

**CSA WELFARE FUND**  
**FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED**  
**SEPTEMBER 30, 2010 AND 2009**

## CSA WELFARE FUND

### TABLE OF CONTENTS

	<u>Page No.</u>
<b>Independent Auditor's Report</b>	1
<b>Financial Statements:</b>	
Statements of Net Assets Available for Benefits and Benefit Obligations	2
Statements of Changes in Net Assets Available for Benefits	3
Statements of Changes in Plan's Benefit Obligations	4
Notes to the Financial Statements	5
<b>Supplementary Information:</b>	
Schedules of Benefit Costs	13
Schedules of Management and General Expenses	14



TARLOW & CO., C.P.A.'S  
A PROFESSIONAL CORPORATION

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7 Penn Plaza, Suite 210, New York, N.Y. 10001 Tel. 212-697-8540 Fax. 212-573-6805

**INDEPENDENT AUDITOR'S REPORT**

To the Trustees of CSA Welfare Fund  
Brooklyn, New York

We have audited the accompanying statements of net assets available for benefits and benefit obligations of CSA Welfare Fund as of September 30, 2010 and 2009 and the related statements of changes in net assets available for benefits and changes in plan's benefit obligations for the years then ended. These financial statements are the responsibility of the Fund's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Fund as of September 30, 2010 and 2009, and the changes in its net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of benefit costs and management and general expenses, also referred to as "supplementary information", are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The supplementary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Tarlow & Co., C.P.A.'s*

New York, New York  
January 13, 2011

## CSA WELFARE FUND

STATEMENTS OF NET ASSETS AVAILABLE  
FOR BENEFITS AND BENEFIT OBLIGATIONS

AS OF SEPTEMBER 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<b><u>ASSETS</u></b>		
<b><u>Investments, at fair value:</u></b>		
Mortgage and asset backed securities	\$ 5,019,349	\$ 7,802,285
Common stocks	<u>1,863,590</u>	<u>1,866,402</u>
Total investments	<u>6,882,939</u>	<u>9,668,687</u>
<b><u>Receivables:</u></b>		
Contributions - sponsor	840,488	747,844
Accrued interest receivable	27,213	15,674
Accrued prescription formulary rebates receivable	475,607	212,381
Accrued prescription discounts receivable	448,067	-
Due from CSA Retiree Welfare Fund	65,600	78,673
Due from DCC/CSA Welfare Fund	3,300	-
Due from CSA Union - optical	3,941	5,608
Due from CSA Union - supplemental medical	<u>11,951</u>	<u>13,922</u>
Total receivables	<u>1,876,167</u>	<u>1,074,102</u>
Cash	2,050,417	1,035,405
Cash at broker	2,877,696	832,130
Furniture and equipment (net of accumulated depreciation of \$400,728 and \$378,005 in 2010 and 2009, respectively)	78,311	56,692
Other assets	<u>18,452</u>	<u>14,300</u>
Total assets	<u>13,783,982</u>	<u>12,681,316</u>
<b><u>LIABILITIES</u></b>		
Accounts payable for administrative expenses	46,662	64,655
Due to DCC/CSA Welfare Fund	-	7,402
Pension plan payable	<u>72,000</u>	<u>66,000</u>
Total liabilities	<u>118,662</u>	<u>138,057</u>
<b>Net assets available for benefits</b>	<u>13,665,320</u>	<u>12,543,259</u>
<b><u>BENEFIT OBLIGATIONS</u></b>		
Health claims payable	234,370	279,290
Claims incurred but not reported	<u>599,030</u>	<u>546,510</u>
Total benefit obligations	<u>833,400</u>	<u>825,800</u>
<b>Excess of net assets available for benefits over benefit obligations</b>	<u>\$ 12,831,920</u>	<u>\$ 11,717,459</u>

The accompanying notes are an integral part of these financial statements.

## CSA WELFARE FUND

## STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

## FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<b><u>ADDITIONS</u></b>		
<b><u>Contributions:</u></b>		
Board of Education - sponsor	\$ 11,206,255	\$ 9,113,104
Council and Fund employees - participants	41,951	35,922
CSA Union Optical administrative fee	742	1,470
Charter School - participants	41,358	34,782
RSSA and CSA Retiree Chapter administrative fees	<u>18,452</u>	<u>17,275</u>
Total contributions	<u>11,308,758</u>	<u>9,202,553</u>
<b><u>Investment income:</u></b>		
Net appreciation in fair value of investments	461,272	20,266
Interest	469,791	582,493
Dividends	49,638	52,383
Less: Investment expenses	<u>(20,042)</u>	<u>(23,970)</u>
Net investment income	<u>960,659</u>	<u>631,172</u>
Other income	<u>35,387</u>	<u>36,726</u>
<b>Total additions</b>	<u>12,304,804</u>	<u>9,870,451</u>
<b><u>DEDUCTIONS</u></b>		
<b><u>Benefit costs:</u></b>		
Premiums	142,635	143,108
Direct benefits	<u>9,999,172</u>	<u>9,579,717</u>
Total benefit costs	10,141,807	9,722,825
Management and general expenses	<u>1,048,536</u>	<u>980,256</u>
<b>Total deductions</b>	<u>11,190,343</u>	<u>10,703,081</u>
<b>Net increase (decrease)</b>	1,114,461	(832,630)
Excess of net assets available for benefits over benefit obligations:		
<b>Beginning of year</b>	<u>11,717,459</u>	<u>12,550,089</u>
<b>End of year</b>	<u>\$ 12,831,920</u>	<u>\$ 11,717,459</u>

The accompanying notes are an integral part of these financial statements.

**CSA WELFARE FUND**

**STATEMENTS OF CHANGES IN PLAN'S BENEFIT OBLIGATIONS**

**FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009**

Amounts currently payable to or for  
participants, beneficiaries and dependents

<b>Beginning balance - October 1, 2008</b>	<b>\$ 844,301</b>
Claims reported and approved for payment	9,725,817
Changes in actuarial assumptions for claims incurred but not reported	(2,992)
Claims paid	<u>(9,741,326)</u>
<b>Ending balance - September 30, 2009</b>	<b>825,800</b>
Claims reported and approved for payment	10,089,287
Changes in actuarial assumptions for claims incurred but not reported	52,520
Claims paid	<u>(10,134,207)</u>
<b>Ending balance - September 30, 2010</b>	<b><u>\$ 833,400</u></b>

The accompanying notes are an integral part of these financial statements.

**CSA WELFARE FUND**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2010 AND 2009**

**NOTE 1 - DESCRIPTION OF FUND**

The following description of the CSA Welfare Fund (the "Fund") provides only general information. Participants should refer to the plan agreement for a complete description of the Fund.

**Benefits**

The CSA Welfare Fund was formed in 1966 under the terms of an agreement and Declaration of Trust entered into by the Trustees designated by the Executive Board of the Council of Supervisors and Administrators (the "Council"). The Fund provides life insurance, supplemental medical, dental, prescription drugs, optical and hearing aids to persons employed by the New York City Board of Education for whom a contribution is to be made. The Fund further provides coverage for eligible surviving dependents of deceased members for supplemental medical, dental, prescription drugs, optical and hearing aids for a period not to exceed 5 years. The Fund provides basic hospital and medical coverage similar to the city health plan for a period not to exceed 24 months for these surviving dependents. In addition, officers and employees of the Council and the Fund are covered by payment of the required contribution.

The group insurance contract with the Fund's carriers provides that premiums paid are for insured benefits which are not subject to dividends or premium refunds.

**Termination**

In the event that the obligation of the City of New York, as employer, to make contributions shall terminate, or upon liquidation of the Trust, the Trustees shall continue to apply the Trust to the purposes specified in the declaration of the trust, and upon the disbursement of the entire Trust, this Trust shall terminate.

**Contributions**

Contributions are determined according to the negotiated settlement between CSA Union and the City of New York Department of Education funded through the controller's office. Contributions are currently \$133.10 per participant per month.

In addition to the normal contributions, the Fund received a one-time contribution of \$200 per member in October 2009 based on the City/MLC agreement.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements of the Fund are prepared on the accrual basis of accounting.

**CSA WELFARE FUND****NOTES TO FINANCIAL STATEMENTS****SEPTEMBER 30, 2010 AND 2009****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****New accounting and authoritative guidance**

In June 2009, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Standards No. 168 (“SFAS 168”), “FASB Codification”. SFAS 168 (with FASB codification change, new reference Accounting Standards Codification™ (“ASC”) 105-10) addresses the new FASB Codification as the source of authoritative U.S. GAAP to be applied by nongovernmental entities. The Codification is not intended to change U.S. GAAP but is a new structure which takes accounting pronouncements and organizes them by accounting topic. This guidance is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The Fund’s adoption of this guidance effective for the year ending September 30, 2009 impacts the way the Fund references U.S. GAAP accounting standards in the financial statements.

In May 2009, the FASB issued Statement of Financial Standards No. 165 (“SFAS 165”), “Subsequent Events”. SFAS 165 (with FASB codification change, new reference ASC 855) addresses the new accounting for and disclosure of subsequent events not addressed in other applicable GAAP, including disclosure of the date through which subsequent events have been evaluated. This guidance is effective for interim or annual periods ending after June 15, 2009. The Fund’s adoption of this guidance effective with the year ending September 30, 2009 did not have a material effect on the Fund’s net assets available for benefits and benefit obligations and changes in net assets available for benefits. The required disclosure of the date through which subsequent events have been evaluated is provided in Note 11.

In January 2009, the Fund adopted FASB Interpretations No. 48, “Accounting for Uncertainty in Income Taxes – An Interpretation of FASB Statement No. 109” (“FIN 48”) (with FASB codification change, new reference ASC 740-10, “Income Taxes”). ASC 740-10 clarifies the accounting for the uncertainty in income taxes recognized by prescribing the threshold a tax position is required to meet before being recognized in the financial statements. ASC 740-10 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosures and transition. The required disclosure for which income taxes have been evaluated is provided in Note 10.

**Investment valuation and income recognition**

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 7 for discussion of fair value measurements.

**CSA WELFARE FUND**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2010 AND 2009**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Investment valuation and income recognition (Continued)**

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Fund's gains and losses on investments bought and sold as well as held during the year.

**Use of estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, benefit obligations and changes therein, claims incurred but not reported, eligibility credits, claims payable, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

**Furniture and equipment**

Furniture and equipment are stated at cost. Depreciation is being provided by the use of the straight line method over the estimated useful lives of the assets which range from 5 to 10 years. Depreciation expense charged to operations for the years ended September 30, 2010 and 2009 was \$22,724 and \$19,878, respectively.

**Claims incurred but not reported**

Plan obligations at September 30, 2010 and 2009, for health claims incurred by active participants but not reported at that date, are estimated by the Fund's actuary as of that date in accordance with accepted actuarial principles. Such estimated amounts are reported in the accompanying statement of the Fund's benefit obligations and were estimated using a "claims development" or "lag" method, a method generally accepted and commonly used in actuarial practice.

**NOTE 3 - ADMINISTRATIVE AGREEMENT**

The Fund provides administrative services for both the Day Care Council/Council of Supervisors and Administrators Welfare Fund and for the CSA Retiree Welfare Fund through an agreement between the three funds. Under the terms of the agreement, the DCC/CSA Welfare Fund and the CSA Retiree Welfare Fund reimburse the CSA Welfare Fund a percentage of common administrative costs. Such reimbursement was \$918,500 and \$847,000 for the years ended September 30, 2010 and 2009, respectively.

**CSA WELFARE FUND**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2010 AND 2009**

**NOTE 4 - LEASE COMMITMENTS**

The Fund is obligated for annual rental payments exclusive of escalation clauses as follows:

Year Ending September 30,	
2011	\$128,565
2012	<u>43,275</u>
	<u>\$171,840</u>

Contingent rentals consist of electric, heat and real estate tax escalations. Electric charges are determined by the actual electric usage by the Fund. Heating and real estate taxes are charged based on 22% of each and every payment the sublessor, the CSA Union, is obligated to pay.

Rent expense, including contingent rents, was \$164,555 and \$158,287 for the years ended September 30, 2010 and 2009, respectively.

**NOTE 5 - CONCENTRATIONS OF CREDIT RISK**

- a) The Fund maintains its cash in bank deposit and money market accounts which, at times, may exceed federally insured limits. Accounts in the United States are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At September 30, 2010 and 2009, the Fund had approximately \$4,397,751 and \$1,305,464, respectively, in excess of FDIC insured limits. The Fund has not experienced any losses in such accounts.
  
- b) As discussed in Note 8, Alliance Bernstein became the custodian of the Fund's investments in May 2010. The Fund's custodian prior to this date was Smith Barney. The Fund had \$9,760,635 and \$10,500,817 invested with Alliance Bernstein and Smith Barney at September 30, 2010 and 2009, respectively, consisting of the following investments: cash deposits, money market accounts, publicly traded equity securities and federal mortgage and asset backed securities. Alliance Bernstein and Smith Barney are members of the Securities Investor Protection Corporation (SIPC).

## CSA WELFARE FUND

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010 AND 2009

**NOTE 6 - INVESTMENTS**

The Fund's investments are held and administered by Alliance Bernstein since May 2010. Prior to this date Smith Barney held and administered the Fund's investments. During the years ended September 30, 2010 and 2009, the Fund's investments (including investments bought, sold and held during year) appreciated in value by \$461,272 and \$20,266 respectively, as follows:

	September 30,			
	2010		2009	
	Net Increase In Value During Year	Fair Value at End of Year	Net Increase (Decrease) In Value During Year	Fair Value at End of Year
Fair value as determined by quoted market price:				
Mortgage and asset backed securities	\$ 313,644	\$ 5,019,349	\$ 309,330	\$ 7,802,285
Common stocks	<u>147,628</u>	<u>1,863,590</u>	<u>(289,064)</u>	<u>1,866,402</u>
	<u>\$ 461,272</u>	<u>\$ 6,882,939</u>	<u>\$ 20,266</u>	<u>\$ 9,668,687</u>

The fair value of individual investments that represent 5% or more of the Fund's net assets are as follows:

	September 30,	
	2010	2009
Investments at fair value, as determined by quoted market price:		
<b><u>Mortgage and asset backed securities</u></b>		
Fannie Mae Series 2005-123 6.00%, due 01/25/2036, \$301,333 and \$740,000 face amounts in 2010 and 2009, respectively	\$ 302,772	* \$ 738,905

\*Amount represents less than 5% of net assets available for benefits but is presented for comparative purposes.

## CSA WELFARE FUND

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010 AND 2009

**NOTE 7 - FAIR VALUE MEASUREMENTS**

The Fund adopted Financial Accounting Standards Board (FASB) Statement No. 157, Fair Value Measurements (“FASB Statement No. 157”) (with FASB codification change, new reference ASC 820, “Fair Value Measurements and Disclosure Topic”), which establishes a framework for measuring fair value. This framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (“Level 1” measurements), gives the next priority to quoted values based on observable inputs (“Level 2” measurements), and the lowest priority to values based on unobservable inputs (“Level 3” measurements). The three levels of the fair value hierarchy under ASC 820 are briefly described below:

- (a) **Level 1**  
Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Fund has the ability to access. For example, stocks listed on a recognized exchange or listed mutual funds.
- (b) **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 in inactive markets;
  - Inputs other than quoted prices that are observable for the asset or liability
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- (c) **Level 3**  
Inputs to the valuation methodology are unobservable and significant to the fair value measurement. For example, real estate using an independent appraisal process.

The asset’s or 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 September 30, 2010.

- (a) **Cash and Cash Equivalents**  
Cash and cash equivalents consist of checking accounts which is valued at their respective balances at the reporting date and money market portfolios which are valued using amortized cost which approximates fair value.
- (b) **Common Stock**  
The fair value is based on the closing price reported in the active market in which the individual security is traded.

## CSA WELFARE FUND

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010 AND 2009

NOTE 7 - FAIR VALUE MEASUREMENTS (Continued)(c) Mortgage and Asset Backed Securities

Mortgage and asset backed securities traded in the over-the-counter market and listed securities for which no sale was reported on the last business day of the Fund period are valued at the average of the last reported bid and asked prices.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Fund 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 a different fair value measurement at the reporting date.

The following table presents information about the Fund's assets measured at fair value as of September 30, 2010 and 2009:

	<u>Assets at Fair Value as of September 30, 2010</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 4,928,113	\$ -	\$ -	\$ 4,928,113
Mortgage and asset backed securities	-	5,019,349	-	5,019,349
Common stocks	<u>1,863,590</u>	<u>-</u>	<u>-</u>	<u>1,863,590</u>
Total assets at fair value	<u>\$ 6,791,703</u>	<u>\$ 5,019,349</u>	<u>\$ -</u>	<u>\$ 11,811,052</u>

	<u>Assets at Fair Value as of September 30, 2009</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 1,867,535	\$ -	\$ -	\$ 1,867,535
Mortgage and asset backed securities	-	7,802,285	-	7,802,285
Common stocks	<u>1,866,402</u>	<u>-</u>	<u>-</u>	<u>1,866,402</u>
Total assets at fair value	<u>\$ 3,733,937</u>	<u>\$ 7,802,285</u>	<u>\$ -</u>	<u>\$ 11,536,222</u>

NOTE 8 - PARTY-IN-INTEREST TRANSACTIONS

Certain fund investments are managed by Alliance Bernstein (prior to May 2010 was Smith Barney), which is the investment advisor and custodian of the Fund's investments. The purchase and sales of these investments and resulting balances are considered party-in-interest transactions and balances. Fees paid by the Fund for investment management services amounted to \$20,042 and \$23,970 for the years ended September 30, 2010 and 2009, respectively.

**CSA WELFARE FUND****NOTES TO FINANCIAL STATEMENTS****SEPTEMBER 30, 2010 AND 2009****NOTE 9 - RISK AND UNCERTAINTIES****Actuarial Estimates and Assumptions**

The actuarial present value of benefit obligations is reported based on certain assumptions pertaining to interest rates, health care inflation rates, and member demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that the changes in these estimates and assumptions in the near term would be material to the financial statements.

**Investment Valuations**

The Fund invests in various securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets available for benefits.

The Fund invests in securities with contractual cash flows, such as asset backed securities, collateralized mortgage obligations and commercial mortgage backed securities, including securities backed by subprime mortgage loans. The value liquidity and related income of these securities are sensitive to changes in economic conditions, including real estate value, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

**NOTE 10 - TAX STATUS**

The Trust established under the Fund, to hold the Fund's assets, is intended to qualify pursuant to Section 501(c) (9) of the Internal Revenue Code and accordingly, the Fund's net investment income is exempt for income taxes.

Audit periods remain open for review until the statute of limitations has passed. The completion of review or the expiration of the statute of limitations for a given period could result in an adjustment to the liability for income taxes. The statute of limitations for the tax years 2008 through 2010 are set to expire May 2012, January 2013 and February 2014, respectively. Thus, the 2008 through 2010 tax years are still open for Internal Revenue Service examination. The Fund does not anticipate any impact on the financial statements in the event of IRS does examine the tax return.

**NOTE 11 - SUBSEQUENT EVENTS**

The Fund did not have any other subsequent events through January 13, 2011, which is the date of the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the year ended September 30, 2010.

**SUPPLEMENTARY INFORMATION**

## CSA WELFARE FUND

## SCHEDULES OF BENEFIT COSTS

## FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<b><u>Premiums:</u></b>		
Group life	\$ 111,835	\$ 116,158
Dental premium	<u>30,800</u>	<u>26,950</u>
<b>Total premiums</b>	<b><u>\$ 142,635</u></b>	<b><u>\$ 143,108</u></b>
<b><u>Direct benefits:</u></b>		
Dental	\$ 3,133,610	\$ 2,774,682
Supplemental medical	237,695	150,817
Optical program	179,574	151,209
Prescription drugs, net of formulary rebates of \$700,400 and \$523,068 in 2010 and 2009, respectively	6,435,535	6,489,212
Hearing aids	8,000	9,500
Survivors insured coverage	<u>4,758</u>	<u>4,297</u>
<b>Total direct benefits</b>	<b><u>\$ 9,999,172</u></b>	<b><u>\$ 9,579,717</u></b>

## CSA WELFARE FUND

## SCHEDULES OF MANAGEMENT AND GENERAL EXPENSES

## FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Salaries	\$ 962,639	\$ 899,363
Payroll taxes	84,002	79,949
Employees' benefits	288,455	262,860
Rent and electric	164,555	158,287
Insurance	16,990	19,954
Telephone	11,796	11,961
Office expense	31,347	24,897
Equipment rental and maintenance	41,238	37,379
Postage	34,142	20,837
Meetings and conferences	5,520	5,893
Legal fees	7,200	7,200
Auditing fees	35,968	32,090
Consultant fees	40,170	34,767
Depreciation	22,724	19,878
Dues and subscriptions	966	821
Outside services	-	1,200
Other benefit costs	214,017	206,460
Miscellaneous	<u>5,307</u>	<u>3,460</u>
 Total	 1,967,036	 1,827,256
 Less: Service income	 <u>918,500</u>	 <u>847,000</u>
 <b>Total management and general</b>	 <u>\$ 1,048,536</u>	 <u>\$ 980,256</u>