



ALLIANCE INC. NEWSLETTER JUNE 2016

Greetings from the Alliance Board of Directors.

First of all, apologies for not sending this newsletter sooner. At our meeting in January we had hoped to get this out by May. Since January, we have hopefully ironed out the problems with the Benefit Fund, we have begun an audit, and retained a business lawyer to advise us on how we are structured and to make sure we are properly defined as a business and to make sure we're fulfilling our legal responsibilities.

Meeting with the Attorneys

The attorney that we retained in January 2016 has referred our initial list of questions to another lawyer more well versed to answer small business / labor / ACA / benefits issues. A couple of things they've been able to answer so far is:

1. Alliance would not be considered a PEO therefore not an employer but will have some reporting obligations to the ACA. The key aspect of the employer reporting is that what's offered in the Collective Bargaining Agreements meet the minimum requirements for the ACA.
2. They are investigating the benefits of Alliance changing its legal structure to an LLC rather than a 501(c)(4), which is what it currently is.

There are several other questions that they are researching which will be reported on upon receiving answers. Defining exactly what we are as well as our responsibilities is a prime concern for the Board of Directors. There is a possibility that we may be considered a "co-employer" due to our having our own FEIN and doing all the reporting. The ACA and other federal laws enacted since this company began have truly complicated our role as a "payroll corporation". The legal profession is a slow and expensive one. Our initial consultation was in January of this year, and while a couple of our questions have been answered, more have arisen, but we are moving forward.....

Audit

After much searching, we have finally been able to retain an accountant that is willing, able, and accredited to do an audit. We have contracted her to do a "full audit". There are four levels of audits, the full audit being the most complex and extensive. A full audit also requires the accountant we have hired to partner with another firm because it requires a peer review of all information included. The initial procedures have begun and we hope to have it completed in September. The cost will be between \$5000 - \$6000.

In addition to audit services, the accountant will be advising us on our business practices including ways to streamline and simplify what we do. She has already proven to be an asset. We now have a professional relationship that we can utilize for years to come. We will be able to do yearly procedural audits and more in depth audits every 5 years or so. (We are only discussing this currently, no timelines have been set in stone). The important thing is that we've established a strong professional relationship that will benefit us as long as we are a company.

Alliance NBF Timeline

Regardless of the many rumors circulating regarding your NBF benefits, the following is what has actually happened:

- July 2015 - IATSE NBF contacted Alliance stating that there were language issues in 470's collective bargaining agreements. Employees could not have a choice between having their contributions going into the Annuity or Health and Welfare due to ACA requirements. Alliance informed IA 470 that the language in the CBA needed to change. They informed us they would notify the client.
- August 2015 – On August 3, 2015, the Business Agent asked Alliance to hold all unaccepted benefit funds in an escrow account until the contractual language issue was resolved in the CBA's between IA 470 and its clients. On August 26th Alliance then contacted the NBF to ask if they would accept any contributions from Alliance and IA 470's shared clients. We were informed they had not received any corrected or amended Collective Bargaining Agreements from IA 470.
- December 2015 – When no word was received from the Union or NBF and, under advisement, Alliance sent all funds accumulated back to NBF to be distributed into members' accounts.
- January 2016 – NBF accepted and processed benefit monies sent by Alliance into employee accounts from all shared Alliance and IA 470 clients held from July 1, 2015 to December 31, 2015. On January 29, 2016 the IA 470 Business Agent informed NBF the contributions sent on December 31, 2015 by Alliance on behalf of the FCPAC that had been processed needed to be refunded and sent back as they were not sent under the proper CBA and Alliance was not the signatory employer for the FCPAC under the CBA.
- February 3, 2016 – The NBF contacted Alliance and said that IA 470's Business Agent called them and told them that Alliance is not the signatory employer for the FCPAC and therefore NBF would not accept any benefit monies sent by Alliance and would be returning the funds again. 470's BA stated that he would provide a list of venues that Alliance is the signatory employer for to the NBF and to Alliance.
- April 2016 - No list stating the signatory status of the CBA's was received by Alliance so Alliance chose, with the support of our lawyers, to contact NBF independently on behalf of the clients. NBF had not received a list of employers for whom Alliance is the signatory employer for either. Both Alliance and NBF received some CBAs that did not specifically state who the payroll processing company is. At times, the CBA's went to NBF with Alliance cc'd, sometimes to NBF with Alliance cc'd, and other times to just Alliance. It was decided by Alliance and NBF at that time to share information about which CBA's each had on a regular basis and create an independent relationship with one another. Now when either Alliance or NBF receives a CBA, we contact each other to ensure everyone is on the same page.

- April / May 2016 - In order to reconcile the funds that had been returned, the FCPAC contacted Alliance and asked for a variety of reports once the CBA was corrected and back dated to 07/01/2015. Numerous reports were sent throughout the months of April and May. Around \$200 in errors were found. Alliance reconciled the funds that were refunded by the NBF and re-sent them on May 20, 2016.
- June 2016 - All funds have been sent except for Wausau Performing Arts. These funds are being held at the request of the client until a new CBA is negotiated between Local 470 and the client and approved by the NBF.
- Due to the numerous exchanges, communications, and refunds, etc.... Alliance has been charged over \$1500 in late and administrative fees by the NBF. We are currently working with NBF to reduce these fees drastically so the costs are less when passed on to the clients and / or IATSE Local 470