formal customer disputes that entered the mandatory arbitration process and/or disciplinary actions by regulators. This database is publicly available, in order to allow investors to check the licensing, training, and dispute history of a potential stockbroker. In a similar way, the employers review these records when they are recruiting.

For a given stockbroker, the FINRA database includes information on who the stockbroker has been employed by (as a stockbroker) and for how long. It also includes information on whether the stockbroker has been involved in any customer disputes or regulatory actions, and what the outcomes of such disputes or actions have been.

Within the U.S. securities industry, stockbrokers' actions are governed by a set of conduct rules maintained and enforced by the SROs (principally, FINRA). These rules establish a range of ways in which stockbrokers can be responsible for failing to protect clients' interests, either through fraud or negligence (Astarita, 2008). The most common bases for disputes between customers and their stockbrokers include customers' claims of: churning, in which stockbrokers transact securities on behalf of clients solely for the purpose of charging commissions; unauthorized trading, in which stockbrokers buy or sell securities without the client's knowledge or approval; unsuitability, in which stockbrokers recommend securities that are not appropriate for the client's age or stated investment objectives; misrepresentation, in which a stockbroker fails to disclose important facts about or even misrepresents the nature of an investment; and negligence, in which a stockbroker has simply "failed to use reasonable diligence in the handling of the affairs of the customer" (Astarita, 2008).

Remedies for alleged violations of these conduct rules may be pursued in two ways: through private action by customers via a mandatory arbitration process or through public investigation and sanction by the regulator, FINRA.

Since 1989, standard contracts between customers and their stockbrokers require that disputes be resolved through mandatory binding arbitration rather than through lawsuits in the courts (Choi & Eisenberg, 2010; Choi, Fisch, & Pritchard, 2010). In arbitration, both sides represent their case to a panel of three arbitrators. The panel of arbitrators includes two public arbitrators and one industry arbitrator, where public arbitrators have minimal ties to the securities industry (and are predominantly lawyers) and are intended to bring a neutral perspective, while industry arbitrators are securities industry participants (including stockbrokers or lawyers who also work with securities firms) and are intended to bring expertise (Choi & Eisenberg, 2010; Choi, Fisch, & Pritchard, 2010).

While the decisions of arbitrator panels are likely imperfect, they represent the judgment of a panel of experts as to whether a brokerage firm and/or an individual stockbroker treated a customer in contravention of the profession's conduct code and thus seem a credible signal of whether misconduct occurred. Furthermore, this process is easier and less expensive to initiate than court-based private action. This suggests that customers likely pursue more cases than would be the case in many other settings in which the process is court-based. This then partially mitigates the gap, endemic to misconduct research (e.g., Krishnan & Kozhikode, 2014), that exists between actual versus observed misconduct.

According to Section 15A of the Securities Exchange Act of 1934 and FINRA Rule 8310, FINRA can impose a variety of sanctions on stockbrokers and securities firms that are found guilty of an infraction, including limitation (where a respondent's business activities are limited or modified), fine, censure, suspension (where a respondent's business activities are suspended for a specific period of time or until certain act is performed), and bar/expulsion (where a respondent stockbroker or firm is barred from the securities industry).

DATA, MEASURES, AND MODELS

This section presents more detail on our data, our three different but related measurements of organizational misconduct, and the econometric models we used to estimate our effects of interest.

Data

From FINRA records, we drew a random sample of 4,810 individuals from the population of the 1,301,584 people who were registered with FINRA as a securities broker in the U.S. during 1980-2013, including their employment spells at 1,940 brokerage firms.

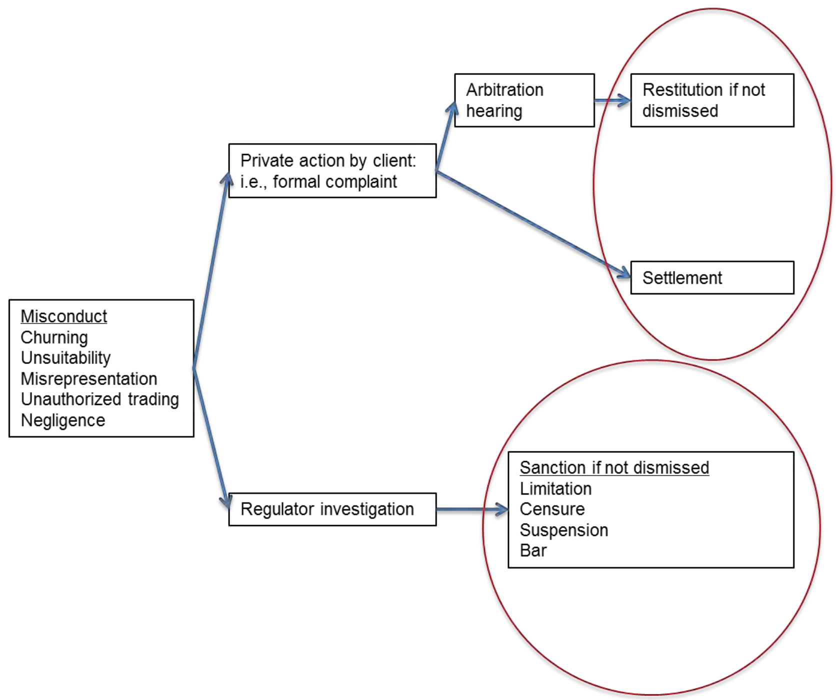
We then collected the selected stockbrokers' complete work histories including instances of misconduct. We create a panel dataset from 1980 to 2013. The FINRA data identifies the dates of employment as a registered representative at any licensed stockbroker/dealer firm; the time when any customer disputes were filed and resolved; the manner in which those disputes were resolved (dismissal, settlement, or monetary judgment against the stockbroker); and the time that any regulatory actions were announced.

Our sample is unique because individual stockbrokers and their employers are identified and followed over time and the employment relationship between a stockbroker and his/her employer is continuously monitored.

Measures

As we discussed earlier, stockbrokers can cheat their clients by fraud or negligence. There are two ways that misconduct can be investigated and enforced. The first way is through formal complaints by clients which can either result in restitution payments after an arbitration hearing (if not dismissed) or result in a settlement. That is, client disputes might result in some kind of payment if not dismissed. The second way is through regulatory investigation which can result in limitation of activities, censure, suspension, and bar. We summarize these processes in Figure 1.

FIGURE 1
Misconduct



As shown in the figure with red circles, our measurement of organizational misconduct is two-fold: (1) whether or not there are disputes with customers which result in settlements or stockbrokers (and/or their employers) making restitution payments to customers; and (2) whether or not there are regulatory actions against a stockbroker—in three years prior to any given year for each individual.

We adopt a 3-year perspective in measuring misconduct to address a potential concern about reverse causality where one could argue that perhaps people first form intentions—e.g., "I'm going to leave this job or the profession soon"—then act accordingly—e.g., "since I'm going to leave, I can throw caution and cheat to make money without regard for future opportunities". We also measure misconduct as a dichotomous variable in this study to isolate the qualitative effect of misconduct. But perhaps in our future work we could explore whether there is a bigger effect for those for whom it is a second or third or n'th offense—i.e., we could address the question: do repeat offenders/offenses send a stronger signal to the market?

We also measure two specific career outcomes. Exit is set to 1 for an individual in the year beyond which we do not observe that individual in our dataset, and is set to 0 for that individual prior to that year. Employer change is set to 1 for an individual in every year when she moves to a new employer, and is set to 0 for that individual in other years. While there is a caveat in using these outcomes where it is not clear why individuals exit and whether employer change is categorically favorable or unfavorable, exiting the industry and not being able to leave one's current employer are generally considered unfavorable outcomes for individuals in the securities industry where generally high mobility is expected and is associated with higher pay. We are also collecting information on firm size and status to be able to determine if a stockbroker is perhaps "moving up or down" as they change employers.

We measure firm tenure based on the number of years an individual was employed with a firm and industry tenure based on the number of years an individual was employed in the securities industry.

Estimation Model

To test our hypotheses, we use linear probability models with robust standard errors. We do so because (a) for large number of observations it is a relatively close approximation of logistic regression which we had to use otherwise and (b) it is unbiased and does not suffer incidental parameter problem which is common for logistic models with too many fixed effects (Bennett, Pierce, Snyder, & Toffel, 2013). We also account for individual, firm, and time unobserved heterogeneity (Abowd & Kramarz, 1999a; Abowd & Kramarz, 1999b; Abowd, Kramarz, & Woodcock, 2008; Woodcock, 2011).

To do so, we estimate Equation 1:

$$y_{it} = \theta_i + \psi_{J(i,t)} + T_t + x_{it}\beta + x_{it}te_{it}\beta' + \varepsilon_{it}$$

where the dependent variable is exit/change in year t for individual i (0 or 1), the function J(i,t) indicates the employer of stockbroker i at time t, the first component is the stockbroker fixed effects, the second component is the firm fixed effects, the third component is the year fixed effects, the fourth component is organizational misconduct (restitution or settlement in three years prior to year t for individual i), the fifth component is the interaction of misconduct and firm/industry tenure (number of years), and the last component is the statistical residual, orthogonal to all other effects in the model.

RESULTS

Basic Descriptive Statistics

Table 1 presents basic statistics of our variables in our sample. This table shows that our simple random panel consists of 4,810 stockbrokers (from which 2,507 move at least once during their career) and 1,940 firms in which these stockbrokers were employed sometime in their career during 1980-2013.

This table also shows that 1.33% of the stockbrokers experience some kind of payment in 3-year periods. The average firm tenure is 5.5 years and the average industry tenure is 9.9 years. On average, 9.5% of the stockbrokers exit the industry every year while 21.5% of the stockbrokers change employers each year.

TABLE 1
Basic Descriptive Statistics

# persons	4810
# firms	1940
# mover persons	2507
Year	1980-2013
Average recent misconduct (payment)	1.33%
Average firm tenure	5.5 years
Average industry tenure	9.9 years
Average exit	9.5%
Average employer change	21.5%

Linear Probability Regression Analysis

Table 2 summarizes the main results of our regression models for when misconduct is measured as restitution payment or settlement. The table reports results from two models applied to the sample. Model 1 reports the results for exit dependent variable. Model 2 reports the results for employer change dependent variable.

As this table shows, we find that stockbrokers with recent misconduct suffer negative labor market consequences. Particularly, stockbrokers who experience settlements or restitution payments are 3.7% more likely to exit the industry and 15.4% less likely to be able to change employers over the next three years than those without such judgments. These figures are considerable given the baseline exit and employer change levels of 9.5% and 21.5% respectively. We also find that, in all cases save one, tenure does appear to moderate the effect of misconduct. In particular, we find that higher firm tenure dampens the positive relationship between misconduct and exit by 0.27%. As well, we find that higher industry tenure dampens the negative relationship between misconduct and employer change by 0.72% while higher firm tenure dampens the negative relationship between misconduct and employer change by 0.79%.

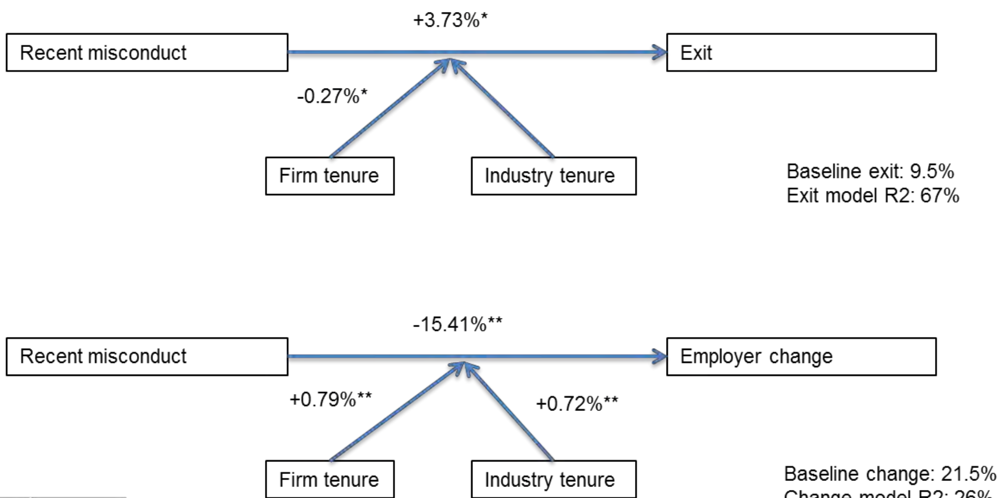
TABLE 2
Misconduct Measured as Restitution Payment or Settlement

Model	**1**		**2**	
Dependent variable	Exit		New_Spell	
Sample	Simple random		Simple random	
payment3	.0373	*	–.1541	**
	.0188		.0413	
tenure_ind	–.0028	*	–.0174	**
	.0013		.0034	
tenure_firm	.0008	*	–.0105	**
	.0003		.0007	
tenure_ind* payment3	–.0009		.0072	**
	.0013		.0022	
tenure_firm* payment3	–.0027	*	.0079	**
	.0012		.0024	
Constant	–.0173	.	.0271	.
	.		.	
Robust	Yes		Yes	
Person FE	Yes		Yes	
Firm FE	Yes		Yes	
Time FE	Yes		Yes	
# observations	50569		50569	
# persons	4810		4810	
# firms	1940		1940	
# mover persons	2507		2507	
FE F-test significant?	Yes		Yes	
r-squared	0.6726		0.2641	

Notes: Figures in smaller type are estimated robust standard errors. $+p < 0.10$; $*p < 0.05$; $** p < 0.01$.

We summarize these findings in Figure 2.

FIGURE 2
Misconduct Measured as Restitution Payment or Settlement



Robust	Yes
# observations	50569
FE F-test significant?	Yes
* p<0.05; ** p<0.01	

Table 3 (next page) summarizes the main results of our regression models for when misconduct is measured as regulatory sanction. The table reports results from two models applied to the sample. Model 3 reports the results for exit dependent variable. Model 4 reports the results for employer change dependent variable.

As this table shows, when we measure misconduct by whether or not a stockbroker experienced a regulatory action in a year or not, we find no significant results for our hypothesized effects. But it is unclear if this is meaningful or is a result of having smaller number of these cases.

DISCUSSION, LIMITATIONS, AND IMPLICATIONS

Using robust linear probably analyses of a random sample of stockbrokers, we address an ambiguity in our understanding of the career consequences of misconduct on Wall Street and find that stockbrokers with recent misconduct suffer negative labor market consequences, i.e., we find support for hypotheses 1a and 1b. One interpretation of these results—which we are probing in more detail—is that stockbrokers who are caught cheating are disadvantaged in a way that they are driven from the profession and in a way that they cannot circulate to other firms. We also find that tenure does appear to moderate the effect of misconduct in the way that higher tenure dampens the negative consequences of misconduct, i.e., we find support for hypotheses 2a and 2b.

There are caveats when interpreting the findings of our study though. First, at this time we do not include any observable organizational factors in our models—beyond the variables we specified earlier. Inclusion of observable organization-level characteristics such as size and status as well as additional observable individual-level characteristics such as age and asset-under- management might affect the results of our study. Second, our sample potentially suffers from survivorship bias as well as from some of the endemic issues to the organizational misconduct research, including the facts that not all misconduct is discovered/punished. Third, our estimation models might raise general concerns about endogeneity and to address that in the future we could consider doing a matched sample analysis or identifying some sample of stockbrokers that "almost" got caught cheating, as a control sample, to accurately identify the effect of getting caught itself. Our future work will refine and expand our analyses along these lines.

TABLE 3
Misconduct Measured as Regulatory Sanction

Model	**3**		**4**	
Dependent variable	Exit		New_Spell	
Sample	Simple random		Simple random	
reg3	.0256		–.0953	
	.0374		.0786	
tenure_ind	–.0028	*	–.0172	**
	.0013		.0034	
tenure_firm	.0007	*	–.0103	**
	.0003		.0007	
tenure_ind* reg3	.0009		.0008	
	.0026		.0047	
tenure_firm* reg3	–.0008		.0090	
	.0031		.0056	
constant	–.0166	.	.0276	.
	.		.	
Robust	Yes		Yes	
Person FE	Yes		Yes	
Firm FE	Yes		Yes	
Time FE	Yes		Yes	
# observations	50569		50569	
# persons	4810		4810	
# firms	1940		1940	
# mover persons	2507		2507	
FE F-test significant?	Yes		Yes	
R2	0.6726		0.2636	

Notes: Figures in smaller type are estimated robust standard errors.
+p < 0.10; *p < 0.05; **p < 0.01.

Notwithstanding these challenges, our study contributes to academic research on organizational misconduct. In addressing our research questions, our study validates Greve, Palmer, and Pozner's (2010) articulated baseline expectations and adds additional nuance to them—by providing evidence from below top management level and by identifying sources of variance in the consequences of misconduct. And more broadly, our study addresses calls by prominent scholars in the field of organizational misconduct by offering a systematic/objective analysis of panel data over a long period of time (rather than cross-sectional data) from actual organizations (rather than student samples) (Smith-Crowe, Tenbrunsel, Chan-Serafin, Brief, Umphress, Joseph, 2014; Craft, 2013; Kish-Gephart, Harrison, & Trevino, 2010; Tenbrunsel & Smith-Crowe, 2008). Future analysis will help establish more robust theories of organizational misconduct as well as to inform regulatory policy in the U.S. securities industry.

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VIII. LERA Annual Reports

LERA Executive Board Meeting Minutes

Monday, March 3, 2014, 3–4 p.m. Central Time
Conference Call

Call to order—The meeting was called to order at 3:05 p.m. Central Time. Present at the meeting were Bonnie Castrey, Paul Clark, Alex Colvin, Bill Dwyer, Mary MacDonald, David Lewin, and Eric Duchinsky.

Reports

Approval of the Minutes—A motion to approve the September 2013 Board Meeting Minutes passed unanimously.

Website Report—For LERA's two websites (www.leraweb.org and www.employmentpolicy.org), the host provider for both sites wants both sites upgraded to Drupal 6 (website operating system) or take the sites elsewhere. The FC recommended a plan that moves the two sites to two separate hosts (www.leraweb.org moves to MemberClicks and www.employmentpolicy.org moves to Wild Apricot). The scheduled move date is July 1st, 2014.

Fulfillment Services—The host changes initiated a review of web and member services provided by the University of Illinois Press. Savings of over $10,000 are expected by moving billing, payment processing, and member record maintenance away from UIP. Renewal notice workload will primarily move to a vendor specializing in bulk mail and printing. Record maintenance will transfer to LERA staff.

Strategic Planning for 2014—The Executive Board recommended strategic planning session requested for 2014, was delayed due to lack of funds in the 2014 budget. Strategic planning will be discussed at the Executive Board meeting in May 2014.

Financial Report—2014 budget was revisited with projection updates reflecting information collected over the past few months. Updated budget and quarterly financial performance reports will go to the Executive Board the future.

Sage Publishing Report—Jeffery Keefe, David Lewin, and Eric Duchinsky discussed the possibilities of sage publishing a peer-reviewed journal for LERA. Cynthia Nalevanko, Sage, presented information about their operation and asked for information on content. ILR Review (Cornell) recently moved to Sage. Emerald Publishing manages AILR and proposed group pricing for LERA members back in early 2013.

LAWCHA Update—The Labor and Working Class History Association (LAWCHA) has yet to reply to LERA's request for a joint meeting in 2015.

Adjournment—The meeting was adjourned at 4:15 p.m.

LERA Executive Board Meeting Minutes
Friday, May 30, 2014, 7–10 p.m. Pacific Time
Hilton Portland & Executive Tower, Portland, OR

Call to order—The meeting was called to order at 7:00 p.m. Pacific Time and finished at 10:15 p.m. Pacific Time. Present at the meeting were Ariel Avgar, Jeffery John Budd, Mary MacDonald, Bill Canak, David Lewin, Bonnie Castrey, Lisa Lynch, Alex Colvin, Ken May, Dennis Dabney, Marty Mulloy, Bill Dwyer, Susan Schurman, Janice Fine, Ami Silverman, Rebecca Givan, Chris Tilly, Marlene Heyser, and Eric Duchinsky. Not present at the meeting were Ralph Craviso, Lisa Jordan, Tazewell Hurst III, Beth Schindler, Owen Herrnstadt, and Emily Smith.

Reports

Approval of the Minutes—The motion to approve the minutes passed unanimously from the board meeting in March 2014.

LERA Annual Meeting Program Committee Report—The site for the 2016 Annual Meeting was approved: Minneapolis. Recommendations for working with ISA in a fashion similar to the 2014 Annual Meeting. There was no decision on site selection for 2017.

LERA Development Committee Report—Approved consolidation of the Development Committee and the Grants and Sponsorship Committee.

LERA Editorial Committee Report—Discussion on the strategic importance of a LERA peer-reviewed journal took place. Sage Publishing initiated a discussion with LERA about becoming the distributor for the Research Volume. The discussion triggered a consideration about the importance of LERA publishing a truly peer-reviewed academic journal. One suggestion was requesting the transfer of the AILR from Emerald Publishing to LERA. Emerald rejected this request. Another point for consideration centered beginning a new peer-reviewed journal. Things to consider included: Market saturation, initial expenses for start-up, length of time for return on start-up, expenses, length of time for achieving a respectable "impact factor" which is the most important market measurement for academic journals, will the content focus on applied, similar to the Harvard Business Review. Board Recommendation: Jeffery Keefe and David Lewin construct a position paper with recommendations working with the Editorial Committee.

Strategic Planning in 2015—Expenses for holding the strategic planning session was a main concern. Consideration for holding before the ASSA/AEA Conference in Boston, 2015 was suggested. A show of hands for those planning to attend indicated the possibility of a quorum, though concern over the balance of the Board seats was discussed.

ASSA/AEA Program Committee Report—A report on the ASSA/AEA trends reveled average attendance in 2012 was 28.8 per session, including the academic panels, workshops, and practitioner sessions. Both in 2013 and 2014, average attendance was only 7.4. Suggestions for increasing attendance includes: co-sponsoring panels with other organizations and advertising them effectively. more extensive outreach and advertising to all ASSA attendees, sponsoring a plenary that doesn't compete with many other events for attendance, sponsoring a reception, recruiting more sessions with better known scholars, scheduling the sessions likely to be the most popular at the best times, ssking people whose work is accepted for the LERA sessions to attend other LERA sessions.

Adjournment—The meeting was adjourned at 10:15 p.m.

LERA General Membership Meeting and Awards Ceremony

Saturday, May 31, 2014, 5:30 p.m Pacific Time
Pavilion Room, Hilton Portland Downtown, Portland, OR

Call to order. The meeting was called to order at 5:30 p.m. by Lisa Lynch, President.

Committee Reports

Nominating Committee Report. Martin Mulloy reported that the Nominations Committee will meet in July to develop the slate of candidates for the 2015 term. Elections are scheduled for the last week of September. Nominations for the committee's consideration should be sent to Eric Duchinsky at the LERA office.

Development and Contributions Committee Report. Marlene Heyser reported that the two fundraising committees, Development and Sponsorship/Grants merged to focus on a comprehensive plan for increasing non-dues revenue. Thanks to UAW/FORD, Kaiser Permanente, and Bloomberg/BNA supporting LERA's mission and operations.

Finance and Membership Report. Bonnie Castrey reported that in 2013 membership grew for the first time since 2006 and added 53 members over 2012. In April, the Members-only section of the LERA website went live details of content on the last page of the program guide. July 1 marks phase 2 of the website upgrade. New features and design. Please contact staff if you have any questions or ideas for content.

2014 Awards Ceremony

Best Dissertation Award Committee. Bruce Kaufman of the Thomas A. Kochan and Steven R. Sleigh Best Dissertation Award Committee awarded the Best Dissertation Award to co-winners: Alexandre Frenette, City University of New York and Barry Eidlin, University of Wisconsin-Madison. Two honorable mentions were also awarded to Maite Tapia, Michigan State University and Michael McCarthy, New York University.

LERA Awards Committee. The 2014 slate of awards were conferred. The John T. Dunlop Outstanding Scholar Awards were given to co-winners Ariel Avgar, University of Illinois at Urbana-Champaign and Matthew Bidwell, University of Pennsylvania for national research issues and the winner for international contributions was Chris Rhomberg, Fordham University. The Outstanding Practitioner Awardee was Charles Whalen, Congressional Budget Office. The Susan C. Eaton Outstanding Scholar-Practitioner Award went to Randy Eberts, W.E. Upjohn Institute for Employment Research. Academic Fellows for 2014 are David Card, Janice Bellace, and Daniel B. Cornfield. Practitioner Fellows are Martin Mulloy, Robert Taylor, and Elizabeth Shuler.

National Chapter Advisory Council Report and Awards. William Canak reported on NCAC business, and presented LERA Chapter Awards. Chapter Mentor Awardees: Chicago LERA, Gateway LERA, Central Ohio LERA, DC-LERA, Greater Houston LERA. Startup Chapter Awardee: South Florida LERA. Outstanding Chapter Awardee: Rocky Mountain LERA. Chapter Star Awardees: Alabama LERA, Oregon LERA, TERRA.

New and Other Business

The next LERA Annual Meeting will be held May 27-31, 2015 in Pittsburgh, PA. After asking for any New or Other Business items and hearing none, President Lisa Lynch thanked the Executive Board and all present and handed over the gavel to Martin Mulloy, the new LERA President. President Mulloy adjourned the meeting at 6:45 p.m.

LERA Executive Board Meeting Minutes

Thursday, September 11, 2014, 3 p.m. Central Time
Conference Call

Call to order—The meeting was called to order at 3:05 p.m. Central Time. Present at the meeting were John Budd, Bonnie Castrey, Alex Colvin, Ralph Craviso (co-chair), Dennis Dabney, Eric Duchinsky, Bill Dwyer, Janice Fine, Rebecca Givan, Owen Herrnstadt, Marlene Heyser (co-chair), Tazewell Hurst III, Mary Lehman MacDonald, Lisa Lynch, Ken May, Marty Mulloy, Craig Olsen, Beth Schindler, Ami Silverman, and Chris Tilly. Not present on the call were Bill Canak, Ariel Avgar, or Emily Smith.

Reports

Approval of the Minutes—A motion to approve the June 2014 Board Meeting Minutes passed unanimously, with corrections.

Nominating Committee Report—Discussed the Nominating Committee's proposed slate of candidates. Board requested that the 2016 Nominating Committee recruit a candidate for president-elect that represents a union point of view and experience. The election slate as proposed by the nominating committee was approved unanimously.

Annual Meeting Program Committee Report—Discussed the attendee survey, financial, and word of mouth results of the Annual Meeting in Portland. Feedback was very positive and the net dollars improved over 2013. Refer to the Board report for the detailed results. One point of interest was the Thursday through Sunday schedule versus the Wednesday through Saturday schedule. The attendees were split and the Board tables the possibility of changing the scheduled days for the 2017 Annual Meeting. Confirmed the Industry Studies Association will partner with LERA in 2016 in Minneapolis, MN.

Media Award—The Board asks for additional information regarding the proposed Media Award.

Adjournment—The meeting was adjourned at 4 p.m.

LERA Executive Board Meeting Minutes

Tuesday, February 17, 2015, 1 p.m. Central Time
Conference Call

Attendees

Bill Canak	Chris Tilly
Alex Colvin	Bonnie Castrey
Dennis Dabney	Marty Mulloy
Bill Dwyer	Marlene Heyser
Janice Fine	Ralph Craviso
Owen Herrnstadt	Eric Duchinsky
Tazewell Hurst, III	Emily Smith
Ken May	

Key Topics and Discussion

- Approved the minutes of the meeting was held Thursday, September 11th, 2014.
- Requested a copy of the approved meeting minutes from of Friday, May 30th, 2014 with corrections highlighted (See Attachment A). The noted correction was Owen Herrnstadt and Emily Smith were originally reported as attending the meeting when, in fact, they did not.
- Discussed the End of 2014 Budget Summary submitted by the Executive Director
    - Budget shortfall of $23,000 estimated for 2014
        - Member demographic report sent to Executive Board
    - Presented 2015 budget proposal with a shortfall of $22,350
    - Ad hoc Committee was formed to address the need for increasing new revenue for LERA. Estimated $40,000 to $50,000 will be needed annually based on current expenses. Committee to report to the Executive Board in Pittsburgh.
        - Ralph Craviso (chair)
        - Marlene Heyser
        - Janice Fine
        - Bonnie Castrey
        - David Lewin
        - Owen Herrnstadt
        - Marty Mulloy
- Presented election results for the 2015 Executive Board
- Lewin provided an update on the conference call with Ponak of the National Arbitrators Academy. Report attached as Attachment D
- Following the Executive Board's request for additional information, Lewin presented the proposal of an Annual Media Award. Report was included in the Board meeting materials for 2015-02-17 meeting.
- Due to Fueille's resignation as Secretary Treasurer and in accordance to Section II, paragraph 4 of LERA's Bylaws, "In the case of a vacancy, the President may make an interim appointment, said appointment to last until the next meeting of the Executive Board." Craig Olson, University of Illinois was put forth by Mulloy at the suggestion of Cutcher-Gershenfeld for the position of Secretary Treasurer. Nell Madigan, Associate Dean, LER School, University of Ilinois was put forth as check signer.
    - Confirmation vote was tabled with a request for more information on both candidates. See Attachment B and C. Olson will be acting Secretary Treasurer until Board votes.

- Lifetime Achievement Awards for 2015 go to:
    - Steven Greenhouse, Paul Clark nominator
    - Michael Piore, Janice Fine nominator
    - Peter Feuille, Marty Mulloy nominator
- Canak reports vitality in chapter membership
    - The merit awards process is underway.
    - NCAC workshop in Portland was very successful and will be expanded in Pittsburgh
- Annual Meeting 2015 update
    - Registration open online
    - Program released
    - Ron Bloom, Lazard, will be policy speaker
- Annual Meeting 2016 update
    - Local members not interested, at this time, in forming a chapter
    - Support from the University of MN and the local FMCS representative
    - Concerns about the hotel logistics. John Budd schedule a visit with LERA staff to address concerns.
- ASSA/AEA Meeting 2016 update
    - San Francisco
    - Castrey asks for LERA Board meeting at the ASSA/AEA meeting

The following Action Items were brought to a vote:

- Action Item: September 2014 Board Meeting Minutes: .... Approved
- Action Item: Approved 2015 budget .... Approved
- Action Item: Media Award proposal .... Approved

Action Items

- David Lewin, Bonnie Castrey, and Allen Ponak to meet in Pittsburgh on May 30th to discuss next steps.
- Duchinsky to assist Craviso with information requests for the ad hoc committee.

LERA Executive Board Meeting Minutes

Thursday, May 28, 2015, 7–10 p.m. Eastern Time
The Westin Pittsburgh, Pittsburgh, PA

Call to order—The meeting was called to order at 7:00 p.m. Pacific Time by President Marty Mulloy. Roll call was taken by Executive Director Eric Duchinsky. Board members present at the meeting were John Budd, Dennis Dabney, Rebecca Givan, Owen Herrnstadt, Beth Schindler, Alex Colvin, Bill Dwyer, Tazewell Hurst III, Ken May, Janice Fine, Mary Lehman, MacDonald, Ami Silverman, Chris Tilly, and Bill Canak. The three presidents present were Bonnie Castrey (past), Marty Mulloy (current), and Lisa Lynch (incoming). Other officers present were Craig Olson, Ariel Avgar, and Bill Canak. Committee Chairs present were Marlene Heyser, Bonnie Prouty Castrey, Jeffrey Keefe, and David Lewin. Staff present was Eric Duchinsky.

Reports

Approval of the Minutes—The motion to approve the minutes passed unanimously from the meeting on February 17, 2015 of the LERA Executive Board.

Editorial Committee Report—Ariel Avgar, Editor-in-Chief, reported on the proposed LERA 2016 Research Volume. A chapter on the impact on collective bargaining was suggested to be added by Owen Herrnstadt. Bonnie Castrey seconded the motion to approve the new volume and it was approved unanimously. Ariel Avgar will re-join the board tomorrow evening to discuss the opportunity of adding a scholarly journal to our publications.

LERA Financials Report –Financials will be overviewed in detail on Friday, May 29, 2015 at the second session LERA Executive Board meeting devoted to revenue strategies.

LERA Annual Meeting Program Committee Report–The location of next meeting will be the Hilton Anaheim in Anaheim, California. This was seconded and approved by the board. OCLERA's president elect-elect works at Disney. A tour at Disney would be an excellent special event. Disney is a major unionized work place in the area. Current Annual Meeting Update: Annual Meeting Update – attendance 341, sessions went well. Setup in Westmoreland needs to be changed for remaining days of conference. For future sessions, please ask people to commit to breakfast, lunch, dinner, etc., even if we don't sell individual tickets. When we are taking attendance counts, this information would be good to share with program committee's for planning purposes.

LERA Nominating Committee Report–Ellen Dannin is no longer at Penn State; she is currently in Ann Arbor. David Lewin is now UCLA Emeritus. The nominating committee was discussed. Diversity is key (perspective, organization, age, demographics, race, etc.). Ralph Craviso also makes the point that long-term perspective and continuity is also a key element. The board will solicit additional names and bring them to the second meeting on Friday, May 29, 2015. This topic is tabled until tomorrow evening when the board will vote on the makeup of the nominating committee. If the board does not get to this tomorrow, then the process will be to accept names from the board until the next board committee conference call.

LERA Strategic Committee Report–will be handed out at the end of the meeting.

Canadian Industrial Relations Association (CIRA) Report–Alex Colvin discusses. They propose that we might meet jointly (overlapping one day) at future meetings, in the way that we met with ISA in the past. They meet annually (50 to 100 attendees). They have overlap with our interests; they would likely wish to come to our sessions (possibility for joint registration). They are thinking of coming to the same location as us at a future meeting. They also meet around the same time as year as we do. It would be good to have the Canadian perspective, additional attendees. Lisa Lynch suggests possibly planning a joint program; if that would be the case, we would need additional time to plan the program. Peter Berg is now president elect of ISA and has mentioned that there might be some immediate plans to discuss opportunities with ISA. LAWCHA, LRAN, ISA, NAA, are all associations that have overlapping interests with LERA. LERA may be stronger if we would organize together (our meetings). It may be possible to create a council that would meet together and have joint activities. Ralph Craviso made a suggestion to be sure to capture to good ideas in an action plan with planned follow through.

ASSA-AEA Meeting Report–Conducting a board meeting at the ASSA/AEA meeting each year. We could be there to do work, follow-up from action at this meeting, recruit new members for LERA from ASSA and support the LERA sessions at the ASSA meeting. Ralph suggests that to have a second meeting might be one of the actions that could be taken by the board to follow-up. January Sixth might be the day we are discussing, all day. It might be possible to use a full discussion of present board members for say five hours, and have a portion of time (say two hours) that we include people electronically via Skype, etc. The board motioned and approved to meet on January 6, 2016 in San Francisco, CA.

LERA Development Committee–We could explore foundations that could expand the footprint of our potential contributors. Bill Dirksen and Jimmy Settles made a great presentation; we might wish to recognize them and give them a plaque. Invite the students to the award presentations. Union/Management practitioners would appreciate awards of this nature.

LERA Membership Committee–report from Jeff Keefe.

National Chapter Advisory Council Report–NCAC meeting and workshop and chapter reps meeting happening tomorrow. Baltimore has turned around as a chapter. A student chapter has formed at Rutgers and will be presenting in tomorrow's workshop. Quarterly and annual conferences that chapters have are reporting good attendance. SHRM has really vital student chapters, and it's good for LERA to replicate that student energy.

ASSA/AEA Program Committee Report–This report is accepted. Ad in Journal of Labor Economics, Society of Labor Economists; add them to our vision of LERA's big tent meeting. Come up with a format and template for action items going forward.

Adjournment—The meeting was adjourned at 10 p.m.

LERA General Membership Meeting and Awards Ceremony

Saturday, May 30, 2015, 5:30 p.m. Eastern Time
Westmoreland Room, Westin Convention Center, Pittsburgh, PA

Call to order. The meeting was called to order at 5:30 p.m. by Martin Mulloy, President.

Committee Reports

Nominating Committee Report. Martin Mulloy reported that the Nominations Committee will meet in July to develop the slate of candidates for the 2016 term. Elections are scheduled for the last week of September. Nominations for the committee's consideration should be sent to Eric Duchinsky at the LERA office.

Financial Report. Martin Mulloy reported that 2014 ended with a loss of $23,978. The Pittsburgh Conference attendees reached 350. The Executive Board created an Ad hoc Committee in February to address the strategic objects and revenue growth.

Development and Contributions Committee Report. Marlene Heyser thanked UAW/FORD, Kaiser Permanente, and Bloomberg/BNA for their significant contributions and support for LERA's mission and operations.

Finance and Membership Report. Bonnie Castrey reported that 2014 membership ended at 897, a 6% drop from 2013. In April, the Members-only section of the LERA website went live. All LERA/IRRA publications are scanned and most are posted in the searchable online database.

2015 Awards Ceremony

Best Dissertation Award Committee. Bruce Kaufman of the Thomas A. Kochan and Steven R. Sleigh Best Dissertation Award Committee awarded the Best Dissertation Award to co-winners: Tashlin Lahkani, Cornell University and Rachel Aleks, Cornell University.

LERA Awards Committee. The 2015 slate of awards were conferred by Morris Kleiner. The John T. Dunlop Outstanding Scholar Awards were given to co-winners J. Ryan Lamare, formerly of Penn State and now of University of Illinois; Adam Seth Litwin, Cornell University; and Mingwei Liu, Rutgers University. The Outstanding Practitioner Awardee was Dennis Dabney, Kaiser Permanente. The Susan C. Eaton Outstanding Scholar-Practitioner Award went to Harry Katz, Cornell University. Academic Fellows for 2015 are Greg Bamber, Monash University; Russell Lansbury, University of Sydney; and Edward Lazear, Stanford University. Practitioner Fellows are Matthew Finkin, University of Illinois at Urbana-Champaign; John S. Gaal, Carpenters' District Council of Greater St. Louis & Vicinity; and Robert Pleasure, North America's Building Trades Unions.

National Chapter Advisory Council Report and Awards. William Canak reported on NCAC business, and presented LERA Chapter Star Awards to Rocky Mountain LERA and the Tennessee Employment Relations Research Association (TERRA).

New and Other Business

The next LERA Annual Meeting will be held May 26-29, 2016 in Minneapolis, MN. After asking for any new business items and hearing none, President Martin Mulloy thanked the Executive Board and all present and handed over the gavel to Bonnie Castrey, the new LERA President. President Castrey adjourned the meeting at 6:45 p.m.

LERA Executive Board Meeting Minutes

Wednesday, September 16, 2015, 1 p.m. Easterm Time
Conference Call

Call to order—the meeting was called to order at 1 p.m. by Bonnie Castrey, President. Present at the meeting were officers President Bonnie Castrey and Secretary-Treasurer Craig Olson. Also present were board members John Budd (Program Committee Co-Chair), Alex Colvin, Bill Dwyer, Eric Fidoten, Owen Herrnstadt, Tazewell Hurst, III, Ken May, and Patrice Mareschal, and Saul Rubinstein. Unable to attend were Janice Bellace, Dennis Dabney, Rebecca Givan, Charles Jeszeck, Kris Rondeau, and Beth Schindler. LERA staff in attendance was Emily Smith.

Reports

President and Executive Committee Report—President Bonnie Castrey reports that past director Eric Duchinsky tendered his resignation effective August 15, 2015. The Executive Committee met, by conference call, reviewed the budget and financials, and appointed Emily Smith as Interim Executive Director, with a subsequent increase in pay. This motion came forward to the board as a committee action, was discussed, and ratified unanimously by the Board. The process of reviewing the budget determined that profit and loss are not meeting projections for 2015, and the officers of the organization continue to review the situation actively and will keep the Board Members updated.

Interim Director Report—Emily Smith reports that all administrative functions are complete for 2015, such as audit, insurance, and filings. The Research Volume has been mailed to members and Perspectives on Work proceeds according to schedule is to be mailed this Fall. Top priority for remainder of 2015 is to increase member dues revenue and bring back the members we have lost, if possible. We are planning five member promotions, three in September and two in October to help bring up member dues for 2015. Essentially, revenue is down in all categories, including new members, renewals, library subscribers, organizational members, and meeting income. Much of this may be linked to a new fulfillment system put in place in 2014, but additional information is needed and a full discovery will be made. Most areas of expense are up in 2015 compared to the projected budget, including Annual Meeting, Research Volume, Perspectives on Work. Steps will be taken in 2016 to bring expenses back within projections. Our short-term remedy for the losses sustained in 2015 is to maintain a full-time staff of one at the LERA office instead of two, and augment that staffing with temporary clerical help as needed, for at least the period of a year. Long-term decisions will need to be made after an inquiry is complete about the future of LERA's headquarters.

Finance Report—Secretary-Treasurer Craig Olson reports that member dues are down precipitously in 2015. This may be due to the change from fulfillment through the University of Illinois Press (UIP) to "MemberClicks" (MC). Members, library subscribers, and contributions are all down, likely connected to issues with the MC software or the user experience of it. The Annual Meeting income was also down from last year, because the meeting had 100 fewer attendees from 2014 to 2015. Almost all areas of expense are up, and need to be considered and controlled in 2016. We will keep full-time staff members to one at LERA for the next year to help with this shortfall.

Annual Meeting Profit and Loss—Secretary-Treasurer Craig Olson reports that the organization lost money on the LERA 67th Annual Meeting, May 28-31, 2015, in Pittsburgh, PA. This was carefully reviewed by staff and the causes were over-ordering of food and beverage, ordering additional breaks (food and beverage events other than meals or receptions), paying for travel and lodging of some meeting participants (which has not been done before), and paying for the registration of some meeting participants. The last three years of profit and loss for LERA Annual Meetings have been reviewed, and steps will be taken in 2016 to ensure that we have a profitable meeting. The contracts for both Minneapolis and Anaheim will be reviewed by staff and altered where needed and if possible, as they are already signed. The Minnesota venue appears to be affordable, while the Anaheim venue may not be, according to the contracts as they currently stand. Some discussion took place about the attributes of setting separate prices for registration and various events, versus having a registration price that covers all events (or most of them) at the meeting. Having a reduced registration price can be attractive to some. Having separate tickets for hospitality events can reduce inclusivity of all participants, at the conference and also increase staffing. This will continue to be evaluated.

LERA 68th Annual Meeting, May 26-29, 2016, Minneapolis Update—Bonnie Castrey reports that Emily Smith and she will be completing a site visit at the Millennium Hotel by the end of September, and reviewing the contract that we have in place. We have printed a postcard to promote the meeting and John Budd has done considerable advance promotion already, including at the Association of Labor Relations Agencies (ALRA) conference, which just took place this summer in Minneapolis. Marketing promotion begins in earnest when the program is set in January 2016.

In Minneapolis, LERA will meet jointly with the Industry Studies Association, with one day overlapping between the two, as we did in Portland 2014. Both organizations are working towards making this a collaborative day. President Bonnie Castrey and Director, Emily Smith will be meet, by conference call, with the ISA program chairs to discuss the joint meeting in Minneapolis on Friday, September 18, 2015. Additionally, Bonnie, Emily and John will meet with the ISA President and Executive Director on Wednesday, September 30, 2015, when all are in Minneapolis. Thursday, May 26 will be an overlap day and we will be discussing programming, joint plenaries, other collaborative events, hotel logistics, registration, and more.

Program Committee Arrangements Co-Chair John Budd reports that Thursday and Friday will be the key days to pull in local practitioners, something to consider as Thursday is already constrained as the overlap day between ISA and LERA. He also reports and raises concerns, that this conference is scheduled for the Memorial Day Weekend, which could prove challenging to bringing in locals who are making vacation plans following a long, potentially cold and snowy winter.

New Business

Publishing LERA Research Volume in 2016—One of the ideas put forth by the board to assist with making up for loss in 2015 was to put off the production of the LERA Research Volume in 2016. This would save the organization roughly $16,000 in expense in 2016, but we would give up any royalties for the 2016 Research Volume, which is generally between $3,000 and $6,000. We would also have to sell library subscriptions for $250 in 2016 for what would essentially be one issue of the Perspectives on Work (if purchased singly, the price is under $30), and we would have to consider if this signals poorly upon the direction of the organization. Secretary-Treasurer Craig Olson will discuss this in detail with LERA's Editor-in-Chief, Ariel Avgar, and come back to the board with advice and a recommendation.

Next Board Meeting—We are currently dealing with a number of challenges, and President Bonnie Castrey encourages all board members to attend the next board meeting in person for follow-up to these discussions, potential bylaw changes, and important issues facing the organization including strategic thinking committee findings. It will take place Tuesday, January 5, 2016, at the PARC 55 San Francisco, Market Street Room, and begin at 11am.

A call-in option will be explored for those who cannot make the meeting in person, however, **this will be a crucial meeting for this Board and all are encouraged to attend in person.**

Adjournment—The conference call meeting was adjourned at 2:10 p.m. by President Bonnie Castrey. Ken May moved the motion to the floor and Patrice Mareschal seconded it. The motion was unanimously passed by the board.

Audit Report for 2013

Labor and Employment Relations Association

Champaign, Illinois

Financial Statements

For the Years Ended
December 31, 2013 and 2012

Feller & Kuester CPAs LLP
Certified Public Accountants
806 Parkland Court, Suite 1
Champaign, IL 61821
217-351-3192

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Feller & Kuester CPAs LLP

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Labor and Employment Relations Association
Champaign, Illinois 61820

We have audited the accompanying financial statements of the Labor and Employment Relations Association (a nonprofit organization) which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Labor and Employment Relations Association as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matter
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on pages 16 and 17 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Feller & Kuester CPAs LLP

Feller & Kuester CPAs LLP
Champaign, IL

April 28, 2014

LABOR AND EMPLOYMENT RELATIONS ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2013 AND 2012

	2013	2012
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 223,184	$ 311,158
Investments	21,373	22,139
Accounts Receivable - Net	26,556	25,486
Prepaid Expenses	6,737	6,447
Inventory	6,597	6,415
Accrued Interest and Royalties	3,646	271
Total Current Assets	288,093	371,916
Property and Equipment, Net	3,112	3,846
TOTAL ASSETS	$ 291,205	$ 375,762
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	$ 16,089	$ 15,847
Accounts Payable - UCIRHRP	4,935	4,555
Accrued Liabilities	22,059	29,993
Dues Collected in Advance	79,076	74,513
Subscriptions Collected in Advance	10,296	10,838
Deferred Chapter Dues	7,700	5,200
Other Deferred Revenue	900	-
Total Current Liabilities	141,055	140,946
Net Assets		
Temporarily Restricted		
Eaton Memorial Scholarship Receipts	34,354	37,060
Kochan-Sleigh Award Receipts	44,765	45,881
Scoville Award Receipts	7,031	7,615
Dunlop Fund	17,331	17,721
Gershenfeld Fund	17,763	12,842
Total Temporarily Restricted	121,244	121,119
Unrestricted Net Assets	28,906	113,697
Total Net Assets	150,150	234,816
TOTAL LIABILITIES AND NET ASSETS	$ 291,205	$ 375,762

See Accompanying Notes.

LABOR AND EMPLOYMENT RELATIONS ASSOCIATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013			2012		
	Unrestricted	**Temporarily Restricted**	**Total**	**Unrestricted**	**Temporarily Restricted**	**Total**
Support and Revenues						
Grant Revenue						
Russell Sage Foundation Grant	$ -	$ -	$ -	$ 47,799	$ -	$ 47,799
Kauffman Foundation Grant	-	-	-	49,950	-	49,950
GE Aerospace Grant	-	-	-	7,500	-	7,500
The W.E. Upjohn Institute Grants	-	-	-	13,000	-	13,000
Total Grants	-	-	-	118,249	-	118,249
Membership Dues	142,665	-	142,665	140,867	-	140,867
Meeting Income	74,973	-	74,973	25,130	-	25,130
Organization Dues & Sponsorships	24,100	-	24,100	136,800	-	136,800
Subscriptions	20,822	-	20,822	23,758	-	23,758
Member Contributions	8,740	5,297	14,037	12,048	6,759	18,807
Chapter Fees	10,075	-	10,075	6,475	-	6,475
Royalties	6,762	-	6,762	5,854	-	5,854
Mailing List Rental	1,013	-	1,013	2,025	-	2,025
Publications	909	-	909	566	-	566
Administrative Fees	759	-	759	821	-	821
Investment Income	-	(766)	(766)	-	1,448	1,448
Interest Income	357	382	739	486	484	970
Net Assets Released from Restrictions	4,788	(4,788)	-	13,895	(13,895)	-
Total Support and Revenues	295,963	125	296,088	486,974	(5,204)	481,770
Expenses						
Program Services						
General	208,677	-	208,677	274,524	-	274,524
Meetings	52,079	-	52,079	51,751	-	51,751
Publications	44,191	-	44,191	51,595	-	51,595
Supporting Services						
Management and General	62,946	-	62,946	67,068	-	67,068
Membership Development	12,861	-	12,861	19,925	-	19,925
Total Expenses	380,754	-	380,754	464,863	-	464,863
Change in Net Assets	(84,791)	125	(84,666)	22,111	(5,204)	16,907
Net Assets, Beginning of Year	113,697	121,119	234,816	91,586	126,323	217,909
Net Assets, End of Year	$ 28,906	$ 121,244	$ 150,150	$ 113,697	$ 121,119	$ 234,816

See Accompanying Notes.

LABOR AND EMPLOYMENT RELATIONS ASSOCIATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (84,666)	$ 16,907
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Depreciation Expense	1,273	1,697
Net Unrealized (Gains) Losses on Investments	1,639	(332)
(Increase) Decrease in Operating Assets		
Accounts Receivable - Net	(1,070)	4,993
Prepaid Expenses	(290)	6,209
Inventory	(182)	940
Accrued Interest and Royalties	(3,375)	30
Increase (Decrease) in Operating Liabilities		
Accounts Payable	242	12,436
Accounts Payable - UCIRHRP	380	(488)
Accrued Liabilities	(7,934)	(7,947)
Dues Collected in Advance	4,563	(6,470)
Subscriptions Collected in Advance	(542)	(2,040)
Deferred Chapter Dues	2,500	5,200
Deferred Contributions	-	(20,675)
Deferred Grant Income	-	(90,299)
Other Deferred Revenue	900	-
Net Cash Provided by (Used in) Operating Activities	(86,562)	(79,839)
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Reinvested Interest, Dividends, and Capital Gains	(873)	(1,116)
Payments for Property and Equipment	(539)	(1,599)
Net Cash Provided by (Used in) Investment Activities	(1,412)	(2,715)
CASH FLOWS FROM FINANCING ACTIVITIES		
None	-	-
Net Cash Provided by (Used in) Financing Activities	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	(87,974)	(82,554)
Beginning Cash and Cash Equivalents	311,158	393,712
Ending Cash and Cash Equivalents	$ 223,184	$ 311,158

See Accompanying Notes.

LABOR AND EMPLOYMENT RELATIONS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

The Labor and Employment Relations Association (LERA) was founded in 1947 to encourage research in all aspects of the field of labor, employment, and the workplace. It is a nonprofit scholarly association of academic, labor, business and neutral communities committed to the full discussion and exchange of ideas between and among its broad constituencies through meetings, publications, and its various electronic listservs and websites. The LERA National Office is located in Champaign, Illinois and serves the association by planning conferences and meetings and publishing the various researches of its members. The main sources of support and revenues for LERA are grant revenue, contributions, membership dues and subscriptions, and meeting income.

Subsequent Events

Subsequent events have been evaluated through April 28, 2014, which is the date the financial statements were available to be issued.

Accrual Basis of Reporting

LERA has chosen to report on the accrual basis of accounting. Accordingly, revenue is recognized when earned and expenses are recognized when incurred in conformity with accounting principles generally accepted in the United States of America.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include all cash and highly liquid investments acquired with an original maturity date of three months or less. Since the penalties of converting certificate of deposits to cash is insignificant, all certificate of deposits have been included with cash and cash equivalents. As of December 31, 2013 and 2012, $99,871 and $98,980 of cash and cash equivalents are temporarily restricted and are subject to donor-imposed stipulations.

Investments

Investments consist of intermediate term bond index funds. All investments are held as temporarily restricted and are subject to donor-imposed stipulations.

Accounts Receivable

Accounts receivable are recorded primarily for outstanding invoices for membership dues and subscriptions. An allowance for doubtful accounts is based on an analysis of expected collection rates determined from experience. LERA had an allowance for doubtful accounts of $100 at December 31, 2013 and 2012.

Inventory

LERA's inventory of directories, research volumes, proceedings, and perspective magazines is carried at the lower of cost and market value. Cost is determined on the basis of first in – first out.

Property and Equipment

Property and equipment expenditures in excess of $500 are capitalized at cost. Donated property and equipment are capitalized at estimated cost or fair market value at the time of donation. Depreciation of the assets is computed using the straight-line method over their estimated useful lives. The range of estimated useful lives by type of asset is as follows:

Furniture and Equipment	5-7 years

Net Assets

Net assets of LERA and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of LERA and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified from restrictions. Contributions received with temporarily restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. LERA had $121,244 and $121,119 of temporarily restricted net assets as of December 31, 2013 and 2012, respectively.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by LERA. Generally, the donors of these assets permit LERA to use all or part of the income earned on any related investments for general or specific purposes. LERA had no permanently restricted net assets as of December 31, 2013 and 2012.

Grant Revenue

Grant funds received under contracts that require provision of services by LERA are recognized as revenue to the extent that expenses have been incurred for the purpose specified by the grantor. The excess of grant monies received over expenses incurred is accounted for as deferred revenue. The excess of grant expenditures over grant monies received is accounted for as grant revenue receivable to the extent that additional grant revenue has been awarded and will be paid.

Grant funds received with only general restrictions and public donations are considered to be available for unrestricted use unless specifically restricted by the donor. When such restrictions exist, the revenue is recorded as temporarily restricted until the restrictions are met.

Contributed Services and Goods

Contributed services are reported as contribution revenue and as assets or expenses only if the services create or enhance a non-financial asset (for example property and equipment) or:

- Would typically need to be purchased by LERA if the services had not been provided by contribution.
- Require specialized skills.
- Are provided by individuals with those skills (such as accounting, financial, construction, educational, electrical, legal, medical, and other services provided by accountants, investments advisers, contractors, teachers, electricians, lawyers, doctors, and other professional and craftspeople).

For the years ended December 31, 2013 and 2012, the value of contributed services meeting the defined requirements for recognition in the financial statements as outlined above were not material and have not been recorded on the financial statements. LERA does receive free office space from the University of Illinois. However, the value for the use of this office space has not been reported on the financial statements.

Income Tax Status

LERA is a not-for-profit association that is exempt from federal income tax under Section 501 (c)(3) of the Internal Revenue Code. In addition, the Internal Revenue Service has determined that LERA is not a private foundation as defined in Section 509(a)(1) and Section 170(b)(1)(A)(vi) of the Code.

LERA has evaluated its exposure resulting from uncertain income tax position and determined the exposure is not material to the financial statements. In addition, LERA is not aware of any tax position for which a significant change is reasonably possible within the next 12 months. Therefore, these financial statements do not include a liability for uncertain tax positions. Upon recognition of a liability for an uncertain tax position, LERA would recognize interest expense and penalties in operating expenses.

LERA files information tax returns in the U.S. federal jurisdiction and the state of Illinois. Its federal and Illinois information tax returns prior to fiscal year 2010 are closed. LERA does not have any tax returns currently under examination by either the Internal Revenue Service (IRS) or any U.S. state jurisdiction.

Membership Dues and Advance Subscriptions Collected

Membership dues and subscriptions are assessed and recognized as revenue based on the life of the dues or subscription.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 2 – ARRANGEMENTS WITH THE UNIVERSITY OF ILLINOIS

LERA moved its offices to the University of Illinois at the end of 1999. Under an arrangement with the University, the employees of LERA are employed by the University. The employees' pension and benefits are part of the University's plans. LERA then reimburses the University quarterly for the cost of its employees.

The University of Illinois holds some cash for LERA. These "claim on cash" balances were \$29,804 and \$67,735 as of December 31, 2013 and 2012, respectively. These balances have been included with cash and cash equivalents.

NOTE 3 – UCIRHRP SERVICING ARRANGEMENT TO ADMINISTER BUSINESS

On January 3, 2003, LERA entered into a servicing arrangement to administer the business of the University Council of Industrial Relations and Human Resources Programs (UCIRHRP). These servicing duties include dues notification and collection, annual meeting arrangement and report preparation, and maintaining a data base and network communications for this separate organization. A separate financial statement is maintained for this company, but UCIRHRP's cash is maintained in LERA's general bank account. The amount of cash belonging to UCIRHRP in the general account is shown on LERA's balance sheet as Accounts Payable - UCIRHRP. UCIRHRP's cash balance in LERA's custody was \$4,935 at December 31, 2013 and \$4,555 at December 31, 2012. LERA is allowed to keep 20% of dues collected each year as an administrative fee.

NOTE 4 – CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject LERA to credit risk consist principally of cash and cash equivalents at financial instructions. However, management continuously monitors LERA's balances at financial institutions. Deposits held at any financial institutions did not exceed depository insurance at December 31, 2013 or 2012. The "claims on cash" held with the University of Illinois as stated in Note 2 is not insured since it is not held in a financial institution.

NOTE 5 – GRANT REVENUE

Russell Sage Foundation Grant

On September 2, 2010, LERA received notification that it was the recipient of a two-year appropriation grant for \$149,469 to support the creation of the EPRN within LERA as fiscal agent for the award. The grant was received in two installments, with \$72,487 received on

November 1, 2010, and the final payment of $76,982 was received on July 11, 2011. The 2010 installment was not offset by any 2010 expenses, and the entire amount was deferred to 2011. The grant money was offset with 2011 expenses totaling $101,670, which includes overhead charges allowed at 15%. The remaining $47,799 of unspent grant funds deferred to 2012 was expended by June 30, 2012 which was the end of the grant period.

Kauffman Foundation Grant

On November 22, 2011, LERA received a fifteen month appropriation grant for $49,950 to support the EPRN research within LERA. $35,000 was received on December 14, 2011, and the final payment of $14,950 was received on December 14, 2012. The entire $49,950 was expensed during the year ended December 31, 2012.

GE Aerospace Grant

LERA received funds in December of 2005 toward the next Aerospace Industry Council. As of December 31, 2011, $7,500 of these grant receipts had not yet been expensed and thus had been deferred. These funds were expensed in 2012, and therefore recorded as grant revenue during 2012.

The W.E. Upjohn Institute Grants

On January 26, 2012, LERA received grants to support the writing of working papers on "Financialization and Labor Market Outcomes" and "America's Human Capital Paradoxes" for a total of $20,000. As of December 31, 2012, $13,000 of the grant funds had been received and earned.

NOTE 6 – TEMPORARILY RESTRICTED NET ASSETS

Susan C. Eaton Scholar-Practitioner Memorial Fund

LERA set up a memorial fund in honor of an author of a 1998 "Perspectives on Work" article and active young LERA member, who died on December 30, 2003. At its June 1, 2004 meeting, LERA approved the establishment of an annual Susan C. Eaton Scholar-Practitioner award and grant to be paid to one or more qualified scholar researchers in even-numbered years or practitioners in odd-numbered years doing research in the labor and employment relations or related field. LERA's Executive Board directed that 10% of any gifts received each year are unrestricted and can be used for administrative expenses. As of December 31, 2013 and 2012, these temporary restricted funds totaled $34,354 and $37,060, respectively.

Kochan-Sleigh Best Dissertation Award Fund

On March 27, 2006, LERA set up a temporarily restricted fund with contributions from a member and matching contributions from General Electric. The fund is restricted for a minimum of fifteen years and may be used to pay for the $1,000 annual best dissertation award and plaque. After the fifteen-year period, the fund may be continued or the amount remaining in the fund may be released and become available to LERA for unrestricted purposes. LERA's Executive Board directed that 10% of any gifts received each year are unrestricted and can be used for administrative expenses. As of December 31, 2013 and 2012, these temporary restricted funds totaled $44,765 and $45,881, respectively.

Jim Scoville Award Fund

On January 9, 2009, LERA set up a temporarily restricted fund with a $10,000 contribution from the University of Minnesota's Industrial Relations Center to honor a member and retiring professor. The fund was established to pay an annual award of $500 and a plaque for best paper on international and comparative employment issues. LERA's Executive Board directed that 10% of any gifts received each year are unrestricted and can be used for administrative expenses. As of December 31, 2013 and 2012, these temporarily restricted funds totaled $7,031 and $7,615, respectively.

John T. Dunlop Public Policy Fund

On May 8, 2010, LERA established a temporarily restricted fund to subsidize a named John T. Dunlop Public Policy Session at future LERA National Policy Forums and/or at LERA annual meetings. A total of $252, $1,386, $2,858, and $21,025 of donations were collected during 2013, 2012, 2011, and 2010, respectively. LERA's Executive Board directed that 10% of any gifts received each year are unrestricted and can be used for administrative expenses. This fund will be so named for five or ten years, at which time LERA's Executive Board will review the fund to determine whether to continue or modify the fund. As of December 31, 2013 and 2012, these temporary restricted funds totaled $17,331 and $17,721, respectively.

Gladys and Walter Gershenfeld Publication Fund

On May 8, 2010, LERA established a temporarily restricted fund to honor the memory of long-time LERA members and LERA Past President Walter and Gladys Gershenfeld for the purpose of supporting LERA's electronic and print publications. A total of $5,045, $5,373, $5,917, and $5,450 of donations were collected during 2013, 2012, 2011, and 2010, respectively. The fund will be so named for ten years, at which time LERA will review the fund's purpose and uses, and whether to continue or modify the fund. LERA's Executive Board directed that 10% of any gifts received each year are unrestricted and can be used for administrative expenses. As of December 31, 2013 and 2012, these temporarily restricted funds totaled $17,763 and $12,842, respectively.

NOTE 7 – INVESTMENTS

Financial Accounting Standards Board ("FASB") Codification 820, Fair Value Measurements, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarch gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB Codification 820 are described below:

Level 1 – Inputs to the valuation methodology are based on unadjusted quoted prices for identical assets or liabilities in active markets that LERA has the ability to access.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's and liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2013 and 2012.

Intermediate Term Bond Funds: Valued at fair market value.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although LERA believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements at the reporting date.

The following table sets forth by level, within the fair value hierarchy, LERA's assets at fair value as of December 31, 2013 and 2012:

Assets at Fair Value as of December 31, 2013

	Level 1	Level 2	Level 3	Total
Inter-term Bond Funds	$21,373	-	-	$21,373

Assets at Fair Value as of December 31, 2012

	Level 1	Level 2	Level 3	Total
Inter-term Bond Funds	$22,139	-	-	$22,139

Net investment earnings for the years ended December 31, 2013 and 2012 are summarized as follows:

	2013	2012
Dividends	$ 637	$ 678
Capital Gains Distributions	236	438
Net Unrealized Gains (Losses)	(1,639)	332
Total Investment Income	$ (766)	$ 1,448

This investment income, including unrealized gains and losses, are being reported on the statement of activity as investment income.

NOTE 8 – PROPERTY AND EQUIPMENT

As of December 31, 2013, Property and Equipment consists of:

Furniture and Equipment	$ 17,347
Less: Accumulated Depreciation	(14,235)
Property and Equipment, Net	$ 3,112

As of December 31, 2012, Property and Equipment consists of:

Furniture and Equipment	$ 20,756
Less: Accumulated Depreciation	(16,910)
Property and Equipment, Net	$ 3,846

Depreciation expense for the years ended December 31, 2013 and 2012 was $1,273 and $1,697, respectively.

NOTE 9 – ACCRUED EXPENSES

As of December 31, 2013, Accrued Expenses consist of:

Accrued Payroll	$ 5,879
Accrued Benefits/Taxes	2,118
Accrued Vacation	14,062
Total	$ 22,059

As of December 31, 2012, Accrued Expenses consist of:

Accrued Payroll	$ 8,548
Accrued Benefits/Taxes	3,402
Accrued Vacation	18,043
Total	$ 29,993

NOTE 10 – COMMITMENTS

LERA has a contract with University of Illinois Press (UIP) for UIP to provide membership management services and publication of *Perspectives on Work* (magazine) for an annual fee of $28,280. The five year agreement commenced on January 1, 2007 and expired on December 31, 2012. Although the contract expired, it was still in place as of December 31, 2013 and 2012. However, LERA will end this relationship with UIP on July 1, 2014.

On February 26, 2013, LERA signed a 12 month contract from March 1, 2013 to February 28, 2014 with a company to provide services to manage the EPRN website and provide content for the LERA website. The contract states that LERA will pay this company $2,400 per month for a total of $28,800. The Agreement automatically renews for consecutive 12 month terms, unless the Agreement is terminated by one or both of the parties as set forth herein. Beginning the second cycle and continuing until termination or renegotiation, LERA will increase the base rate every year by two percent (2%) over the previous year's base rate. For example: $2,448 per month for twelve months starting March 1, 2014; $2,497 per month for twelve months starting March 1, 2015; $2,546 per month for twelve months starting March 1, 2016; and so on.

LERA has signed contracts with hotels in St. Louis, Portland, and Pittsburgh for the 2013, 2014, and 2015 Annual Meetings. If these contracts were cancelled at December 31, 2013 and 2012, LERA would have owed $76,903 and $33,151 to the St. Louis, Portland, and Pittsburgh hotels, respectively.

NOTE 11 – PENSION PLAN AND RETIREMENT CONTRIBUTIONS

The University of Illinois offers participation in the State Universities Retirement System of Illinois (SURS), a cost-sharing multiple-employer defined-benefit pension plan with a special funding situation whereby the State makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941, to provide retirement annuities and other benefits for staff members and employers of the State universities, certain affiliated organization, and certain other State educational and scientific agencies and for survivors, dependents and other beneficiaries of such employees. SURS is considered a component unit of the State of Illinois' financial reporting entity, and is included in the State's financial reports as a pension trust fund. SURS is governed by Section 5/15, Chapter 40, of the Illinois Compiled Statutes. SURS issues a publically available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the Web site at www.SURS.org or by calling 1-800-275-7877.

Eligible employees must participate upon initial employment. Employees are ineligible to participate if (a) employed after having attained age 68; (b) employed less than 50% of full-time; or (c) employed less than full-time and attending classes with an employer.

Plan members are required to contribute 8.0% of their annual covered salary and substantially all employer contributions are made by the State on behalf of the individual employers at an actuarially determined rate. LERA's current employer rate is 11.91% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly. During the years ended December 31, 2013, 2012 and 2011, LERA reimbursed the University of Illinois $16,436, $20,632, and $18,001, respectively, for the employer's payments to SURS for eligible employees.

Employers hired prior to April 1, 1986 are exempt from contributions required under the Federal Insurance Contribution Act. Employees hired after March 31, 1986 are required to contribute 1.45% of their gross salary for Medicare. LERA is required to match this contribution. As of December 31, 2013 and 2012, all employees were required to contribute 1.45% of their gross salary for Medicare.

Employees may also elect to participate in certain tax-sheltered retirement plans. These voluntary plans permit employees to designate a part of their earnings into tax-sheltered investments and thus defer federal and state income taxes on their contribution and accumulated earnings under the plans. Participation and the level of employee contributions are voluntary. The employer is not required to make contributions to these plans.

NOTE 12 – POST-EMPLOYMENT BENEFITS

In addition to providing the above pension benefits, the State provides health, dental, vision, and life insurance benefits for retirees and their dependents in a program administered by the Department of Central Management Services. Substantially all State employees become eligible for post-employment benefits if they eventually become annuitants of one of the State sponsored plans. Health, dental, and vision benefits include basic benefits for annuitants and dependents under the State's self-insurance plan and insurance contracts currently in force. All retirees, annuitants, and survivors will be charged up to two percent of their annuity value to cover the costs of the basis program of group health benefits. In addition to this percentage, some annuitants and survivors are required to make further contributions toward their health and dental benefits. Annuitants receive life insurance coverage equal to the annual salary of the last day of employment until age 60, at which time the benefit becomes $5,000. The State pays the University's portion of employer costs for the benefits provided. The total costs of the State's portion of health, dental, vision, and life insurance benefits of all members, including post-employment health, dental, vision, and life insurance benefits, is recognized as an expenditure by the State in the Illinois Comprehensive Annual Financial Report. A copy of the financial statements of the State can be obtained at www.ioc.state.il.us. The State finances the costs on a pay-as-you-go basis. The total costs incurred for health, dental, vision, and life insurance benefits are not separated by department or component unit for annuitants and their dependents nor active employees and their dependents.

LABOR AND EMPLOYMENT RELATIONS ASSOCIATION
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

		MEETINGS					PUBLICATIONS						SUPPORTING SERVICES		
	General	Annual Conference	Spring Bd Meeting	ASSA Meeting	Winter Bd Meeting	Other Meetings	Directory	Newsletter	Annual Proceedings	Perspectives	Research Volume	Other Publications	Management & General	Membership Development	Totals
Compensation	$ 131,006	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 14,396	$ -	$ 145,402
Payroll Taxes & Fringes	52,911	-	-	-	-	-	-	-	-	-	-	-	6,434	-	59,345
Contract Labor	24,000	-	-	-	-	-	-	-	-	-	-	-	-	-	24,000
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	1,273	-	1,273
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	3,653	-	3,653
Bank Charges	-	-	-	-	-	-	-	-	-	-	-	-	1,882	-	1,882
Promotion	-	8,111	-	-	-	-	-	-	-	-	-	-	-	4,395	12,506
Fulfillment	-	-	-	-	-	-	-	-	-	-	-	-	13,180	-	13,180
Postage and Freight	-	-	-	-	-	-	-	-	-	1,102	2,221	23	281	-	3,627
Accounting/Auditing	-	-	-	-	-	-	-	-	-	-	-	-	4,800	-	4,800
Printing and Production	-	1,238	-	-	-	-	-	-	-	17,893	5,415	60	-	-	24,606
Services	-	-	-	-	-	-	-	-	1,188	4,058	8,360	-	-	-	13,606
Other Publication Costs	-	-	-	-	-	-	1,750	750	1,000	352	-	19	-	-	3,871
Meals, Receptions	-	28,967	-	-	-	-	-	-	-	-	-	-	-	-	28,967
Travel	-	6,469	-	503	-	725	-	-	-	-	-	-	-	-	7,697
Other Meeting Expenses	-	4,687	-	114	-	-	-	-	-	-	-	-	-	-	4,801
Education	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Supplies/Services	-	1,265	-	-	-	-	-	-	-	-	-	-	5,296	-	6,561
Website	-	-	-	-	-	-	-	-	-	-	-	-	9,432	-	9,432
Office Supplies	760	-	-	-	-	-	-	-	-	-	-	-	612	-	1,372
Student & Member Awards	-	-	-	-	-	-	-	-	-	-	-	-	-	6,097	6,097
Fundraising Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	1,650	1,650
Duplicating Expense	-	-	-	-	-	-	-	-	-	-	-	-	1,047	-	1,047
Telephone and Fax	-	-	-	-	-	-	-	-	-	-	-	-	476	-	476
Chapter Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	292	292
Dues	-	-	-	-	-	-	-	-	-	-	-	-	65	-	65
Other Committee Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	427	427
Miscellaneous Office	-	-	-	-	-	-	-	-	-	-	-	-	119	-	119
	$ 208,677	$ 50,737	$ -	$ 617	$ -	$ 725	$ 1,750	$ 750	$ 2,188	$ 23,405	$ 15,996	$ 102	$ 62,946	$ 12,861	$ 380,754

LABOR AND EMPLOYMENT RELATIONS ASSOCIATION
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012

		MEETINGS					PUBLICATIONS						SUPPORTING SERVICES		
	General	Annual Conference	Spring Bd Meeting	ASSA Meeting	Winter Bd Meeting	Other Meetings	Directory	Newsletter	Annual Proceedings	Perspectives	Research Volume	Other Publications	Management & General	Membership Development	Totals
Compensation	$ 193,354	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 18,239	$ -	$ 211,593
Payroll Taxes & Fringes	75,170	-	-	-	-	-	-	-	-	-	-	-	7,254	-	82,424
Contract Labor	6,000	-	-	-	-	-	-	-	-	-	-	-	-	-	6,000
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	1,697	-	1,697
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	3,508	-	3,508
Bank Charges	-	-	-	-	-	-	-	-	-	-	-	-	609	-	609
Promotion	-	10,366	-	-	-	-	-	-	-	-	-	-	-	6,604	16,970
Fulfillment	-	-	-	-	-	-	-	-	-	-	-	-	13,180	-	13,180
Postage and Freight	-	561	-	-	-	-	-	-	-	1,517	2,443	-	847	-	5,368
Accounting/Auditing	-	-	-	-	-	-	-	-	-	-	-	-	4,800	-	4,800
Printing and Production	-	934	-	-	-	-	-	-	-	16,700	4,664	68	-	-	22,366
Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Publication Costs	-	-	-	-	-	-	1,750	750	2,388	10,831	7,408	3,076	-	-	26,203
Meals, Receptions	-	27,823	1,138	-	3,526	185	-	-	-	-	-	-	-	-	32,672
Travel	-	3,025	1,714	-	-	1,741	-	-	-	-	-	-	-	-	6,480
Other Meeting Expenses	-	638	-	-	-	100	-	-	-	-	-	-	-	-	738
Education	-	-	-	-	-	-	-	-	-	-	-	-	772	-	772
Computer Supplies/Services	-	-	-	-	-	-	-	-	-	-	-	-	9,971	-	9,971
Website	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Supplies	-	-	-	-	-	-	-	-	-	-	-	-	423	-	423
Student & Member Awards	-	-	-	-	-	-	-	-	-	-	-	-	-	8,449	8,449
Fundraising Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	2,630	2,630
Duplicating Expense	-	-	-	-	-	-	-	-	-	-	-	-	295	-	295
Telephone and Fax	-	-	-	-	-	-	-	-	-	-	-	-	1,171	-	1,171
Chapter Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	1,280	1,280
Dues	-	-	-	-	-	-	-	-	-	-	-	-	570	-	570
Other Committee Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	962	962
Miscellaneous Office	-	-	-	-	-	-	-	-	-	-	-	-	3,732	-	3,732
	$ 274,524	$ 43,347	$ 2,852	$ -	$ 3,526	$ 2,026	$ 1,750	$ 750	$ 2,388	$ 29,048	$ 14,515	$ 3,144	$ 67,068	$ 19,925	$ 464,863

Audit Report for 2014

Labor and Employment Relations Association

Champaign, Illinois

Financial Statements

For the Years Ended
December 31, 2014 and 2013

Feller & Kuester CPAs LLP
Certified Public Accountants
806 Parkland Court, Suite 1
Champaign, IL 61821
217-351-3192

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Feller & Kuester CPAs LLP

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Labor and Employment Relations Association
Champaign, Illinois

We have audited the accompanying financial statements of the Labor and Employment Relations Association (a nonprofit organization) which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Labor and Employment Relations Association as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matter
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on pages 16 and 17 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Feller & Kuester CPAs LLP

Feller & Kuester CPAs LLP
Champaign, Illinois

May 19, 2015

LABOR AND EMPLOYMENT RELATIONS ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2014 AND 2013

	2014	2013
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 226,823	$ 223,184
Investments	22,856	21,373
Accounts Receivable, Net	250	26,556
Prepaid Expenses	6,256	6,737
Inventory	5,537	6,597
Accrued Interest and Royalties	4,305	3,646
Total Current Assets	266,027	288,093
Property and Equipment, Net	1,587	3,112
TOTAL ASSETS	$ 267,614	$ 291,205
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	$ 8,085	$ 16,089
Funds Held for Other Organizations	7,516	4,935
Accrued Liabilities	24,315	22,059
Dues Collected in Advance	56,757	79,076
Subscriptions Collected in Advance	7,278	10,296
Deferred Sponsorships	25,000	-
Deferred Chapter Dues	8,560	7,700
Other Deferred Revenue	1,755	900
Total Current Liabilities	139,266	141,055
Net Assets		
Temporarily Restricted		
Eaton Memorial Scholarship Receipts	31,935	34,354
Kochan-Sleigh Award Receipts	43,624	44,765
Scoville Award Receipts	7,041	7,031
Dunlop Fund	19,474	17,331
Gershenfeld Fund	23,030	17,763
Total Temporarily Restricted	125,104	121,244
Unrestricted Net Assets	3,244	28,906
Total Net Assets	128,348	150,150
TOTAL LIABILITIES AND NET ASSETS	$ 267,614	$ 291,205

See Accompanying Notes.

LABOR AND EMPLOYMENT RELATIONS ASSOCIATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenues						
Membership Dues	137,775	-	137,775	142,665	-	142,665
Meeting Income	105,080	-	105,080	74,973	-	74,973
Organization Dues & Sponsorships	70,800	-	70,800	24,100	-	24,100
Subscriptions	20,005	-	20,005	20,822	-	20,822
Member Contributions	9,772	6,422	16,194	8,740	5,297	14,037
Royalties	11,587	-	11,587	6,762	-	6,762
Chapter Fees	11,300	-	11,300	10,075	-	10,075
Ad Income	1,000	-	1,000	-	-	-
Administrative Fees	834	-	834	759	-	759
Mailing List Rental	723	-	723	1,013	-	1,013
Publications	347	-	347	909	-	909
Investment Income	-	1,483	1,483	-	(766)	(766)
Interest Income	345	160	505	357	382	739
Net Assets Released from Restrictions	4,205	(4,205)	-	4,788	(4,788)	-
Total Support and Revenues	373,773	3,860	377,633	295,963	125	296,088
Expenses						
Program Services						
General	187,521	-	187,521	208,677	-	274,524
Meetings	78,968	-	78,968	52,079	-	51,751
Publications	41,541	-	41,541	44,191	-	51,595
Supporting Services						
Management and General	80,714	-	80,714	62,946	-	67,068
Membership Development	10,691	-	10,691	12,861	-	19,925
Total Expenses	399,435	-	399,435	380,754	-	464,863
Change in Net Assets	(25,662)	3,860	(21,802)	(84,791)	125	(84,666)
Net Assets, Beginning of Year	28,906	121,244	150,150	113,697	121,119	234,816
Net Assets, End of Year	$ 3,244	$ 125,104	$ 128,348	$ 28,906	$ 121,244	$ 150,150

See Accompanying Notes.

LABOR AND EMPLOYMENT RELATIONS ASSOCIATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (21,802)	$ (84,666)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Depreciation Expense	1,080	1,273
Loss on Disposal of Fixed Assets	445	-
Net Unrealized (Gains) Losses on Investments	(715)	1,639
(Increase) Decrease in Operating Assets		
Accounts Receivable, Net	26,306	(1,070)
Prepaid Expenses	481	(290)
Inventory	1,060	(182)
Accrued Interest and Royalties	(659)	(3,375)
Increase (Decrease) in Operating Liabilities		
Accounts Payable	(8,004)	242
Funds Held for Other Organizations	2,581	380
Accrued Liabilities	2,256	(7,934)
Dues Collected in Advance	(22,319)	4,563
Subscriptions Collected in Advance	(3,018)	(542)
Deferred Sponsorships	25,000	-
Deferred Chapter Dues	860	2,500
Other Deferred Revenue	855	900
Net Cash Provided by (Used in) Operating Activities	4,407	(86,562)
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Reinvested Interest, Dividends, and Capital Gains	(768)	(873)
Payments for Property and Equipment	-	(539)
Net Cash Provided by (Used in) Investment Activities	(768)	(1,412)
CASH FLOWS FROM FINANCING ACTIVITIES		
None	-	-
Net Cash Provided by (Used in) Financing Activities	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	3,639	(87,974)
Beginning Cash and Cash Equivalents	223,184	311,158
Ending Cash and Cash Equivalents	$ 226,823	$ 223,184

See Accompanying Notes.

LABOR AND EMPLOYMENT RELATIONS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

The Labor and Employment Relations Association (LERA) was founded in 1947 to encourage research in all aspects of the field of labor, employment, and the workplace. It is a nonprofit scholarly association of academic, labor, business and neutral communities committed to the full discussion and exchange of ideas between and among its broad constituencies through meetings, publications, and its various electronic listservs and websites. The LERA National Office is located in Champaign, Illinois and serves the association by planning conferences and meetings and publishing the various researches of its members. The main sources of support and revenues for LERA are contributions, membership dues and subscriptions, and meeting income.

Subsequent Events

Subsequent events have been evaluated through May 19, 2015, which is the date the financial statements were available to be issued.

Accrual Basis of Reporting

LERA has chosen to report on the accrual basis of accounting. Accordingly, revenue is recognized when earned and expenses are recognized when incurred in conformity with accounting principles generally accepted in the United States of America (GAAP).

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include all cash and highly liquid investments acquired with an original maturity date of three months or less. Since the penalties of converting certificate of deposits to cash is insignificant, all certificate of deposits have been included with cash and cash equivalents. As of December 31, 2014 and 2013, $102,248 and $99,871 of cash and cash equivalents are temporarily restricted and are subject to donor-imposed stipulations.

Investments

Investments consist of intermediate term bond index funds. All investments are held as temporarily restricted and are subject to donor-imposed stipulations.

Accounts Receivable

Accounts receivable are recorded primarily for outstanding invoices for membership dues and subscriptions. An allowance for doubtful accounts is based on an analysis of expected collection rates determined from experience. LERA had an allowance for doubtful accounts of $100 at December 31, 2014 and 2013.

Inventory

LERA's inventory of directories, research volumes, proceedings, and perspective magazines is carried at the lower of cost and market value. Cost is determined on the basis of first in – first out.

Property and Equipment

Property and equipment expenditures in excess of $500 are capitalized at cost. Donated property and equipment are capitalized at estimated cost or fair market value at the time of donation. Depreciation of the assets is computed using the straight-line method over their estimated useful lives. The range of estimated useful lives by type of asset is as follows:

Furniture and Equipment	5-7 years

Net Assets

Net assets of LERA and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of LERA and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified from restrictions. Contributions received with temporarily restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. LERA had $125,104 and $121,244 of temporarily restricted net assets as of December 31, 2014 and 2013, respectively.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by LERA. Generally, the donors of these assets permit LERA to use all or part of the income earned on any related investments for general or specific purposes. LERA had no permanently restricted net assets as of December 31, 2014 and 2013.

Grant Revenue

Grant funds received under contracts that require provision of services by LERA are recognized as revenue to the extent that expenses have been incurred for the purpose specified by the grantor. The excess of grant monies received over expenses incurred is accounted for as deferred revenue. The excess of grant expenditures over grant monies received is accounted for as grant revenue receivable to the extent that additional grant revenue has been awarded and will be paid.

Grant funds received with only general restrictions and public donations are considered to be available for unrestricted use unless specifically restricted by the donor. When such restrictions exist, the revenue is recorded as temporarily restricted until the restrictions are met.

Contributed Services and Goods

Contributed services are reported as contribution revenue and as assets or expenses only if the services create or enhance a non-financial asset (for example property and equipment) or:

- Would typically need to be purchased by LERA if the services had not been provided by contribution.
- Require specialized skills.
- Are provided by individuals with those skills (such as accounting, financial, construction, educational, electrical, legal, medical, and other services provided by accountants, investments advisers, contractors, teachers, electricians, lawyers, doctors, and other professional and craftspeople).

For the years ended December 31, 2014 and 2013, the value of contributed services meeting the defined requirements for recognition in the financial statements as outlined above were not material and have not been recorded on the financial statements. LERA does receive free office space from the University of Illinois. However, the value for the use of this office space has not been reported on the financial statements.

Income Tax Status

LERA is a nonprofit association that is exempt from federal income tax under Section 501 (c)(3) of the Internal Revenue Code. In addition, the Internal Revenue Service has determined that LERA is not a private foundation as defined in Section 509(a)(1) and Section 170(b)(1)(A)(vi) of the Code.

LERA has evaluated its exposure resulting from uncertain income tax position and determined the exposure is not material to the financial statements. In addition, LERA is not aware of any tax position for which a significant change is reasonably possible within the next 12 months. Therefore, these financial statements do not include a liability for uncertain tax positions. Upon recognition of a liability for an uncertain tax position, LERA would recognize interest expense and penalties in operating expenses.

LERA files information tax returns in the U.S. federal jurisdiction and the state of Illinois. Its federal and Illinois information tax returns prior to fiscal year 2011 are closed. LERA does not have any tax returns currently under examination by either the Internal Revenue Service (IRS) or any U.S. state jurisdiction.

Membership Dues and Advance Subscriptions Collected

Membership dues and subscriptions are assessed and recognized as revenue based on the life of the dues or subscription.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 2 – ARRANGEMENTS WITH THE UNIVERSITY OF ILLINOIS

LERA moved its offices to the University of Illinois at the end of 1999. Under an arrangement with the University, the employees of LERA are employed by the University. The employees' pension and benefits are part of the University's plans. LERA then reimburses the University quarterly for the cost of its employees.

The University of Illinois holds some cash for LERA. These "claim on cash" balances were $21,614 and $29,804 as of December 31, 2014 and 2013, respectively. These balances have been included with cash and cash equivalents.

NOTE 3 – UCIRHRP SERVICING ARRANGEMENT TO ADMINISTER BUSINESS

On January 3, 2003, LERA entered into a servicing arrangement to administer the business of the University Council of Industrial Relations and Human Resources Programs (UCIRHRP). These servicing duties include dues notification and collection, annual meeting arrangement and report preparation, and maintaining a data base and network communications for this separate organization. A separate financial statement is maintained for this company, but UCIRHRP's cash is maintained in LERA's general bank account. The amount of cash belonging to UCIRHRP in the general account is shown on LERA's balance sheet as Funds Held for Other Organizations. UCIRHRP's cash balance in LERA's custody was $5,865 at December 31, 2014 and $4,935 at December 31, 2013. LERA is allowed to keep 20% of dues collected each year as an administrative fee.

NOTE 4 – CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject LERA to credit risk consist principally of checking accounts, money markets accounts, and certificates of deposits at financial institutions. However, management continuously monitors LERA's balances at financial institutions. Deposits held at any financial institutions were fully insured by the Federal Deposit Insurance Corporation (FDIC) at December 31, 2014 or 2013. The "claims on cash" held with the University of Illinois as stated in Note 2 is not insured since it is not held in a financial institution. In addition, LERA had undeposited funds of $7,850 and $4,665 at December 31, 2014 and 2013, respectively. Since these funds were not yet deposited with a financial institution it was covered by FDIC.

NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS

Susan C. Eaton Scholar-Practitioner Memorial Fund

LERA set up a memorial fund in honor of an author of a 1998 "Perspectives on Work" article and active young LERA member, who died on December 30, 2003. At its June 1, 2004 meeting, LERA approved the establishment of an annual Susan C. Eaton Scholar-Practitioner award and grant to be paid to one or more qualified scholar researchers in even-numbered years or practitioners in odd-numbered years doing research in the labor and employment relations or related field. LERA's Executive Board directed that 10% of any gifts received each year are unrestricted and can be used for administrative expenses. As of December 31, 2014 and 2013, these temporary restricted funds totaled $31,935 and $34,354, respectively.

Kochan-Sleigh Best Dissertation Award Fund

On March 27, 2006, LERA set up a temporarily restricted fund with contributions from a member and matching contributions from General Electric. The fund is restricted for a minimum of fifteen years and may be used to pay for the $1,000 annual best dissertation award and plaque. After the fifteen year period, the fund may be continued or the amount remaining in the fund may be released and become available to LERA for unrestricted purposes. LERA's Executive Board directed that 10% of any gifts received each year are unrestricted and can be used for administrative expenses. As of December 31, 2014 and 2013, these temporary restricted funds totaled $43,624 and $44,765, respectively.

Jim Scoville Award Fund

On January 9, 2009, LERA set up a temporarily restricted fund with a $10,000 contribution from the University of Minnesota's Industrial Relations Center to honor a member and retiring professor. The fund was established to pay an annual award of $500 and a plaque for best paper on international and comparative employment issues. LERA's Executive Board directed that 10% of any gifts received each year are unrestricted and can be used for administrative expenses. As of December 31, 2014 and 2013, these temporarily restricted funds totaled $7,041 and $7,031, respectively.

John T. Dunlop Public Policy Fund

On May 8, 2010, LERA established a temporarily restricted fund to subsidize a named John T. Dunlop Public Policy Session at future LERA National Policy Forums and/or at LERA annual meetings. LERA's Executive Board directed that 10% of any gifts received each year are unrestricted and can be used for administrative expenses. This fund will be so named for five or ten years, at which time LERA's Executive Board will review the fund to determine whether to continue or modify the fund. As of December 31, 2014 and 2013, these temporary restricted funds totaled $19,474 and $17,331, respectively.

Gladys and Walter Gershenfeld Publication Fund

On May 8, 2010, LERA established a temporarily restricted fund to honor the memory of long-time LERA members and LERA Past President Walter and Gladys Gershenfeld for the purpose of supporting LERA's electronic and print publications. The fund will be so named for ten years, at which time LERA will review the fund's purpose and uses, and whether to continue or modify the fund. LERA's Executive Board directed that 10% of any gifts received each year are unrestricted and can be used for administrative expenses. As of December 31, 2014 and 2013, these temporarily restricted funds totaled \$23,030 and \$17,763, respectively.

NOTE 6 – INVESTMENTS

Financial Accounting Standards Board ("FASB") Codification 820, Fair Value Measurements, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarch gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB Codification 820 are described below:

> Level 1 – Inputs to the valuation methodology are based on unadjusted quoted prices for identical assets or liabilities in active markets that LERA has the ability to access.
>
> Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
>
> Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's and liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2014 and 2013.

> *Intermediate Term Bond Funds:* Valued at the NAV of shares held by the Organization at year end based on readily determinable fair values, which are published daily and are the basis for current transactions.

LABOR AND EMPLOYMENT RELATIONS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although LERA believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements at the reporting date.

The following table sets forth by level, within the fair value hierarchy, LERA's assets at fair value as of December 31, 2014 and 2013:

Assets at Fair Value as of December 31, 2014

	Level 1	Level 2	Level 3	Total
Intermediate Term Bond Funds	$22,856	-	-	$22,856

Assets at Fair Value as of December 31, 2013

	Level 1	Level 2	Level 3	Total
Intermediate Term Bond Funds	$21,373	-	-	$21,373

Net investment earnings for the years ended December 31, 2014 and 2013 are summarized as follows:

	2014	2013
Dividends	$ 636	$ 637
Capital Gains Distributions	132	236
Net Unrealized Gains (Losses)	715	(1,639)
Total Investment Income	$ 1,483	$ (766)

This investment income, including unrealized gains and losses, are being reported on the statement of activity as investment income.

NOTE 7 – PROPERTY AND EQUIPMENT

As of December 31, 2014, Property and Equipment consists of:

Furniture and Equipment	$ 15,639
Less: Accumulated Depreciation	(14,052)
Property and Equipment, Net	$ 1,587

As of December 31, 2013, Property and Equipment consists of:

Furniture and Equipment	$ 17,347
Less: Accumulated Depreciation	(14,235)
Property and Equipment, Net	$ 3,112

Depreciation expense for the years ended December 31, 2014 and 2013 was $1,080 and $1,273, respectively.

NOTE 8 – ACCRUED EXPENSES

As of December 31, 2014, Accrued Expenses consist of:

Accrued Payroll	$ 5,082
Accrued Benefits/Taxes	2,002
Accrued Vacation	17,231
Total	$ 24,315

As of December 31, 2013, Accrued Expenses consist of:

Accrued Payroll	$ 5,879
Accrued Benefits/Taxes	2,118
Accrued Vacation	14,062
Total	$ 22,059

NOTE 9 – COMMITMENTS

LERA had a contract with University of Illinois Press (UIP) for UIP to provide membership management services and publication of *Perspectives on Work* (magazine) for an annual fee of $28,280. The five year agreement commenced on January 1, 2007 and expired on December 31, 2012. Although the original contract expired, the terms continued through December 31, 2014. As of December 31, 2014, LERA is no longer under contract with UIP and no future payments are due to UIP.

On February 26, 2013, LERA signed a 12 month contract from March 1, 2013 to February 28, 2014 with a company to provide services to manage the EPRN website and provide content for the LERA website. The contract states that LERA will pay this company $2,400 per month for a total of $28,800. The Agreement automatically renews for consecutive 12 month terms, unless the Agreement is terminated by one or both of the parties as set forth herein. Beginning the second cycle and continuing until termination or renegotiation, LERA will increase the base rate every year by two percent (2%) over the previous year's base rate. For example: $2,448 per month for twelve months starting March 1, 2014; $2,497 per month for twelve months starting March 1, 2015; $2,546 per month for twelve months starting March 1, 2016; and so on.

LERA has signed contracts with hotels in Portland, Pittsburgh, and Minneapolis for the 2014, 2015, and 2016 Annual Meetings. If these contracts were cancelled at December 31, 2014 and 2013, LERA would have owed $61,965 and $76,903, respectively, to the Portland, Pittsburgh, and Minneapolis hotels.

NOTE 10 – PENSION PLAN AND RETIREMENT CONTRIBUTIONS

The University of Illinois (the University) contributes to the State Universities Retirement System of Illinois (SURS), a cost-sharing multiple-employer, defined-benefit pension plan with a special funding situation whereby the State makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941, to provide retirement annuities and other benefits for staff members and employers of the State universities, certain affiliated organization, and certain other State educational and scientific agencies and for survivors, dependents and other beneficiaries of such employees. SURS is considered a component unit of the State of Illinois' financial reporting entity, and is included in the State's financial reports as a pension trust fund. SURS is governed by Section 5/15, Chapter 40, of the *Illinois Compiled Statutes*. SURS issues a publically available financial report and required supplementary information. That report may be obtained by accessing the Web site at www.SURS.org or by calling 1-800-275-7877.

SURS federal tax identification number is 37-6006008. The plan was underfunded by $20,110,500,000 as of June 30, 2013, the most recent actuarial valuation date, which includes actuarial value of assets totaling $14,262,600,000 and accrued actuarial liabilities totaling $34,373,100,000. The plan was underfunded by $21,584,800,000 as of June 30, 2014, the most recent actuarial valuation date, which includes actuarial value of assets totaling $12,788,300,000 and accrued actuarial liabilities totaling $34,373,100,000.

While LERA reports under Financial Accounting Standards Board, the University reports under Governmental Accounting Standards Board (GASB). GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, issued June 2012, will be effective for the University beginning with its year ending June 30, 2015. This statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information. As LERA participates in SURS through the University, this standard may impact LERA's financial statements in addition to the University. Management is in the process of evaluating the potential impact this standard will have on its financial statements.

Eligible employees must participate upon initial employment. Employees are ineligible to participate if (a) employed after having attained age 68; (b) employed less than 50% of full time; or (c) employed less than full time and attending classes with an employer.

Plan members are required to contribute 8.0% of their annual covered salary and substantially all employer contributions are made by the State on behalf of the individual employers at an actuarially determined rate. LERA's current employer rate is 11.71% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly. During the years ended December 31, 2014, 2013 and 2012, LERA reimbursed the University of Illinois $14,743, $16,436, and $20,632, respectively, for the employer's payments to SURS for eligible employees.

Employers hired prior to April 1, 1986 are exempt from contributions required under the Federal Insurance Contribution Act. Employees hired after March 31, 1986 are required to contribute 1.45% of their gross salary for Medicare. LERA is required to match this contribution. As of December 31, 2014 and 2013, all employees were required to contribute 1.45% of their gross salary for Medicare.

Employees may also elect to participate in certain tax-sheltered retirement plans. These voluntary plans permit employees to designate a part of their earnings into tax-sheltered investments and thus defer federal and state income taxes on their contributions and accumulated earnings under the plans. Participation and the level of employee contributions are voluntary. The employer is not required to make contributions to these plans.

NOTE 11 – POST-EMPLOYMENT BENEFITS

The State of Illinois (the State) provides health, dental, vision, and life insurance benefits for retirees and their dependents in a program administered by the Department of Central Management Services. Substantially all State employees become eligible for post-employment benefits if they eventually become annuitants of one of the State sponsored pension plans. Health, dental, and vision benefits include basic benefits for annuitants and dependents under the State's self-insurance plan and insurance contracts currently in force. Annuitants may be required to contribute toward health, dental, and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants who retired prior to January 1, 1998, and who are vested in the SURS do not contribute toward health, dental, and vision benefits. For annuitants who retired on or after January 1, 1998, the annuitant's contribution amount is reduced five percent for each year of credited service with the State; therefore, those annuitants with twenty or more years of credited service do not have to contribute toward health, dental, and vision benefits. Annuitants also receive life insurance coverage equal to the annual salary of the last day of employment until age 60, at which time the benefit becomes $5,000.

The State pays the SURS' portion of employer costs for the benefits provided. The total cost of the State's portion of health, dental, vision, and life insurance benefits of all members, including postemployment health, dental, vision, and life insurance benefits, is recognized as an expenditure by the State in the Illinois Comprehensive Annual Financial Report. The State finances the costs on a pay-as-you-go basis. The total costs incurred for health, dental, vision, and life insurance benefits are not separated by department or component unit for annuitants and their dependents nor active employees and their dependents.

A summary of post-employment benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the financial statements of the Department of Central Management Services. A copy of the financial statements of the Department of Central Management Services may be obtained by writing to the Department of Central Management Services, Stratton Building, Room 720, Springfield, Illinois, 62706-4100.

LABOR AND EMPLOYMENT RELATIONS ASSOCIATION
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014

		MEETINGS			PUBLICATIONS						SUPPORTING SERVICES		
	General	Annual Conference	ASSA Meeting	Other Meetings	Directory	Newsletter	Annual Proceedings	Perspectives	Research Volume	Other Publications	Management & General	Membership Development	Totals
Compensation	$ 112,163	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 16,173	$ -	$ 128,336
Payroll Taxes & Fringes	45,087	-	-	-	-	-	-	-	-	-	6,706	-	51,793
Contract Labor	29,280	-	-	-	-	-	-	-	-	-	-	-	29,280
Depreciation	-	-	-	-	-	-	-	-	-	-	1,080	-	1,080
Loss on Disposal of Fixed Assets	-	-	-	-	-	-	-	-	-	-	445	-	445
Insurance	-	-	-	-	-	-	-	-	-	-	3,773	-	3,773
Bank Charges	-	-	-	-	-	-	-	-	-	-	2,731	-	2,731
Promotion	-	4,256	139	-	-	-	-	-	-	-	-	3,252	7,647
Fulfillment	-	-	-	-	-	-	-	-	-	-	20,240	-	20,240
Postage and Freight	-	707	52	-	-	-	-	1,403	1,110	-	228	-	3,500
Accounting/Auditing	-	-	-	-	-	-	-	-	-	-	4,800	-	4,800
Printing and Production	-	1,841	-	-	-	-	-	12,732	4,400	68	-	-	19,041
Services	-	-	-	-	-	-	487	12,737	6,715	-	-	-	19,939
Other Publication Costs	-	-	-	-	875	375	500	139	-	-	-	-	1,889
Meals/Receptions	-	47,666	-	-	-	-	-	-	-	-	-	-	47,666
Travel	-	3,602	1,889	611	-	-	-	-	-	-	-	-	6,102
Other Meeting Expenses	-	15,171	479	150	-	-	-	-	-	-	-	-	15,800
Computer Supplies/Services	-	2,405	-	-	-	-	-	-	-	-	439	-	2,844
Website	-	-	-	-	-	-	-	-	-	-	18,601	-	18,601
Office Supplies	991	-	-	-	-	-	-	-	-	-	1,263	-	2,254
Student & Member Awards	-	-	-	-	-	-	-	-	-	-	-	5,985	5,985
Fundraising Expense	-	-	-	-	-	-	-	-	-	-	-	994	994
Duplicating Expense	-	-	-	-	-	-	-	-	-	-	367	-	367
Telephone & Fax	-	-	-	-	-	-	-	-	-	-	438	-	438
Chapter Expenses	-	-	-	-	-	-	-	-	-	-	-	349	349
Dues	-	-	-	-	-	-	-	-	-	-	641	-	641
Other Committee Expenses	-	-	-	-	-	-	-	-	-	-	-	111	111
Miscellaneous Office	-	-	-	-	-	-	-	-	-	-	2,789	-	2,789
	$ 187,521	$ 75,648	$ 2,559	$ 761	$ 875	$ 375	$ 987	$ 27,011	$ 12,225	$ 68	$ 80,714	$ 10,691	$ 399,435

LABOR AND EMPLOYMENT RELATIONS ASSOCIATION
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

		MEETINGS			PUBLICATIONS						SUPPORTING SERVICES		
	General	Annual Conference	ASSA Meeting	Other Meetings	Directory	Newsletter	Annual Proceedings	Perspectives	Research Volume	Other Publications	Management & General	Membership Development	Totals
Compensation	$ 131,006	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 14,396	$ -	$ 145,402
Payroll Taxes & Fringes	52,911	-	-	-	-	-	-	-	-	-	6,434	-	59,345
Contract Labor	24,000	-	-	-	-	-	-	-	-	-	-	-	24,000
Depreciation	-	-	-	-	-	-	-	-	-	-	1,273	-	1,273
Loss on Disposal of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-	3,653	-	3,653
Bank Charges	-	-	-	-	-	-	-	-	-	-	1,882	-	1,882
Promotion	-	8,111	-	-	-	-	-	-	-	-	-	4,395	12,506
Fulfillment	-	-	-	-	-	-	-	-	-	-	13,180	-	13,180
Postage and Freight	-	-	-	-	-	-	-	1,102	2,221	23	281	-	3,627
Accounting/Auditing	-	-	-	-	-	-	-	-	-	-	4,800	-	4,800
Printing and Production	-	1,238	-	-	-	-	-	17,893	5,415	60	-	-	24,606
Services	-	-	-	-	-	-	1,188	4,058	8,360	-	-	-	13,606
Other Publication Costs	-	-	-	-	1,750	750	1,000	352	-	19	-	-	3,871
Meals/Receptions	-	28,967	-	-	-	-	-	-	-	-	-	-	28,967
Travel	-	6,469	503	725	-	-	-	-	-	-	-	-	7,697
Other Meeting Expenses	-	4,687	114	-	-	-	-	-	-	-	-	-	4,801
Computer Supplies/Services	-	1,265	-	-	-	-	-	-	-	-	5,296	-	6,561
Website	-	-	-	-	-	-	-	-	-	-	9,432	-	9,432
Office Supplies	760	-	-	-	-	-	-	-	-	-	612	-	1,372
Student & Member Awards	-	-	-	-	-	-	-	-	-	-	-	6,097	6,097
Fundraising Expense	-	-	-	-	-	-	-	-	-	-	-	1,650	1,650
Duplicating Expense	-	-	-	-	-	-	-	-	-	-	1,047	-	1,047
Telephone & Fax	-	-	-	-	-	-	-	-	-	-	476	-	476
Chapter Expenses	-	-	-	-	-	-	-	-	-	-	-	292	292
Dues	-	-	-	-	-	-	-	-	-	-	65	-	65
Other Committee Expenses	-	-	-	-	-	-	-	-	-	-	-	427	427
Miscellaneous Office	-	-	-	-	-	-	-	-	-	-	119	-	119
	$ 208,677	$ 50,737	$ 617	$ 725	$ 1,750	$ 750	$ 2,188	$ 23,405	$ 15,996	$ 102	$ 62,946	$ 12,861	$ 380,754

The LERA gratefully acknowledges the continuing support of its Sustaining Sponsors and Organizational Members.

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New York State Nurses Association Economic & General Welfare Program
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Pennsylvania State University Labor Studies and Employment Relations
Rollins College Department of Business & Social Entrepreneurship
Rutgers University School of Management and Labor Relations
Saint Joseph's University Haub School of Business
San Diego Municipal Employee Association
Seabury Group LLC
Society for Human Resource Management (SHRM)
Tennessee State Employees Association
The Dannon Company
UCLA Institute on Conflict Resolution
United Food and Commercial Workers Local #1776
United Steelworkers
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University of California-Los Angeles, Anderson School of Management
University of California—Berkeley, Institute for Research on Labor and Employment
University of Illinois at Urbana-Champaign School of Labor and Employment Relations
University of Minnesota Carlson School of Management
University of Newcastle
University of Toronto Center for Industrial Relations and Human Resources
West Virginia University Department of Industrial Relations and Management

For more information about Organizational Membership with the LERA, please visit the LERA website: http://www.lera.illinois.edu/about/OrgMemInfo.html.

Alphabetical List of Authors

You are invited to become a member of

THE LABOR AND EMPLOYMENT RELATIONS ASSOCIATION

The Labor and Employment Relations Association (LERA) was founded in 1947 by a group who felt that the growing field of industrial relations required an association in which professionally minded people from different organizations could meet. It was intended to enable all who were professionally interested in industrial relations to become better acquainted and to keep up to date with the practices and ideas at work in the field. To our knowledge there is no other organization that affords the multiparty exchange of ideas we have experienced over the years–a unique and valuable forum. After 69 years, both our academic and practitioners agree with the conviction of the founders that the encouragement, reporting, and critical discussion of research are essential if our professional field is to advance.

Our local and national membership of 5,000 includes representatives of management, unions, government; practitioners in consulting, arbitration, mediation, and law; and scholars and teachers representing many disciplines in colleges and universities in the United States and Canada, as well as abroad. Libraries and institutions interested in the publications of the Association are also invited to become subscribing members and thereby receive the same member publications. Organizational memberships in the Association are also available.

Membership dues cover publications for 12 months and entitle members to the electronic newsletter, membership directory and proceedings of the annual meeting online, and printed copies of the annual research volume, and the magazine, *Perspectives on Work* (volumes also available online). Additional online resources include Chapter Profiles and an IR/HR Degree Program Listing for the United States, Canada, and Australia.

Dues for the 2015 calendar year are listed below. International memberships require an additional $20.00 per year to cover postage costs.

Regular Member	$195.00
Contributing Member	$300.00
Emeritus Member (10 years+ membership and no longer employed)	$105.00
Student Member (full-time, limited to 4 consecutive years)	$25.00
Library Subscriber	$250.00

Tax-deductible financial contributions to the Association to support its educational activities are always welcome. You can make an online contribution at our website, leraweb.org, and choosing "Donate". If you are not already a member, we invite you to join the LERA by sending your membership application and dues payment. You can also join online at the LERA website, leraweb.org by choosing "Membership", or request an invoice. Inquiries regarding membership, meetings, and publications should be addressed to the LERA office.

LABOR AND EMPLOYMENT RELATIONS ASSOCIATION
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