

Michigan Education Association
08/31/2000

File Number
512,840

SCHEDULE 11 -- BENEFITS

| Description (A) | To Whom Paid (B) | Amount (C) |
|--------------------------|---------------------|---------------|
| Retirement | | 11,313,452 |
| Health Insurance | | 3,225,985 |
| Post Retirement Benefits | | 1,233,350 |
| Long-Term Care | | 33,914 |
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| | | |
| | | |
| | | |
| Total Benefits - Other | | 15,806,701 |

1999-2000 MEA / NEA DUES

| EA DUES | | | | ESP DUES | | | |
|-----------|----------|----------|----------|-----------|----------|----------|----------|
| FULL TIME | | | | | | | |
| | MEA (51) | NEA (10) | TOTAL | | MEA (55) | NEA (25) | TOTAL |
| September | \$453.40 | \$114.00 | \$567.40 | September | \$226.70 | \$58.50 | \$285.20 |
| October | \$408.06 | \$102.60 | \$510.66 | October | \$204.03 | \$52.65 | \$256.68 |
| November | \$362.72 | \$91.20 | \$453.92 | November | \$181.36 | \$46.80 | \$228.16 |
| December | \$317.38 | \$79.80 | \$397.18 | December | \$158.69 | \$40.95 | \$199.64 |
| January | \$272.04 | \$68.40 | \$340.44 | January | \$136.02 | \$35.10 | \$171.12 |
| February | \$226.70 | \$57.00 | \$283.70 | February | \$113.35 | \$29.25 | \$142.60 |
| March | \$181.36 | \$45.60 | \$226.96 | March | \$90.68 | \$23.40 | \$114.08 |
| April | \$136.02 | \$34.20 | \$170.22 | April | \$68.01 | \$17.55 | \$85.56 |
| May | \$90.68 | \$22.80 | \$113.48 | May | \$45.34 | \$11.70 | \$57.04 |
| June | \$45.34 | \$11.40 | \$56.74 | June | \$22.67 | \$5.85 | \$28.52 |
| 75% | | | | | | | |
| | MEA (52) | NEA (10) | TOTAL | | MEA (56) | NEA (25) | TOTAL |
| September | \$340.05 | \$114.00 | \$454.05 | September | \$170.03 | \$58.50 | \$228.53 |
| October | \$306.05 | \$102.60 | \$408.65 | October | \$153.03 | \$52.65 | \$205.68 |
| November | \$272.04 | \$91.20 | \$363.24 | November | \$136.02 | \$46.80 | \$182.82 |
| December | \$238.04 | \$79.80 | \$317.84 | December | \$119.02 | \$40.95 | \$159.97 |
| January | \$204.03 | \$68.40 | \$272.43 | January | \$102.02 | \$35.10 | \$137.12 |
| February | \$170.03 | \$57.00 | \$227.03 | February | \$85.02 | \$29.25 | \$114.27 |
| March | \$136.02 | \$45.60 | \$181.62 | March | \$68.01 | \$23.40 | \$91.41 |
| April | \$102.02 | \$34.20 | \$136.22 | April | \$51.01 | \$17.55 | \$68.56 |
| May | \$68.01 | \$22.80 | \$90.81 | May | \$34.01 | \$11.70 | \$45.71 |
| June | \$34.01 | \$11.40 | \$45.41 | June | \$17.00 | \$5.85 | \$22.85 |
| 50% | | | | | | | |
| | MEA (53) | NEA (12) | TOTAL | | MEA (57) | NEA (26) | TOTAL |
| September | \$226.70 | \$57.00 | \$283.70 | September | \$113.35 | \$29.25 | \$142.60 |
| October | \$204.03 | \$51.30 | \$255.33 | October | \$102.02 | \$26.33 | \$128.35 |
| November | \$181.36 | \$45.60 | \$226.96 | November | \$90.68 | \$23.40 | \$114.08 |
| December | \$158.69 | \$39.90 | \$198.59 | December | \$79.35 | \$20.48 | \$99.83 |
| January | \$136.02 | \$34.20 | \$170.22 | January | \$68.01 | \$17.55 | \$85.56 |
| February | \$113.35 | \$28.50 | \$141.85 | February | \$56.68 | \$14.63 | \$71.31 |
| March | \$90.68 | \$22.80 | \$113.48 | March | \$45.34 | \$11.70 | \$57.04 |
| April | \$68.01 | \$17.10 | \$85.11 | April | \$34.01 | \$8.78 | \$42.79 |
| May | \$45.34 | \$11.40 | \$56.74 | May | \$22.67 | \$5.85 | \$28.52 |
| June | \$22.67 | \$5.70 | \$28.37 | June | \$11.34 | \$2.93 | \$14.27 |
| 25%* | | | | | | | |
| | MEA (54) | NEA (12) | TOTAL | | MEA (58) | NEA (26) | TOTAL |
| September | \$113.35 | \$57.00 | \$170.35 | September | \$56.68 | \$29.25 | \$85.93 |
| October | \$102.02 | \$51.30 | \$153.32 | October | \$51.01 | \$26.33 | \$77.34 |
| November | \$90.68 | \$45.60 | \$136.28 | November | \$45.34 | \$23.40 | \$68.74 |
| December | \$79.35 | \$39.90 | \$119.25 | December | \$39.68 | \$20.48 | \$60.16 |
| January | \$68.01 | \$34.20 | \$102.21 | January | \$34.01 | \$17.55 | \$51.56 |
| February | \$56.68 | \$28.50 | \$85.18 | February | \$28.34 | \$14.63 | \$42.97 |
| March | \$45.34 | \$22.80 | \$68.14 | March | \$22.67 | \$11.70 | \$34.37 |
| April | \$34.01 | \$17.10 | \$51.11 | April | \$17.00 | \$8.78 | \$25.78 |
| May | \$22.67 | \$11.40 | \$34.07 | May | \$11.34 | \$5.85 | \$17.19 |
| June | \$11.34 | \$5.70 | \$17.04 | June | \$5.67 | \$2.93 | \$8.60 |

| | EA | ESP |
|------|--|--------------------------------------|
| 100% | OVER 75% OF A FULL LOAD | AT LEAST 30.1 OR MORE HOURS PER WEEK |
| 75% | OVER 50% AND INCLUDING 75% OF A FULL LOAD | FROM 20.1 TO 30.0 HOURS PER WEEK |
| 50% | OVER 25% AND INCLUDING 50% OF A FULL LOAD | FROM 10.1 TO 20.0 HOURS PER WEEK |
| 25% | UP TO AND INCLUDING 25% OF A FULL LOAD | FROM .1 TO 10.0 HOURS PER WEEK |
| * | Members on leave/layoff status (EA-78 or ESP-79) should be assessed dues from the 25% category | |

MEA FINANCIAL SERVICES, INC. AND SUBSIDIARY

REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2000 AND 1999

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INDEPENDENT AUDITORS' REPORT

MEA Financial Services, Inc.
and Subsidiary
East Lansing, Michigan

October 27, 2000

We have audited the accompanying consolidated balance sheets of MEA Financial Services, Inc. and subsidiary as of August 31, 2000 and 1999, and the related consolidated statements of income, changes in stockholder's equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of MEA Financial Services, Inc. and subsidiary as of August 31, 2000 and 1999, and the results of their consolidated operations and cash flows for the years then ended in conformity with generally accepted accounting principles.

Maner, Costerisan & Ellis P.C.

MEA FINANCIAL SERVICES, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
AUGUST 31, 2000 AND 1999

| ASSETS | <u>2000</u> | <u>1999</u> |
|--|-------------------------|-------------------------|
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 1,902,389 | \$ 1,480,911 |
| Receivables and accrued income | 480,875 | 962,083 |
| Refundable federal income tax | 279,265 | |
| Prepayments and deposits | 27,349 | 17,569 |
| Deferred income taxes (Note 5) | <u>42,000</u> | <u>43,000</u> |
| TOTAL CURRENT ASSETS | 2,731,878 | 2,503,563 |
| DEFERRED COMPENSATION DEPOSITS | 414,337 | 399,656 |
| PROPERTY AND EQUIPMENT, less accumulated depreciation (Note 3) | 127,327 | 140,169 |
| DEFERRED INCOME TAXES (Note 5) | 170,000 | 272,000 |
| PREPAID POST RETIREMENT BENEFITS (Note 6) | <u>129,620</u> | <u> </u> |
| | <u>\$ 3,573,162</u> | <u>\$ 3,315,388</u> |

See notes to consolidated financial statements.

| LIABILITIES AND STOCKHOLDER'S EQUITY | <u>2000</u> | <u>1999</u> |
|--|----------------------------|----------------------------|
| CURRENT LIABILITIES: | | |
| Current portion of long-term debt (Note 4) | \$ 30,826 | \$ 28,577 |
| Accounts payable | 188,991 | 186,997 |
| Due to affiliated organizations (Note 7) | 574,785 | 38,185 |
| Accruals: | | |
| Payroll and related items | 230,389 | 529,895 |
| Compensated absences | 143,783 | 146,514 |
| Federal and state taxes | <u>2,053</u> | <u>70,631</u> |
| TOTAL CURRENT LIABILITIES | 1,170,827 | 1,000,799 |
| LONG-TERM DEBT, less current portion (Note 4) | 155,138 | 185,905 |
| DEFERRED COMPENSATION OBLIGATIONS | 414,337 | 399,656 |
| ACCRUED PENSION BENEFITS (Note 6) | 263,251 | 201,439 |
| ACCRUED POSTRETIREMENT BENEFITS (Note 6) | <u> </u> | <u>441,111</u> |
| TOTAL LIABILITIES | <u>2,003,553</u> | <u>2,228,910</u> |
| STOCKHOLDER'S EQUITY: | | |
| Common stock, \$1 par - shares authorized 50,000; issued and outstanding 21,614 | 21,614 | 21,614 |
| Additional paid-in capital | 193,626 | 193,626 |
| Retained earnings | 1,405,945 | 896,738 |
| Accumulated other comprehensive income | <u>(51,576)</u> | <u>(25,500)</u> |
| TOTAL STOCKHOLDER'S EQUITY | <u>1,569,609</u> | <u>1,086,478</u> |
| | <u>\$ 3,573,162</u> | <u>\$ 3,315,388</u> |

MEA FINANCIAL SERVICES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED AUGUST 31, 2000 AND 1999

| | <u>2000</u> | <u>1999</u> |
|--|-------------------|-------------------|
| OPERATING INCOME: | | |
| Tax deferred annuities and mutual funds, net of sales commissions | \$ 2,472,095 | \$ 3,046,118 |
| Insurance programs, net of sales commissions | 2,456,736 | 2,207,257 |
| Bank card fees | 223,098 | 222,655 |
| Other | <u>20,678</u> | <u>56,585</u> |
| Total operating income | 5,172,607 | 5,532,615 |
| OPERATING EXPENSES | | |
| | <u>4,492,507</u> | <u>4,633,403</u> |
| Net operating income | 680,100 | 899,212 |
| OTHER INCOME (EXPENSE): | | |
| Interest income | 112,767 | 61,586 |
| Interest expense | <u>(18,716)</u> | <u>(19,289)</u> |
| Net income before income taxes | 774,151 | 941,509 |
| INCOME TAX EXPENSE (Note 5) | <u>(264,944)</u> | <u>(319,296)</u> |
| NET INCOME | <u>\$ 509,207</u> | <u>\$ 622,213</u> |

See notes to consolidated financial statements.

MEAFINANCIAL SERVICES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
YEARS ENDED AUGUST 31, 2000 AND 1999

| | Common Stock | Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Income | Total |
|---|------------------|--------------------|----------------------|---|---------------------|
| BALANCE, September 1, 1998 | \$ 21,614 | \$ 193,626 | \$ 274,525 | \$ (24,610) | \$ 465,155 |
| Net income | | | 622,213 | | 622,213 |
| Adjustment for minimum pension liability net of tax benefit of \$502 | | | | (890) | (890) |
| BALANCE, August 31, 1999 | 21,614 | 193,626 | 896,738 | (25,500) | 1,086,478 |
| Net income | | | 509,207 | | 509,207 |
| Adjustment for minimum pension liability net of tax benefit of \$13,377 | | | | (26,076) | (26,076) |
| BALANCE, August 31, 2000 | <u>\$ 21,614</u> | <u>\$ 193,626</u> | <u>\$ 1,405,945</u> | <u>\$ (51,576)</u> | <u>\$ 1,569,609</u> |

See notes to consolidated financial statements.

MEA FINANCIAL SERVICES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2000 AND 1999

| | 2000 | 1999 |
|---|--------------|--------------|
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS: | | |
| Cash flows from operating activities: | | |
| Net income | \$ 509,207 | \$ 622,213 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 45,527 | 23,959 |
| Loss on disposal of equipment | 6,247 | 8 |
| Receivables and accrued income | 481,208 | (632,116) |
| Refundable income taxes | (279,265) | |
| Prepayments and deposits | (9,780) | (8,358) |
| Deferred income taxes | 103,000 | (104,000) |
| Accounts payable | 1,994 | 34,534 |
| Due to/from affiliated organizations | 536,600 | 125,378 |
| Accruals | (370,815) | 308,636 |
| Pension and post retirement benefits | (534,995) | 528,110 |
| Deferred compensation payments - net | | 23,979 |
| Total adjustments | (20,279) | 300,130 |
| Net cash provided by operating activities | 488,928 | 922,343 |
| Cash flows from investing activities: | | |
| Purchase of property and equipment | (38,932) | (102,109) |
| Cash flows from financing activities: | | |
| Long-term debt repayments | (28,518) | (26,465) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 421,478 | 793,769 |
| CASH AND CASH EQUIVALENTS: | | |
| Beginning of year | 1,480,911 | 687,142 |
| End of year | \$ 1,902,389 | \$ 1,480,911 |

See notes to consolidated financial statements.

**MEA FINANCIAL SERVICES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation - The accompanying consolidated financial statements include the accounts of MEA Financial Services, Inc. (Financial Services or the Company) and Paradigm Equities, Inc., a wholly-owned subsidiary. Transactions and balances between the Company and Paradigm have been eliminated in consolidation.

Cash equivalents - Short-term (i.e., maturities of three months or less) highly liquid investments that are readily convertible to known amounts of cash and present insignificant risk of change in value are considered cash equivalents.

Accounts receivable - Based on the Company's collection experience and analysis of year-end balances, no allowance for doubtful accounts is considered necessary.

Property, equipment and depreciation - Assets are recorded at cost and depreciated over their estimated useful lives on the straight-line method.

Deferred compensation - Amounts payable to participating employees under the Association's deferred compensation plan are recorded currently. Assets have been segregated to meet the Association's obligation.

Compensated absences - The Company records the liability for accumulated and vested vacation and sick pay when it is earned.

Retirement - The Company has a qualified defined benefit pension plan covering substantially all employees. The funding policy provides for payments to the Trust based on ERISA funding requirements. The Company also has a nonqualified defined benefit pension plan, the Benefits Restoration Plan (BRP), that covers employees whose benefits calculated under the formula specified in the qualified plan would exceed statutory limitations. A third retirement plan is a 401(k) arrangement under which employees may elect to defer a portion of their salary to be contributed to the plan. The Company makes no matching or other contribution to this plan.

Postretirement benefits other than pensions - Health insurance and similar benefits provided to retirees meeting certain eligibility requirements are accrued commencing when an employee is hired.

Commissions - The Company has agreements with certain insurance companies which provide for commissions contingent upon the earned premiums for the underwriter's fiscal year (i.e., December 31 and June 30). The Company recognizes these revenues in conjunction with the underwriter's year end as information becomes available. Commission revenue from tax deferred annuities and mutual funds is recognized as earned.

Advertising - Advertising costs are expensed as incurred.

Estimates - The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**MEA FINANCIAL SERVICES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 2 - NATURE OF ORGANIZATION, RISKS AND UNCERTAINTIES

Financial Services is a for-profit wholly-owned subsidiary of the Michigan Education Association (MEA), formed to provide financial services to MEA members. Paradigm Equities, Inc. is a registered broker-dealer which markets annuity and mutual fund products to MEA members.

Substantially all revenues are derived from the sale of property and casualty insurance, group term life insurance and annuities and mutual fund investments. The following is a breakdown of revenue by source:

| | <u>2000</u> | <u>1999</u> |
|--|-------------|-------------|
| Company A | 26% | 21% |
| Company B | 16% | 13% |
| Company C | 12% | 11% |
| Company D | 18% | 27% |
| All other, individually less than 10% of total revenue | <u>28%</u> | <u>28%</u> |
| | <u>100%</u> | <u>100%</u> |

Collective bargaining agreements cover approximately 90% of the Company's labor force, including marketing representatives. The contracts expire in 2001 for the marketing representatives and 2004 for the Associate Staff Organization.

The Company is required to disclose significant concentrations of credit risk regardless of the degree of such risk. Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash and receivables. The Company deposits its cash and cash equivalents with high-credit-quality financial institutions. Although such cash balances may exceed the federally insured limits at certain times during the year, they are, in the opinion of management, subject to minimal risk. Receivables at August 31 primarily consist of amounts due from insurance companies and were substantially collected subsequent to year-end.

NOTE 3 - PROPERTY AND EQUIPMENT

Major classes of property and equipment at August 31 consist of the following:

| | <u>2000</u> | <u>1999</u> |
|-------------------------------|-------------------|-------------------|
| Furniture and fixtures | \$ 179,617 | \$ 188,159 |
| Computer and software | <u>192,092</u> | <u>186,536</u> |
| | 371,709 | 374,695 |
| Less accumulated depreciation | <u>244,382</u> | <u>234,526</u> |
| Net property and equipment | <u>\$ 127,327</u> | <u>\$ 140,169</u> |
| Depreciation for the year | <u>\$ 45,527</u> | <u>\$ 23,959</u> |

MEA FINANCIAL SERVICES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 - LONG-TERM DEBT

Long-term debt at August 31 consists of:

| | 2000 | 1999 |
|--|------------|------------|
| Michigan Education Special Services Association (MESSA) - a related party - payable \$4,003 per month including interest at 10% and 8.5% (½% above National City Bank's - base lending rate at August 31, 2000 and 1999, respectively), final maturity November 2005, unsecured. | \$ 185,964 | \$ 214,482 |
| Less current portion | 30,826 | 28,577 |
| Long-term debt | \$ 155,138 | \$ 185,905 |

Long-term debt is payable as follows

Year ending
August 31.

| | |
|------|------------|
| 2001 | \$ 30,826 |
| 2002 | 34,000 |
| 2003 | 38,000 |
| 2004 | 41,500 |
| 2005 | 41,638 |
| | \$ 185,964 |

Interest expense is as follows:

| | 2000 | 1999 |
|-------|-----------|-----------|
| MESSA | \$ 18,716 | \$ 19,289 |

MEA FINANCIAL SERVICES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 - INCOME TAXES

Financial Services utilizes an asset and liability approach to financial accounting and reporting for income taxes. The difference between the financial statement and tax basis of assets and liabilities is determined annually. Deferred income tax assets and liabilities are computed for those differences that have future tax consequences using the currently enacted tax laws and rates that apply to the periods in which they are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce net deferred tax assets to the amount that will more likely than not be realized. Income tax expense is the current tax payable or refundable for the year plus or minus the net change in the deferred tax assets and liabilities.

Temporary differences in the timing of recognition of expenses for accounting and income tax purposes as of August 31, result in deferred taxes as follows:

| | <u>2000</u> | <u>1999</u> |
|--|-------------------|-------------------|
| Deferred tax assets attributable to: | | |
| Deferred compensation and vacation pay | \$ 183,000 | \$ 179,000 |
| Postretirement benefits other than pensions | | 150,000 |
| Adjustment for minimum BRP pension liability | 27,000 | 13,000 |
| Pension benefits | <u>63,000</u> | |
| Deferred tax assets | <u>273,000</u> | <u>342,000</u> |
| Deferred tax liabilities attributable to: | | |
| Depreciation | 17,000 | 14,000 |
| Post retirement benefits other than pensions | 44,000 | |
| Pension benefits | | <u>13,000</u> |
| Deferred tax liabilities | <u>61,000</u> | <u>27,000</u> |
| Net deferred tax assets | 212,000 | 315,000 |
| Less current portion | <u>42,000</u> | <u>43,000</u> |
| Non-current portion | <u>\$ 170,000</u> | <u>\$ 272,000</u> |

Change in net deferred tax assets is reported as follows:

| | | |
|--|---------------------|-------------------|
| Income tax expense (benefit) | \$ (116,377) | \$ 103,498 |
| Other comprehensive income - minimum BRP pension liability | <u>13,377</u> | <u>502</u> |
| | <u>\$ (103,000)</u> | <u>\$ 104,000</u> |

MEA FINANCIAL SERVICES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 - INCOME TAXES (Concluded)

The following table reconciles Financial Services' income tax rate with the statutory federal rate:

| | <u>2000</u> | | <u>1999</u> | |
|---|-------------------|----------------|-------------------|----------------|
| | <u>Amount</u> | <u>Percent</u> | <u>Amount</u> | <u>Percent</u> |
| Net income before taxes | <u>\$ 774,151</u> | | <u>\$ 941,509</u> | |
| Tax at statutory rate | \$ 263,211 | 34.0% | \$ 320,113 | 34.0% |
| Increase (decrease) in income taxes resulting from: | | | | |
| Surtax exemption, permanent differences and other | <u>1,733</u> | <u>.2%</u> | <u>(817)</u> | <u>(0.1%)</u> |
| Income tax expense | <u>\$ 264,944</u> | <u>34.2%</u> | <u>\$ 319,296</u> | <u>33.9%</u> |

The components of federal income tax are:

| | | |
|--------------------|-------------------|-------------------|
| Current | \$ 148,567 | \$ 422,794 |
| Deferred | <u>116,377</u> | <u>(103,498)</u> |
| Income tax expense | <u>\$ 264,944</u> | <u>\$ 319,296</u> |

NOTE 6 - PENSION AND OTHER POSTRETIREMENT BENEFITS

The Company participates in the MEA Group defined benefit pension plan (Staff Plan) which covers substantially all of MEA Financial Services' employees with the exception of the marketing representatives. Benefits are based on years of service and the average of the three highest years' compensation during the last ten years of employment. The Company's funding policy is to contribute annually the amount necessary to meet ERISA funding requirements. Contributions are intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future.

The Company also has an unfunded, nonqualified, defined-benefit retirement plan designated as the Benefits Restoration Plan (BRP). It covers participants of the Staff Plan who accrue benefits in excess of statutory limitations prescribed by the Internal Revenue Code. Participants are vested in their benefit after completing five years of service, or when they become vested under the Staff Plan, if earlier. The Plan's prior service costs are being amortized over a seven-year period.

MEA FINANCIAL SERVICES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 - PENSION AND OTHER POSTRETIREMENT BENEFITS (Concluded)

In addition, the Company participates in the MEA Group postretirement benefit plan which provides certain health, dental and life insurance benefits. Substantially all the Company's employees with the exception of the marketing representatives can become eligible for these benefits if they reach normal retirement age while working for the Company and/or have met certain service year requirements. The benefits are provided through a MESSA insurance contract.

The Company's funding policy is to make annual contributions as calculated by the Company's actuary.

The following tables set forth simplified disclosures.

| | Pension Benefits | | | | | | Other Postretirement Benefits | |
|---|------------------|-------------|--------------|--------------|-------------|--------------|-------------------------------|---------------|
| | 2000 | | | 1999 | | | 2000 | 1999 |
| | Staff Plan | BRP | Total | Staff Plan | BRP | Total | | |
| Benefit obligations at August 31 | \$ 6,939,860 | \$ 136,042 | \$ 7,075,902 | \$ 6,280,680 | \$ 112,183 | \$ 6,392,863 | \$1,605,982 | \$ 1,385,027 |
| Fair value of plan assets at August 31, primarily U.S. stocks and bonds and government securities | 7,410,630 | | 7,410,630 | 6,416,040 | | 6,416,040 | 1,068,366 | 68,782 |
| Funded status - excess assets (obligations) | \$ 470,770 | \$(136,042) | \$ 334,728 | \$ 135,360 | \$(112,183) | \$ 23,177 | \$(537,616) | \$(1,316,245) |
| Amounts recognized in the consolidated balance sheets: | | | | | | | | |
| Prepaid benefit cost | | \$ 0 | | \$ 0 | | \$ 0 | \$ 129,620 | \$ 0 |
| Accrued benefit liability | | | 263,251 | | | 201,439 | | 441,111 |
| Equity effect of minimum liability (net of tax): | | | | | | | | |
| Other comprehensive income: | | | | | | | | |
| Current | | | (26,076) | | | (890) | | |
| Cumulative | | | (51,576) | | | (25,500) | | |
| Benefit cost | | | 244,280 | | | 332,905 | 303,473 | 293,000 |
| Employer contributions | | | 222,011 | | | 22,062 | 874,204 | 45,740 |
| Benefits paid | | | 125,514 | | | 121,276 | 48,204 | 45,740 |
| Weighted average assumptions as of August 31: | | | | | | | | |
| Discount rate | | | 7.75% | | | 7.75% | 7.75% | 7.75% |
| Expected return on assets | | | 9.00% | | | 9.00% | 9.00% | 9.00% |
| Rate of compensation increase | | | * | | | * | | |

* Future compensation increases are based on years of service: 7.5% to 2.5% for 1999 to 2000; and 8.0% to 3.0% for years after 2000.

For measurement purposes a 9 percent annual rate of increase in the per capita cost of covered health care benefits was assumed for 2000. The rate was assumed to decrease gradually to 5 percent for 2008 and remain at that level thereafter.

Defined Contribution Plan

In addition to the defined-benefit plans described above, the Association participates in a qualified 401(k) employee savings plan. The employer makes no contributions to this plan.

**MEA FINANCIAL SERVICES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 7 - RELATED PARTY TRANSACTIONS

Financial Services is owned by the Michigan Education Association (MEA). Other affiliates include Michigan Education Special Services Association (MESSA) and Michigan Education Data Network Association, Inc. (MEDNA).

Amounts due from/to affiliated organizations at August 31 follow:

| | 2000 | 1999 |
|-------------------------------------|--------------|-------------|
| Due from: | | |
| MEA | \$ | \$ 34,830 |
| Due to: | | |
| MESSA | (21,996) | (25,547) |
| MEDNA | | (47,468) |
| MEA | (552,789) | |
| Net due to affiliated organizations | \$ (574,785) | \$ (38,185) |

Related party transactions are summarized as follows:

Transactions with the
Michigan Education Association

Services

Financial Services paid a service fee of \$179,000 in 2000 and \$173,000 in 1999 for marketing, management and consulting services provided by the MEA. In addition, Financial Services paid approximately \$357,000 in 2000 and \$193,000 in 1999 for direct cost reimbursements.

MEA paid premiums of approximately \$215,000 and \$224,000 in 2000 and 1999, respectively, for insurance coverages through Financial Services as agent.

Financial Services paid MEA a shared service fee whereby MEA provides personnel and labor relations, accounting, building and grounds maintenance and production services. Financial Services was charged approximately \$256,000 in 2000 for these services.

Office Space

Financial Services leases office space from MEA. Total rent expense was approximately \$91,000 for the year ended August 31, 2000 and \$89,000 for the year ended August 31, 1999. The monthly rent is adjusted annually by the CPI, through August 31, 2000.

For 2000, future minimum lease payments of \$91,000 are required assuming a 2.0% annual CPI.

MEA FINANCIAL SERVICES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 - RELATED PARTY TRANSACTIONS (Concluded)

Payroll

Michigan Education Association serves as a common paymaster for all of the companies in the MEA Group. During 2000 and 1999, MEA Financial Services reimbursed approximately \$1,778,000 and \$1,650,000 in payroll costs, respectively.

Transactions with the
Michigan Education Special Services Association

Employee Insurance

Financial Services purchases employee group health insurance from MESSA. Total payments amounted to approximately \$274,000 in 2000 and \$247,000 in 1999.

Financial Services paid MESSA a shared service fee whereby MESSA provides data processing services. Financial Services was charged approximately \$174,000 in 2000 for those services.

Property Insurance

MESSA paid premiums of approximately \$136,000 and \$132,000 in 2000 and 1999, respectively, for insurance coverages through Financial Services as agent.

Loan

MESSA has loaned Financial Services \$185,964 as of August 31, 2000 and \$214,482 as of August 31, 1999. Interest amounted to \$18,716 and \$19,289 in 2000 and 1999, respectively. See Note 4.

Transactions with the
Michigan Education Data Network Association, Inc.

Financial Services had an agreement with MEDNA whereby MEDNA provided data processing, labor relations, accounting, building and grounds maintenance and production services. Financial Services was charged approximately \$588,000 in 1999 for these services. In addition, Financial Services paid approximately \$103,500 in 1999 for direct cost reimbursements to MEDNA. In addition, Financial Services paid \$18,500 for equipment from MEDNA in 1999.

MEDNA paid premiums of approximately \$88,500 in 1999 for insurance coverages through Financial Services as agent.

For the year ended August 31, 2000 these shared service fees were moved to MEA and MESSA as MEDNA was dissolved as of September 1, 1999.

MEA FINANCIAL SERVICES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 - SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

| | <u>2000</u> | <u>1999</u> |
|--------------------------------|-------------------|-------------------|
| Cash paid during the year for: | | |
| Interest | <u>\$ 18,716</u> | <u>\$ 19,289</u> |
| Income taxes | <u>\$ 473,174</u> | <u>\$ 500,188</u> |

NOTE 9 - RECLASSIFICATIONS

Certain reclassifications have been made to the 1999 balance sheet for comparative purposes.

Return of Organization Exempt From Income Tax

Under section 501(c) of the Internal Revenue Code (except black lung benefit trust or private foundation) or section 4947(a)(1) nonexempt charitable trust

OMB No. 1545-0047

1999

This Form is Open to Public Inspection

Note: The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 1999 calendar year, OR tax year period beginning **SEP 1, 1999** and ending **AUG 31, 2000**

B Check if:

- Change of address
- Initial return
- Final return
- Amended return
- Return required also for state reporting

C Name of organization: **MICHIGAN EDUCATION ASSOCIATION**

Number and street (or P.O. box if mail is not delivered to street address): **P.O. BOX 2573**

City or town, state or country, and ZIP+4: **EAST LANSING, MI 48826-2573**

D Employer identification number: **38-0827000**

Room/suite: **517** Telephone number: **337-5406**

F Check if exemption application is pending

G Type of organization: Exempt under 501(c) (**5**) (Insert number) OR section 4947(a)(1) nonexempt charitable trust

Note: Section 501(c)(3) exempt organizations and 4947(a)(1) nonexempt charitable trusts MUST attach a completed Schedule A (Form 990).

H(a) Is this a group return filed for affiliates? Yes No

(b) If "Yes," enter the number of affiliates for which this return is filed: _____

(c) Is this a separate return filed by an organization covered by a group ruling? Yes No

I If either box in H is checked "Yes," enter four-digit group exemption number (GEN): _____

J Accounting method: Cash Accrual Other (specify) _____

K Check here if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS; but if it received a Form 990 Package in the mail, it should file a return without financial data. Some states require a complete return.

Note: Form 990-EZ may be used by organizations with gross receipts less than \$100,000 and total assets less than \$250,000 at end of year.

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances

| | | 1a | | 1b | | 1c | | 1d | |
|---|--|----------------------------------|--|-----------|--|----------|--|-----------------|--|
| 1 Contributions, gifts, grants, and similar amounts received: | | | | | | | | | |
| a Direct public support | | | | | | | | | |
| b Indirect public support | | | | | | | | | |
| c Government contributions (grants) | | | | | | | | | |
| d Total (add lines 1a through 1c) (attach schedule of contributors) | | | | | | | | | |
| | | (cash \$ _____ noncash \$ _____) | | | | | | 0. | |
| 2 Program service revenue including government fees and contracts (from Part VII, line 93) | | | | | | | | 4,426,679. | |
| 3 Membership dues and assessments | | | | | | | | 48,018,382. | |
| 4 Interest on savings and temporary cash investments | | | | | | | | 1,770,477. | |
| 5 Dividends and interest from securities | | | | | | | | | |
| 6 a Gross rents | | SEE STATEMENT 2 | | 6a | | 128,844. | | | |
| b Less: rental expenses | | SEE STATEMENT 3 | | 6b | | 107,638. | | | |
| c Net rental income or (loss) (subtract line 6b from line 6a) | | | | 6c | | | | 21,206. | |
| 7 Other investment income (describe _____) | | | | | | | | 7 | |
| 8 a Gross amount from sale of assets other than inventory | | (A) Securities | | (B) Other | | | | | |
| | | 1,282,450. | | 8a | | 133,639. | | | |
| b Less: cost or other basis and sales expenses | | 1,381,416. | | 8b | | 127,348. | | | |
| c Gain or (loss) (attach schedule) | | <98,966.> | | 8c | | 6,291. | | | |
| d Net gain or (loss) (combine line 8c, columns (A) and (B)) | | STMT 4 | | STMT 5 | | 8d | | <92,675.> | |
| 9 Special events and activities (attach schedule) | | | | | | | | | |
| a Gross revenue (not including \$ _____ of contributions reported on line 1a) | | | | 9a | | | | | |
| b Less: direct expenses other than fundraising expenses | | | | 9b | | | | | |
| c Net income or (loss) from special events (subtract line 9b from line 9a) | | | | 9c | | | | | |
| 10 a Gross sales of inventory, less returns and allowances | | | | 10a | | | | | |
| b Less: cost of goods sold | | | | 10b | | | | | |
| c Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a) | | | | 10c | | | | | |
| 11 Other revenue (from Part VII, line 103) | | | | | | | | 4,587,221. | |
| 12 Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11) | | | | | | | | 58,731,290. | |
| 13 Program services (from line 44, column (B)) | | | | | | | | 13 | |
| 14 Management and general (from line 44, column (C)) | | | | | | | | 14 | |
| 15 Fundraising (from line 44, column (D)) | | | | | | | | 15 | |
| 16 Payments to affiliates (attach schedule) | | | | | | | | 16 | |
| 17 Total expenses (add lines 16 and 44, column (A)) | | | | | | | | 56,157,891. | |
| 18 Excess or (deficit) for the year (subtract line 17 from line 12) | | | | | | | | 2,573,399. | |
| 19 Net assets or fund balances at beginning of year (from line 73, column (A)) | | | | | | | | 29,728,548. | |
| 20 Other changes in net assets or fund balances (attach explanation) | | | | | | | | SEE STATEMENT 6 | |
| 21 Net assets or fund balances at end of year (combine lines 18, 19, and 20) | | | | | | | | 32,668,506. | |

Part II Statement of Functional Expenses

All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others.

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.

Table with 5 columns: (A) Total, (B) Program services, (C) Management and general, (D) Fundraising. Rows include: 22 Grants and allocations, 23 Specific assistance to individuals, 24 Benefits paid to or for members, 25 Compensation of officers, directors, etc., 26 Other salaries and wages, 27 Pension plan contributions, 28 Other employee benefits, 29 Payroll taxes, 30 Professional fundraising fees, 31 Accounting fees, 32 Legal fees, 33 Supplies, 34 Telephone, 35 Postage and shipping, 36 Occupancy, 37 Equipment rental and maintenance, 38 Printing and publications, 39 Travel, 40 Conferences, conventions, and meetings, 41 Interest, 42 Depreciation, depletion, etc., 43 Other expenses (itemize), 44 Total functional expenses.

Reporting of Joint Costs. - Did you report in column (B) (Program services) any joint costs from a combined educational campaign and fundraising solicitation? Yes No

If "Yes," enter (i) the aggregate amount of these joint costs \$; (ii) the amount allocated to Program services \$; (iii) the amount allocated to Management and general \$; and (iv) the amount allocated to Fundraising \$

Part III Statement of Program Service Accomplishments

What is the organization's primary exempt purpose?

BETTERMENT OF CONDITIONS FOR EDUCATORS AND SUPPORT PERSONNEL.

All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)

Program Service Expenses (Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts; but optional for others.)

Table with 2 columns: Description of accomplishments, Program Service Expenses. Rows include: a APPROXIMATELY 130,000 MEMBERS WERE REPRESENTED BY MEA FOR ACTIVITIES RELATED TO THE COLLECTIVE BARGAINING PROCESS AND CONTRACT ADMINISTRATION; b APPROXIMATELY 5,500 MEMBERS WERE TRAINED IN A VARIETY OF AREAS, INCLUDING INSTRUCTION, LEADERSHIP, LEGAL ISSUES AND BARGAINING.; c MEA-R FUND WORKED TO ADVANCE THE CAUSES OF APPROXIMATELY 28,000 RETIRED & PRE-RETIRED MEMBERS.; e Other program services (attach schedule); f Total of Program Service Expenses (should equal line 44, column (B), Program services)

Part IV Balance Sheets

Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.

| | | (A) Beginning of year | (B) End of year |
|--|--|--------------------------|--------------------|
| Assets | 45 Cash - non-interest-bearing | 9,550. | 10,200. |
| | 46 Savings and temporary cash investments | 18,573,521. | 15,764,059. |
| | 47 a Accounts receivable | 2,939,711. | |
| | b Less: allowance for doubtful accounts | | |
| | 48 a Pledges receivable | | |
| | b Less: allowance for doubtful accounts | | |
| | 49 Grants receivable | | |
| | 50 Receivables from officers, directors, trustees, and key employees | | |
| | 51 a Other notes and loans receivable | | |
| | b Less: allowance for doubtful accounts | | |
| | 52 Inventories for sale or use | | |
| | 53 Prepaid expenses and deferred charges | 3,714,709. | 11,254,404. |
| | 54 Investments - securities | STMT 8 7,469,229. | 8,105,565. |
| | 55 a Investments - land, buildings, and equipment: basis | 184,372. | |
| | b Less: accumulated depreciation | 184,372. | 184,372. |
| 56 Investments - other | SEE STATEMENT 9 200. | 200. | |
| 57 a Land, buildings, and equipment: basis | 11,738,840. | | |
| b Less: accumulated depreciation | 6,805,445. | 4,933,395. | |
| 58 Other assets (describe ► DEFERRED COMPENSATION) | 4,461,833. | 4,335,621. | |
| 59 Total assets (add lines 45 through 58) (must equal line 74) | 44,012,476. | 47,527,527. | |
| Liabilities | 60 Accounts payable and accrued expenses | 6,260,960. | 4,436,498. |
| | 61 Grants payable | | |
| | 62 Deferred revenue | 153,689. | 276,995. |
| | 63 Loans from officers, directors, trustees, and key employees | | |
| | 64 a Tax-exempt bond liabilities | | |
| | b Mortgages and other notes payable | | |
| | 65 Other liabilities (describe ► SEE STATEMENT 10) | 7,869,279. | 10,145,528. |
| 66 Total liabilities (add lines 60 through 65) | 14,283,928. | 14,859,021. | |
| Net Assets or Fund Balances | Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74. | | |
| | 67 Unrestricted | 29,586,618. | 32,522,285. |
| | 68 Temporarily restricted | 141,930. | 146,221. |
| | 69 Permanently restricted | | |
| | Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74 | | |
| | 70 Capital stock, trust principal, or current funds | | |
| | 71 Paid-in or capital surplus, or land, building, and equipment fund | | |
| | 72 Retained earnings, endowment, accumulated income, or other funds | | |
| | 73 Total net assets or fund balances (add lines 67 through 69 OR lines 70 through 72; column (A) must equal line 19 and column (B) must equal line 21) | 29,728,548. | 32,668,506. |
| | 74 Total liabilities and net assets / fund balances (add lines 66 and 73) | 44,012,476. | 47,527,527. |

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

Part IV-A Reconciliation of Revenue per Audited Financial Statements with Revenue per Return

Part IV-B Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

Table with 2 columns: Description and Amount. Rows include Total revenue, gains, and other support per audited financial statements (59,283,185), Adjustments (Net unrealized gains on investments: 366,559; STMT 11: 103,971), Total revenue per line 12, Form 990 (58,812,655), and Total revenue per line 12, Form 990 (line c plus line d) (58,731,290).

Table with 2 columns: Description and Amount. Rows include Total expenses and losses per audited financial statements (56,272,374), Adjustments (STMT 12: 33,118), Total expenses per line 17, Form 990 (56,239,256), and Total expenses per line 17, Form 990 (line c plus line d) (56,157,891).

Part V List of Officers, Directors, Trustees, and Key Employees (List each one even if not compensated.)

Table with 5 columns: (A) Name and address, (B) Title and average hours per week devoted to position, (C) Compensation (If not paid, enter -0-), (D) Contributions to employee benefit plans & deferred compensation, (E) Expense account and other allowances. Row 1: SEE ATTACHED SCHEDULE, 527,560, 120,901, 42,800.

75 Did any officer, director, trustee, or key employee receive aggregate compensation of more than \$100,000 from your organization and all related organizations, of which more than \$10,000 was provided by the related organizations? If "Yes," attach schedule. [] Yes [X] No Form 990 (1999)

Part VI Other Information

Yes No

| | | | | |
|------|--|-----|-----|-----|
| 76 | Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity | 76 | | X |
| 77 | Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes. | 77 | | X |
| 78 a | Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return? | 78a | X | |
| b | If "Yes," has it filed a tax return on Form 990-T for this year? | 78b | X | |
| 79 | Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement; | 79 | | X |
| 80 a | Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization? | 80a | X | |
| b | If "Yes," enter the name of the organization SEE STATEMENT 15 and check whether it is <input type="checkbox"/> exempt OR <input type="checkbox"/> nonexempt. | | | |
| 81 a | Enter the amount of political expenditures, direct or indirect, as described in the instructions for line 81 | 81a | 0 | |
| b | Did the organization file Form 1120-POL for this year? | 81b | | X |
| 82 a | Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value? | 82a | | X |
| b | If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions for reporting in Part III.) | 82b | N/A | |
| 83 a | Did the organization comply with the public inspection requirements for returns and exemption applications? | 83a | X | |
| b | Did the organization comply with the disclosure requirements relating to quid pro quo contributions? | 83b | | N/A |
| 84 a | Did the organization solicit any contributions or gifts that were not tax deductible? | 84a | | X |
| b | If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? | 84b | | N/A |
| 85 | 501(c)(4), (5), or (6) organizations: a Were substantially all dues nondeductible by members? | 85a | X | |
| b | Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year. | 85b | | X |
| c | Dues, assessments, and similar amounts from members | 85c | | N/A |
| d | Section 162(e) lobbying and political expenditures | 85d | | N/A |
| e | Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices | 85e | | N/A |
| f | Taxable amount of lobbying and political expenditures (line 85d less 85e) | 85f | | N/A |
| g | Does the organization elect to pay the section 6033(e) tax on the amount in 85f? | 85g | | N/A |
| h | If section 6033(e)(1)(A) dues notice were sent, does the organization agree to add the amount in 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year? | 85h | | N/A |
| 86 | 501(c)(7) organizations: Enter: a initiation fees and capital contributions included on line 12 | 86a | | N/A |
| b | Gross receipts, included on line 12, for public use of club facilities | 86b | | N/A |
| 87 | 501(c)(12) organizations: Enter: a Gross income from members or shareholders | 87a | | N/A |
| b | Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.) | 87b | | N/A |
| 88 | At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX | 88 | X | |
| 89 a | 501(c)(3) organizations: Enter: Amount of tax imposed on the organization during the year under: section 4911 <u>N/A</u> ; section 4912 <u>N/A</u> ; section 4955 <u>N/A</u> | | | |
| b | 501(c)(3) and 501(c)(4) organizations: Did the organization engage in any section 4958 excess benefit transaction during the year? If "Yes," attach a statement explaining each transaction | 89b | | N/A |
| c | Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 | | | N/A |
| d | Enter: Amount of tax in 89c, above, reimbursed by the organization | | | N/A |
| 90 a | List the states with which a copy of this return is filed <u>NONE</u> | | | |
| b | Number of employees employed in the pay period that includes March 12, 1999 | 90b | | 458 |

91 The books are in care of SUE KELLY Telephone no. (517) 337-5406
 Located at 1216 KENDALE BLVD., EAST LANSING, MI ZIP +4 48823

92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041-Check here
 and enter the amount of tax-exempt interest received or accrued during the tax year 92 N/A

Part VII Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.

Table with 5 main columns: (A) Business code, (B) Amount, (C) Exclusion code, (D) Amount, (E) Related or exempt function income. Rows include Program service revenue (NEA - UNISERV, ULSP, OTHER), Membership dues and assessments, Interest on savings and temporary cash investments, Dividends and interest from securities, Net rental income from real estate, Net rental income from personal property, Other investment income, Gain or loss from sales of assets, Net income from special events, Gross profit from sales of inventory, and Other revenue (SEE STATEMENT 16).

Note: (Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I.)

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes

Table with 2 columns: Line No., Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes). Entry: SEE STATEMENT 18.

Part IX Information Regarding Taxable Subsidiaries (Complete this Part if the "Yes" box on 88 is checked.)

Table with 5 columns: Name, address, and employer identification number of corporation or partnership; Percentage of ownership interest; Nature of business activities; Total income; End-of-year assets. Entry: SEE STATEMENT 17.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge. (Important: See General Instruction U.)

Signature and Preparer information section. Includes fields for Sign Here (Signature of officer, Date, Type or print name and title), Paid (Preparer's signature, Date, Check if self-employed), and Preparer's Use Only (Firm's name, address, EIN, ZIP+4).

FOOTNOTES

STATEMENT 1

FIXED ASSETS AND DEPRECIATION

PART IV, LINE 57, AND PART II, LINE 42:
BUILDINGS AND EQUIPMENT:

| ASSET | LIFE | |
|-----------------------------------|-------------|-------------|
| LAND AND IMPROVEMENTS | 15/10 YEARS | 474,484. |
| BUILDINGS AND IMPROVEMENTS | 50/10 YEARS | 4,985,717. |
| EQUIPMENT | 5/25 YEARS | 6,278,639. |
| TOTAL | | 11,738,840. |
| LESS: ACCUMULATED DEPRECIATION | | 6,805,445. |
| NET PROPERTY AND EQUIPMENT | | 4,933,395. |
| CURRENT YEAR DEPRECIATION EXPENSE | | 983,840. |

DEPRECIATION IS BASED ON THE STRAIGHT-LINE METHOD.

PAGE 4, PART VI, LINE 85, LOBBYING DISCLOSURE:

TAXPAYER IS EXEMPT FROM THE LOBBYING DISCLOSURE RULES UNDER REV. PROC. 98-19 AS AN ORGANIZATION DESCRIBED IN SECTION 6033(E)(3) OF THE INTERNAL REVENUE CODE.

| FORM 990 | RENTAL INCOME | STATEMENT 2 |
|------------------------------------|-----------------|---------------------|
| KIND AND LOCATION OF PROPERTY | ACTIVITY NUMBER | GROSS RENTAL INCOME |
| BUILDING, E. LANSING, MI | 1 | 98,098. |
| LAND, E. LANSING | 2 | 30,746. |
| TOTAL TO FORM 990, PART I, LINE 6A | | 128,844. |

FORM 990 RENTAL EXPENSES STATEMENT 3

| DESCRIPTION | ACTIVITY NUMBER | AMOUNT | TOTAL |
|------------------------------------|-----------------|----------|----------|
| ALLOCATED RENTAL EXPENSES | | 107,638. | 107,638. |
| - SUBTOTAL - | 1 | | 107,638. |
| TOTAL TO FORM 990, PART I, LINE 6B | | | 107,638. |

FORM 990 GAIN (LOSS) FROM PUBLICLY TRADED SECURITIES STATEMENT 4

| DESCRIPTION | GROSS SALES PRICE | COST OR OTHER BASIS | EXPENSE OF SALE | NET GAIN OR (LOSS) |
|--|-------------------|---------------------|-----------------|--------------------|
| AMERICAN NEW PERPECTIVE FUND | 67,494. | 48,000. | 0. | 19,494. |
| CAPITAL INCOME BUILDER FUND | 80,792. | 91,802. | 0. | <11,010.> |
| MUNDER MULTI-SEASON GROWTH FUND | 222,456. | 225,137. | 0. | <2,681.> |
| MUNDER REAL ESTATE EQUITY INVEST. FUND | 62,376. | 87,076. | 0. | <24,700.> |
| MUNDER SMALL CO. GROWTH FUND | 112,291. | 123,968. | 0. | <11,677.> |
| WASHINGTON MUTUAL INVESTORS FUND | 218,315. | 240,698. | 0. | <22,383.> |
| MUNDER U.S. GOV'T INCOME FUND | 518,726. | 564,735. | 0. | <46,009.> |
| TO FORM 990, PART I, LINE 8 | 1,282,450. | 1,381,416. | 0. | <98,966.> |

AMERICAN NEW PERPECTIVE FUND 24,302.
 CAPITAL INCOME BUILDER FUND 181,010.
 MUNDER MULTI-SEASON GROWTH FUND 138,077.
 MUNDER REAL ESTATE EQUITY INVEST. FUND 49,808.
 MUNDER SMALL CO. GROWTH FUND 115,509.
 WASHINGTON MUTUAL INVESTORS FUND 130,963.
 MUNDER U.S. GOV'T INCOME FUND 23,285.
 TOTAL 426,051.
 MUNDER U.S. GOV'T INCOME FUND 49,808.
 CHARITABLE CONTRIBUTIONS 18,517.
 NON-RESIDENTAL EMPLOYMENT 120,186.

FORM 990 GAIN (LOSS) FROM SALE OF OTHER ASSETS STATEMENT 5

| DESCRIPTION | DATE ACQUIRED | DATE SOLD | METHOD ACQUIRED | GROSS SALES PRICE | COST OR OTHER BASIS | EXPENSE OF SALE | DEPREC | NET GAIN OR (LOSS) |
|-------------------------|---------------|-----------|-----------------|-------------------|---------------------|-----------------|--------|--------------------|
| PRESIDENT'S HOUSE | VARIOUS | 03/01/00 | PURCHASED | | | | | |
| JULIE HORN | | | | 133,639. | 127,348. | 0. | 0. | 6,291. |
| TO FM 990, PART I, LN 8 | | | | 133,639. | 127,348. | 0. | 0. | 6,291. |

FORM 990 OTHER CHANGES IN NET ASSETS OR FUND BALANCES STATEMENT 6

| DESCRIPTION | AMOUNT |
|------------------------------------|----------|
| UNREALIZED GAIN | 366,559. |
| TOTAL TO FORM 990, PART I, LINE 20 | 366,559. |

FORM 990 OTHER EXPENSES STATEMENT 7

| DESCRIPTION | (A) TOTAL | (B) PROGRAM SERVICES | (C) MANAGEMENT AND GENERAL | (D) FUNDRAISING |
|-------------------------------|-----------|----------------------|----------------------------|-----------------|
| LEGISLATIVE ACTIVITIES | 24,202. | | | |
| BOARD EXPENSES | 189,018. | | | |
| LEADERSHIP ASSISTANCE | 198,637. | | | |
| CRISIS ASSISTANCE TO LOCALS | 55,828. | | | |
| MEMBERSHIP PROMOTION | 138,500. | | | |
| MEDIA RELATIONS | 130,603. | | | |
| OTHER PROFESSIONAL SERVICES | 43,285. | | | |
| MAHE | 54,998. | | | |
| STAFF TRAINING | 626,561. | | | |
| MINORITY WOMEN | | | | |
| INTERNS | 49,330. | | | |
| ORGANIZING | 18,519. | | | |
| EDUCATIONAL SUPPORT PERSONNEL | 122,986. | | | |

| | |
|---------------------------------|-------------------|
| SCHOOL FINANCE | 940. |
| STUDENT MEA PROGRAM | 13,586. |
| ADMINISTRATIVE | 1,505,424. |
| SDE COOP NATIVE AMER PROJ | 3,750. |
| CRISIS ASSISTANCE PROGRAM | 27,554. |
| LIABILITY INSURANCE | 66,764. |
| GRIEVANCE AND ARBITRATION | 253,989. |
| LOCAL ASSISTANCE PROGRAMS | 12,510. |
| SPRING REP. ASSEMBLY | 298,786. |
| RETIREMENT GOVERNANCE | 140,180. |
| PUBLICATION - VOICE | 560,981. |
| REGIONAL EXPENSE | 119,617. |
| BARGAINING | 258,577. |
| OTHER | 585,366. |
| ELECTION OF OFFICERS | 13,354. |
| RENTAL EXPENSES SHOWN ON PAGE 1 | <107,638.> |
| COOPERATIVE PUBLIC RELATIONS | 18,097. |
| POLITICAL FORUM | 401,471. |
| STATE AGENCY | 16,455. |
| FEDERAL RELATIONS | 16,368. |
| PROPERTY TAXES | 251,925. |
| CONTRIBUTIONS | 730,311. |
| WEB TASK FORCE | 11,246. |
| IMAGE/CRISIS SECURITY | 377,357. |
| SECURITY | 654,714. |
| LOCAL AWARDS | 4,340. |
| CONSULTANT SERVICES | 168,918. |
| COALITIONS | 15,440. |
| PUBLIC EDUCATION | |
| ADVOCACY | 32,478. |
| TEACHING/LEARNING | 57,239. |
| URBAN EDUCATION | |
| ADVOCACY | 40,680. |
| TOTAL TO FM 990, LN 43 | 8,203,246. |

| | |
|--|-----------------|
| DESCRIPTION | AMOUNT |
| SEA SCHOLARSHIP FUND REWARD | 25,215. |
| SEA SCHOLARSHIP FUND REWARD DISTRIBUTION | 8,351. |
| TOTAL TO FM 990, PAGE 11-A | 303,871. |

FORM 990

NON-GOVERNMENT SECURITIES

STATEMENT 8

| DESCRIPTION | VALUE METHOD | CORPORATE STOCKS | CORPORATE BONDS | OTHER PUBLICLY TRADED SECURITIES | OTHER SECURITIES | TOTAL NON-GOV'T SECURITIES |
|------------------------|--------------|-------------------|-------------------|----------------------------------|------------------|----------------------------|
| CORPORATE BONDS | MKT VAL | | 4,113,662. | | | 4,113,662. |
| STOCK MUTUAL FUNDS | MKT VAL | 3,991,903. | | | | 3,991,903. |
| TO FM 990, LN 54 COL B | | <u>3,991,903.</u> | <u>4,113,662.</u> | | | <u>8,105,565.</u> |

FORM 990

OTHER INVESTMENTS

STATEMENT 9

| DESCRIPTION | VALUATION METHOD | AMOUNT |
|---|------------------|-------------|
| INVESTMENTS IN SUBSIDIARIES | COST | 200. |
| TOTAL TO FORM 990, PART IV, LINE 56, COLUMN B | | <u>200.</u> |

FORM 990

OTHER LIABILITIES

STATEMENT 10

| DESCRIPTION | AMOUNT |
|---|--------------------|
| DEFERRED COMPENSATION | 4,335,621. |
| PENSION LIABILITY | 5,106,022. |
| CAPITAL LEASES | 703,885. |
| TOTAL TO FORM 990, PART IV, LINE 65, COLUMN B | |
| | <u>10,145,528.</u> |

FORM 990

OTHER REVENUE NOT INCLUDED ON FORM 990

STATEMENT 11

| DESCRIPTION | AMOUNT |
|---|-----------------|
| MEA SCHOLARSHIP FUND REVENUE | 95,378. |
| MEA SCHOLARSHIP FUND MEMBER CONTRIBUTIONS | 8,593. |
| TOTAL TO FORM 990, PART IV-A | |
| | <u>103,971.</u> |

FORM 990 OTHER EXPENSES NOT INCLUDED ON FORM 990 STATEMENT 12

| DESCRIPTION | AMOUNT |
|------------------------------|---------|
| MEA SCHOLARSHIP FUND EXPENSE | 33,118. |
| TOTAL TO FORM 990, PART IV-B | 33,118. |

FORM 990 OTHER REVENUE INCLUDED ON FORM 990 STATEMENT 13

| DESCRIPTION | AMOUNT |
|------------------------------|------------|
| RENTAL EXPENSES | <107,638.> |
| GAIN ON SALE OF FIXED ASSETS | 6,291. |
| MISCELLANEOUS REVENUE | 19,982. |
| TOTAL TO FORM 990, PART IV-A | <81,365.> |

FORM 990 OTHER EXPENSES INCLUDED ON FORM 990 STATEMENT 14

| DESCRIPTION | AMOUNT |
|------------------------------|------------|
| RENTAL EXPENSES | <107,638.> |
| GAIN ON SALE OF FIXED ASSETS | 6,291. |
| MISCELLANEOUS REVENUE | 19,982. |
| TOTAL TO FORM 990, PART IV-B | <81,365.> |

FORM 990 IDENTIFICATION OF RELATED ORGANIZATIONS PART VI, LINE 80B STATEMENT 15

| NAME OF ORGANIZATION | EXEMPT | NONEXEMPT |
|---|--------|-----------|
| MICHIGAN EDUCATION SPECIAL SERVICES ASSOCIATION | X | |
| MICHIGAN EDUCATION ASSOCIATION FINANCIAL SERVICES AND SUBSIDIARY (PARADIGM) | | X |
| MICHIGAN EDUCATION DATA NETWORK ASSOCIATION | | X |
| MEA SCHOLARSHIP FUND | X | |
| MICHIGAN EDUCATION ASSOCIATION - POLITICAL ACTION COUNCIL(IRC 527) | X | |

FORM 990

OTHER REVENUE

STATEMENT 16

| DESCRIPTION | BUS CODE | UNRELATED BUSINESS INC | EXCL CODE | EXCLUDED AMOUNT | RELATED OR EXEMPT FUNCTION INCOME |
|---------------------------------|----------|------------------------|-----------|-----------------|-----------------------------------|
| VOICE ADVERTISING | 541800 | 130,446. | | | |
| VOICE SUBSCRIPTIONS | 541800 | 195. | | | |
| VOICE CLASSIFIED ADS | 541800 | 18,260. | | | |
| DATA PROC. AT NO PROFIT | | | | | 18,327. |
| MKTG/CSLTG AT NO PROFIT | | | | | 4,047,677. |
| CONFERENCE AT NO PROFIT | | | | | 365,993. |
| MISCELLANEOUS REVENUE | | | | | 6,323. |
| TO FORM 990, PART VII, LINE 103 | | 148,901. | | | 4,438,320. |

FORM 990

PART IX
INFORMATION REGARDING TAXABLE SUBSIDIARIES

STATEMENT 17

| NAME, ADDRESS & ID NUMBER OF CORP OR PARTNERSHIP | PCT OWN | NATURE OF BUSINESS | TOTAL INCOME | END-OF-YEAR ASSETS |
|--|---------|--|--------------|--------------------|
| MEA FINANCIAL SERVICES AND SUBSIDIARY, KENDALE BLVD., EAST LANSING, MI | 100.00% | INSURANCE AND OTHER FINANCIAL SERVICES | 7,007,200. | 3,573,162. |
| MEDNA, KENDALE BLVD., EAST LANSING, MI | 100.00% | DATA PROCESSING | 13,438. | 980,463. |

FORM 990

PART VIII - RELATIONSHIP OF ACTIVITIES TO ACCOMPLISHMENT OF EXEMPT PURPOSES

STATEMENT 18

| LINE | EXPLANATION OF RELATIONSHIP OF ACTIVITIES |
|------|--|
| 93A | FUNDS RECEIVED FROM NATL. AFFILIATE TO COVER PERSONNEL COSTS RELATED TO ASSISTANCE IN BARGAINING CONTRACTS, ADMINISTERING AND ENFORCING CONTRACTS, SERVICING EXISTING MEMBERS, RECRUITING NEW MEMBERS, AND ASSISTING IN THE MANAGEMENT OF LOCAL UNITS. |
| 93B | FUNDING RECEIVED TO COVER ADMINISTRATIVE COSTS OF THE ASSOCIATION AND COOPERATIVE PROJECTS DESIGNED TO ADDRESS SPECIFIC ORGANIZATION NEEDS |
| 93C | FUNDS RECEIVED FROM NATIONAL AFFILIATE FOR MISCELLANEOUS PROJECTS RELATED TO THE EXEMPT STATUS |
| 94 | MEMBERSHIP DUES COLLECTED FROM MEMBERS REPRESENTED BY MEA IN ACTIVITIES RELATED TO THE COLLECTIVE BARGAINING PROCESS, CONTRACT ADMINISTRATION, GRIEVANCE PROCESSING AND REPRESENTATION |
| 103D | AMOUNTS COLLECTED FROM AFFILIATES ON A COST REIMBURSEMENT BASIS IN CONNECTION WITH MEMBER BENEFITS RELATED TO COLLECTIVE BARGAINING |
| 103E | |
| 103F | |

MICHIGAN EDUCATION ASSOCIATION

38-0827000

FORM 990 - AUGUST 31, 2000

PART V - OFFICERS, DIRECTORS, TRUSTEES AND KEY EMPLOYEES

| (A) Name and Address | (B) Title/time devoted | (C) Compensation | (D) Benefit plan | (E) Expense account |
|---|---------------------------------|---------------------|---------------------|------------------------|
| Battaglieri, Luigi, East Lansing, MI | President, Full time | \$ 127,098.83 | \$ 28,856.81 | \$ 19,089.85 |
| Salters, Iris, East Lansing, MI | Vice President, Full time | 91,940.52 | 20,669.55 | 7,275.97 |
| Cook, Steven, East Lansing, MI | Secretary/Treasurer, Full time | 115,004.69 | 22,798.82 | 4,418.99 |
| Anderson, Charles, East Lansing, MI | Executive Director, Full time | 173,690.95 | 48,575.53 | 12,015.49 |
| Anderson, Donna, East Lansing, MI | Board Member, Part time | 496.89 | 0.00 | 0.00 |
| Anderson, Julie, East Lansing, MI | Board Member, Part time | | 0.00 | 0.00 |
| Arribas, Bertha Vella, East Lansing, MI | Board Member, Part time | 300.00 | 0.00 | 0.00 |
| Augustine, Ruth, East Lansing, MI | Board Member, Part time | | 0.00 | 0.00 |
| Barham, Gaylon, East Lansing, MI | New Board Member, Part time | | 0.00 | 0.00 |
| Bascom, Kirk, East Lansing, MI | Board Member, Part time | | 0.00 | 0.00 |
| Beamish, Alva, East Lansing, MI | Current Board Member, Part time | | 0.00 | 0.00 |
| Beetham, Lowell, East Lansing, MI | Board Member, Part time | | 0.00 | 0.00 |
| Bell, William, East Lansing, MI | Board Member, Part time | | 0.00 | 0.00 |
| Bennett, Dan, East Lansing, MI | Board Member, Part time | 388.11 | 0.00 | 0.00 |
| Blain, Sheila, East Lansing, MI | Board Member, Part time | | 0.00 | 0.00 |
| Blewett, Paul, East Lansing, MI | Board Member, Part time | 731.60 | 0.00 | 0.00 |
| Bodell, Roger, East Lansing, MI | Board Member, Part time | | 0.00 | 0.00 |
| Boman, Folke, East Lansing, MI | Board Member, Part time | | 0.00 | 0.00 |
| Bousamra, Thomas, East Lansing, MI | New Board Member, Part time | | 0.00 | 0.00 |
| Bowerman, Al, East Lansing, MI | Board Member, Part time | | 0.00 | 0.00 |
| Brannan, Carol, East Lansing, MI | Board Member, Part time | | 0.00 | 0.00 |
| Brish, Helen, East Lansing, MI | Board Member, Part time | | 0.00 | 0.00 |
| Brown, Percy, East Lansing, MI | New Board Member, Part time | | 0.00 | 0.00 |
| Burow, Carol, East Lansing, MI | New Board Member, Part time | | 0.00 | 0.00 |
| Carter, Linda, East Lansing, MI | Board Member, Part time | | 0.00 | 0.00 |
| Chapa, Elias, East Lansing, MI | Board Member, Part time | | 0.00 | 0.00 |
| Clapper, Melissa, East Lansing, MI | Board Member, Part time | 1,273.95 | 0.00 | 0.00 |
| Cook, Brenda, East Lansing, MI | Board Member, Part time | | 0.00 | 0.00 |
| Daniels, Katherine Kurtis, East Lansing, MI | Board Member, Part time | | 0.00 | 0.00 |
| Doele-Musser, Christine, East Lansing, MI | New Board Member, Part time | 360.00 | 0.00 | 0.00 |
| Ellis, Joellyn, East Lansing, MI | Board Member, Part time | | 0.00 | 0.00 |
| Ervin, Cheryl, East Lansing, MI | New Board Member, Part time | | 0.00 | 0.00 |
| Federico, Su, East Lansing, MI | New Board Member, Part time | 431.35 | 0.00 | 0.00 |
| Fink, Richard, East Lansing, MI | New Board Member, Part time | | 0.00 | 0.00 |
| Flynn, Richard, East Lansing, MI | Board Member, Part time | | 0.00 | 0.00 |
| Garcia, Elena, East Lansing, MI | New Board Member, Part time | | 0.00 | 0.00 |
| Good, Ann, East Lansing, MI | Board Member, Part time | 1,237.02 | 0.00 | 0.00 |
| Graves, Michael, East Lansing, MI | Board Member, Part time | 171.56 | 0.00 | 0.00 |
| Hamlin, Ken, East Lansing, MI | Board Member, Part time | | 0.00 | 0.00 |
| Haske, Dan, East Lansing, MI | Board Member, Part time | 592.80 | 0.00 | 0.00 |
| Hawkins, Richard, East Lansing, MI | Board Member, Part time | 495.80 | 0.00 | 0.00 |

MICHIGAN EDUCATION ASSOCIATION
38-0827000

FORM 990 - AUGUST 31, 2000

PART V - OFFICERS, DIRECTORS, TRUSTEES AND KEY EMPLOYEES

| (A) Name and Address | (B) Title/time devoted | (C) Compensation | (D) Benefit plan | (E) Expense account |
|--|-----------------------------|---------------------|---------------------|---------------------------|
| Hockaday, David, East Lansing, MI | Board Member, Part time | | 0.00 | 0.00 |
| Hofmeister-Richardson, Deborah, East Lansing, MI | Board Member, Part time | 365.00 | 0.00 | 0.00 |
| Hogerheide, Ric, East Lansing, MI | Board Member, Part time | | 0.00 | 0.00 |
| Jackson, George, East Lansing, MI | Board Member, Part time | 1,167.32 | 0.00 | 0.00 |
| Johnson, Terance, East Lansing, MI | New Board Member, Part time | 259.50 | 0.00 | 0.00 |
| Karpiak, Steve, East Lansing, MI | Board Member, Part time | 542.54 | 0.00 | 0.00 |
| Klonaris, Nikki, East Lansing, MI | Board Member, Part time | | 0.00 | 0.00 |
| Kuiper, Bill, East Lansing, MI | Board Member, Part time | | 0.00 | 0.00 |
| Lake, Cheryl, East Lansing, MI | Board Member, Part time | 447.50 | 0.00 | 0.00 |
| Langan, Diane, East Lansing, MI | Board Member, Part time | | 0.00 | 0.00 |
| Lewis, Clarence, East Lansing, MI | New Board Member, Part time | | | |
| Mason, Lynn, East Lansing, MI | Board Member, Part time | 2,686.57 | 0.00 | 0.00 |
| Maturkanich, Sue, East Lansing, MI | Board Member, Part time | | 0.00 | 0.00 |
| Matrille, Jim, East Lansing, MI | Board Member, Part time | | 0.00 | 0.00 |
| McFadden, Lilian, East Lansing, MI | Board Member, Part time | | 0.00 | 0.00 |
| McKenzie, Helen, East Lansing, MI | New Board Member, Part time | | 0.00 | 0.00 |
| McClellan, Peggy, East Lansing, MI | Board Member, Part time | 370.60 | 0.00 | 0.00 |
| Mitchell, Lagratta, East Lansing, MI | New Board Member, Part time | | 0.00 | 0.00 |
| Molloy, Tom, East Lansing, MI | Board Member, Part time | | 0.00 | 0.00 |
| Morrison, Christie Ann, East Lansing, MI | New Board Member, Part time | | 0.00 | 0.00 |
| Muse, U T, East Lansing, MI | New Board Member, Part time | | 0.00 | 0.00 |
| Naski, Robert, East Lansing, MI | New Board Member, Part time | | 0.00 | 0.00 |
| Nations, Tom, East Lansing, MI | Board Member, Part time | 557.04 | 0.00 | 0.00 |
| Nieman, Carol, East Lansing, MI | Board Member, Part time | | 0.00 | 0.00 |
| Nolin, Gail, East Lansing, MI | Board Member, Part time | | 0.00 | 0.00 |
| O'Callaghan, Jeanne, East Lansing, MI | Board Member, Part time | | 0.00 | 0.00 |
| Oliverio, Joseph, East Lansing, MI | New Board Member, Part time | | 0.00 | 0.00 |
| Ong, Betty, East Lansing, MI | New Board Member, Part time | | 0.00 | 0.00 |
| Oversmith, Laurence, East Lansing, MI | Board Member, Part time | | 0.00 | 0.00 |
| Papo, Bill, East Lansing, MI | Board Member, Part time | | 0.00 | 0.00 |
| Portelli, Charles, East Lansing, MI | Board Member, Part time | | 0.00 | 0.00 |
| Poulin, Connie, East Lansing, MI | Board Member, Part time | 750.00 | 0.00 | 0.00 |
| Pratt, Rose, East Lansing, MI | Board Member, Part time | | 0.00 | 0.00 |
| Radjewski, Leonard, East Lansing, MI | Board Member, Part time | | 0.00 | 0.00 |

MICHIGAN EDUCATION ASSOCIATION

38-0827000

FORM 990 - AUGUST 31, 2000

PART V - OFFICERS, DIRECTORS, TRUSTEES AND KEY EMPLOYEES

| (A) | (B) | (C) | (D) | (E) |
|-------------------------------------|-----------------------------|---------------|---------------|-----------------|
| Name and Address | Title/time devoted | Compensation | Benefit plan | Expense account |
| Robinson, Steve, East Lansing, MI | Board Member, Part time | | | |
| Roehrig, Glenn, East Lansing, MI | Board Member, Part time | 270.00 | | |
| Roehrig, Lynne, East Lansing, MI | Board Member, Part time | | | |
| Ross, Pat, East Lansing, MI | Board Member, Part time | 82.89 | | |
| Rudd, Daniel, East Lansing, MI | Board Member, Part time | | | |
| Schram, Barbara, East Lansing, MI | Board Member, Part time | 343.64 | | |
| Smith, Tim, East Lansing, MI | Board Member, Part time | 1,764.74 | 0.00 | 0.00 |
| Sours, Sharlot, East Lansing, MI | Board Member, Part time | 251.70 | 0.00 | 0.00 |
| Sparapani, James, East Lansing, MI | Board Member, Part time | 287.96 | 0.00 | 0.00 |
| Springer, Betty, East Lansing, MI | Board Member, Part time | 31.90 | 0.00 | 0.00 |
| Stahr, Thomas, East Lansing, MI | New Board Member, Part time | | 0.00 | 0.00 |
| Stanley, Maureen, East Lansing, MI | New Board Member, Part time | | 0.00 | 0.00 |
| Sullivan, Patrick, East Lansing, MI | Board Member, Part time | 399.15 | 0.00 | 0.00 |
| Tripp, Kathryn, East Lansing, MI | New Board Member, Part time | 1,518.08 | 0.00 | 0.00 |
| Turner, Eddie, East Lansing, MI | Board Member, Part time | | 0.00 | 0.00 |
| Turner, Esther, East Lansing, MI | Board Member, Part time | | 0.00 | 0.00 |
| Vantil, Lorna, East Lansing, MI | New Board Member, Part time | | 0.00 | 0.00 |
| Wagener, Gloria, East Lansing, MI | New Board Member, Part time | 890.80 | 0.00 | 0.00 |
| Watkins, Peggy, East Lansing, MI | Board Member, Part time | 135.35 | 0.00 | 0.00 |
| West, Joneth, East Lansing, MI | New Board Member, Part time | | 0.00 | 0.00 |
| Williams, Olivia, East Lansing, MI | Board Member, Part time | | 0.00 | 0.00 |
| Wilson, Gilda, East Lansing, MI | Board Member, Part time | 223.76 | 0.00 | 0.00 |
| Wingfield, George, East Lansing, MI | Board Member, Part time | | 0.00 | 0.00 |
| Wood, Roma, East Lansing, MI | New Board Member, Part time | | 0.00 | 0.00 |
| Yakes, Daniel, East Lansing, MI | New Board Member, Part time | | 0.00 | 0.00 |
| Total Part V | | \$ 527,560.11 | \$ 120,900.71 | \$ 42,800.30 |

ELECTION AND/OR APPORTIONMENT SCHEDULE
FOR CONTROLLED GROUP OF CORPORATIONS
DECEMBER 31, 1999

Check where applicable:

- (c) The following corporations, component members of a controlled group of corporations, hereby consent under Section 55(d) to the following apportionment plan with respect to the taxable year of each corporation which includes December 31, 1999. (Minimum Tax - \$40,000)
- (d) The following corporations, component members of a controlled group of corporations, hereby consent under Section 55(d) to the following apportionment plan with respect to the taxable year of each corporation which includes December 31, 1999. (Minimum Tax - \$150,000)
- (e) The following corporations, component members of a controlled group of corporations, hereby consent under Section 179 to the following apportionment plan with respect to the taxable year of each corporation which includes December 31, 1999. (Additional First Year Depreciation - \$19,000.)

| Corp. No. | Name | (c) | (d) | (e) | Officers' signatures |
|-----------|---|------------------|-------------------|------------------|----------------------|
| (1) | Michigan Education Association | 0 | 0 | 0 | |
| (2) | MEA Financial Services & Subsidiary | 40,000 | 150,000 | 19,000 | |
| (3) | Michigan Education Data Network Association | 0 | 0 | 0 | |
| (4) | Michigan Education Association Scholarship Fund | 0 | 0 | 0 | |
| (5) | | | | | |
| (6) | | | | | |
| | | <u>\$ 40,000</u> | <u>\$ 150,000</u> | <u>\$ 19,000</u> | |

ELECTION AND/OR APPORTIONMENT SCHEDULE
FOR CONTROLLED GROUP OF CORPORATIONS
DECEMBER 31, 1999

Check where applicable:

- (a) The following corporations, component members of a controlled group of corporations, hereby consent under Section 1561(a) to the following apportionment plan with respect to the taxable year of each corporation which includes December 31, 1999. (Income Tax Brackets, 5% Surtax and 3% Surtax)
- (b) The following corporations, component members of a controlled group of corporations, hereby consent under Section 38(c)(3)(B) to the following apportionment plan with respect to the taxable year of each corporation which includes December 31, 1999. (General Business Credit Limitation - \$25,000)

| Corp No. | Name and address | Taxable year ended | EI Number | (a) | | | | | (b) | |
|----------|---|--------------------|------------|------------------|------------------|---------------------|-----------------|--------------|------------------|------------------|
| | | | | 1st bracket | 2nd bracket | 3rd bracket | 5% surtax | 3% surtax | Taxable income | |
| (1) | Michigan Education Association P.O. Box 2573 East Lansing, MI 48826 | 8/31/00 | 38 0827000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (2) | MEA Financial Services & Subsidiary P.O. Box 2501 East Lansing, MI 48826 | 8/31/00 | 38 2015676 | 50,000 | 25,000 | 9,925,000 | 11,750 | | 443,300 | 25,000 |
| (3) | Michigan Education Data Network P.O. Box 2580 East Lansing, MI 48826 | 8/31/00 | 38 2442615 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (4) | MI Education Association Scholarship Fund 1216 Kendale Blvd. East Lansing, MI 48823 | 8/31/00 | 38 3285500 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (5) | | | | | | | | | | |
| (6) | | | | <u>\$ 50,000</u> | <u>\$ 25,000</u> | <u>\$ 9,925,000</u> | <u>\$11,750</u> | <u>\$N/A</u> | <u>\$443,300</u> | <u>\$ 25,000</u> |

The original of the above consent and/or election was filed by corporation number 1 with the Internal Revenue Service at Cincinnati, Ohio.

Application for Extension of Time To File Certain Excise, Income, Information, and Other Returns

File a separate application for each return.

Name: MICHIGAN EDUCATION ASSOCIATION
Employer identification number: 38 0827000
Number, street, and room or suite no. (or P.O. box no. if mail is not delivered to street address): P.O. BOX 2573
City, town, or post office, state, and ZIP code: EAST LANSING, MI 48826-2573

Note: Corporate income tax return filers must use Form 7004 to request an extension of time to file. Partnerships, REMICS, and trusts must use Form 8736 to request an extension of time to file Form 1065, 1066, or 1041.

1 I request an extension of time until APRIL 16, 2001, to file (check only one):
Form 706-GS(D)
Form 706-GS(T)
[X] Form 990 or 990-EZ
Form 990-BL
Form 990-PF
Form 990-T (sec.401(a) or 408(a) trust)
Form 990-T (trust other than above)
Form 1041 (estate)
Form 1041-A
Form 1042
Form 1120-ND (sec. 4951 taxes)
Form 3520-A
Form 4720
Form 5227
Form 6069
Form 8612
Form 8613
Form 8725
Form 8804
Form 8831

If the organization does not have an office or place of business in the United States, check this box
2a For calendar year SEP 1, 1999, or other tax year beginning and ending AUG 31, 2000
b If this tax year is for less than 12 months, check reason: Initial return, Final return, Change in accounting period
3 Has an extension of time to file been previously granted for this tax year? Yes No [X] No

4 State in detail why you need the extension
SIGNIFICANT THIRD PARTY INFORMATION IS NOT AVAILABLE TO ENABLE THE TAXPAYER TO FILE A CORRECT AND TIMELY FILED RETURN.

5a If this form is for Form 706-GS(D), 706-GS(T), 990-BL, 990-PF, 990-T, 1041 (estate), 1042, 1120-ND, 4720, 6069, 8612, 8613, 8725, 8804, or 8831, enter the tentative tax, less any nonrefundable credits. \$
b If this form is for Form 990-PF, 990-T, 1041 (estate), 1042, or 8804, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit \$
c Balance due. Subtract line 5b from line 5a. Include your payment with this form, or deposit with FTD coupon if required. \$ N/A

Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete; and that I am authorized to prepare this form.

Signature Title Date
FILE ORIGINAL AND ONE COPY. The IRS will show below whether or not your application is approved and will return the copy.

Notice to Applicant - To Be Completed by IRS

We HAVE approved your application. Please attach this form to your return.
We HAVE NOT approved your application. However, we have granted a 10-day grace period from the later of the date shown below or the due date of your return (including any prior extensions). This grace period is considered a valid extension of time for elections otherwise required to be made on a timely return. Please attach this form to your return.
We HAVE NOT approved your application. After considering your reasons stated in item 4, we cannot grant your request for an extension of time to file. We are not granting the 10-day grace period.
We cannot consider your application because it was filed after the due date of the return for which an extension was requested.
Other:

Director By Date

If you want a copy of this form to be returned to an address other than that shown above, please enter the address to which the copy should be sent.

Name: MANER, COSTERISAN & ELLIS, PC
Number, street and room or suite no. (or P.O. box no. if mail is not delivered to street address): 544 CHERBOURG DRIVE, SUITE 200
City, town, or post office, state, and ZIP code: LANSING, MI 48917-5010

Application for Extension of Time To File
Certain Excise, Income, Information, and Other Returns

OMB No. 1545-0148

Department of the Treasury
Internal Revenue Service

File a separate application for each return.

Please type or
print. File the
original and one
copy by the due
date for filing
your return.

Name
MICHIGAN EDUCATION ASSOCIATION

Employer identification number
38 0827000

Number, street, and room or suite no. (or P.O. box no. if mail is not delivered to street address)
P.O. BOX 2573

City, town, or post office, state, and ZIP code. For a foreign address, see instructions.
EAST LANSING, MI 48826-2573

Note: Corporate income tax return filers must use Form 7004 to request an extension of time to file. Partnerships, REMICS, and trusts must use Form 8736 to request an extension of time to file Form 1065, 1066, or 1041.

1 I request an extension of time until **APRIL 16**, **2001**, to file (check only one):

| | | | |
|--|--|---|------------------------------------|
| <input type="checkbox"/> Form 706-GS(D) | <input type="checkbox"/> Form 990-T (sec.401(a) or 408(a) trust) | <input type="checkbox"/> Form 1120-ND (sec. 4951 taxes) | <input type="checkbox"/> Form 8612 |
| <input type="checkbox"/> Form 706-GS(T) | <input type="checkbox"/> Form 990-T (trust other than above) | <input type="checkbox"/> Form 3520-A | <input type="checkbox"/> Form 8613 |
| <input checked="" type="checkbox"/> Form 990 or 990-EZ | <input type="checkbox"/> Form 1041 (estate) | <input type="checkbox"/> Form 4720 | <input type="checkbox"/> Form 8725 |
| <input type="checkbox"/> Form 990-BL | <input type="checkbox"/> Form 1041-A | <input type="checkbox"/> Form 5227 | <input type="checkbox"/> Form 8804 |
| <input type="checkbox"/> Form 990-PF | <input type="checkbox"/> Form 1042 | <input type="checkbox"/> Form 6069 | <input type="checkbox"/> Form 8831 |

If the organization does not have an office or place of business in the United States, check this box

2a For calendar year _____, or other tax year beginning **SEP 1, 1999** and ending **AUG 31, 2000**

b If this tax year is for less than 12 months, check reason: Initial return Final return Change in accounting period

3 Has an extension of time to file been previously granted for this tax year? Yes No

4 State in detail why you need the extension
SIGNIFICANT THIRD PARTY INFORMATION IS NOT AVAILABLE TO ENABLE THE TAXPAYER TO FILE A CORRECT AND TIMELY FILED RETURN.

5a If this form is for Form 706-GS(D), 706-GS(T), 990-BL, 990-PF, 990-T, 1041 (estate), 1042, 1120-ND, 4720, 6069, 8612, 8613, 8725, 8804, or 8831, enter the tentative tax, less any nonrefundable credits. \$ _____

b If this form is for Form 990-PF, 990-T, 1041 (estate), 1042, or 8804, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit \$ _____

c Balance due. Subtract line 5b from line 5a. Include your payment with this form, or deposit with FTD coupon if required. \$ **N/A**

Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete; and that I am authorized to prepare this form.

Signature *James E. [Signature]* Title CPTA Date 1/12/01

FILE ORIGINAL AND ONE COPY. The IRS will show below whether or not your application is approved and will return the copy.

Notice to Applicant - To Be Completed by IRS

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We HAVE NOT approved your application. After considering your reasons stated in item 4, we cannot grant your request for an extension of time to file. We are not granting the 10-day grace period.

We cannot consider your application because it was filed after the due date of the return for which an extension was requested.

Other: _____

Director _____ By _____ Date _____

If you want a copy of this form to be returned to an address other than that shown above, please enter the address to which the copy should be sent.

Please Type or Print

Name
MANER, COSTERISAN & ELLIS, PC

Number, street and room or suite no. (or P.O. box no. if mail is not delivered to street address)
544 CHERBOURG DRIVE, SUITE 200

City, town, or post office, state, and ZIP code. For a foreign address, see instructions.
LANSING, MI 48917-5010

LHA For Paperwork Reduction Act Notice, see separate instructions.

MEA Constitution

512840

(As amended by the Representative Assembly, May 1995)

Preamble

We, the professional educators and educational support personnel in the state of Michigan, believing that the profession must institute its own self-government, secure proper recognition and responsibility for the professional preparation of its members, admit to our membership only those able to practice according to its highest standards, provide a climate of academic freedom, govern the ethical practice of its membership, be guided in all its actions by the highest sense of social and academic responsibility, demonstrate continued progress in the development and application of its body of knowledge, and perpetuate the membership in numbers adequate to meet the demand for educational services, do ordain and establish this Constitution for the Michigan Education Association/NEA.

Article I. Name

The name of this nonprofit corporation, organized under the laws of the state of Michigan, shall be the Michigan Education Association/NEA.

Article II. Purpose

The objectives of this Association shall be the improvement of education, the advancement of the interests of education and of educators, and the promotion of the professional growth of its members.

Article III. Membership

Section 1. *Continuing membership.* Membership in the Michigan Education Association/NEA shall be on a continuing basis according to procedures established by the Board of Directors.

Section 2. *Classification.* The membership shall be classified as *active* and *associate* according to the Bylaws. Active members shall have full rights and privileges of membership as indicated in the Bylaws. Associate members shall have such rights and privileges as shall be determined by the Bylaws and the rules of the Board of Directors.

Section 3.

- a. *Active.* Any person in the state of Michigan regularly employed by, laid off by, or on leave of absence from an educational institution, exclusive of supervisory personnel as defined by the Michigan Employment Relations Commission, shall become an active member of the Michigan Education Association/NEA when an application for membership has been accepted according to the Bylaws and Administrative Policies as established by the Board of Directors.

- b. *Associate* Any person who is not eligible for active membership may become an associate member when an application has been accepted according to the qualifications as defined in the Bylaws.

- c. *MEA-R.* An active member who retires may become a member of the MEA-R according to the qualifications as defined in the Bylaws.

- d. *Categories of membership.* The Representative Assembly may create and define categories of membership within active, associate and MEA-R classifications. The Board of Directors shall make such rules as are necessary to maintain such categories.

Section 4. *Termination of membership.* Any member of the Association shall remain a member until resignation, expulsion or suspension, or failure to fulfill the conditions of membership as established in the Bylaws.

DEC 14 1995

Article IV. Officers

- Section 1.** *Officers.* The officers of the Association shall be the president, the vice president, the secretary-treasurer, the members of the Board of Directors, and regularly elected delegates to the Representative Assembly. Any active member of the Association may nominate or be nominated for office and the member elected shall remain an active member throughout the term. The terms of the president, vice president and secretary-treasurer of the state Association shall be for three (3) years beginning September 1. No person may serve more than three (3) consecutive terms as president. Completing an unexpired term shall not constitute a term for the purposes of this section, but in no event may a person serve as president more than ten (10) years.
- Section 2.** *President.* The president of the Association shall be the chief executive and operating officer of the Association and shall be responsible for all functions pertaining to the interpretation and development of Association policy, for directing, administering and coordinating the programs of the Association, and for the implementation of the policies of the Association. The president of the Association shall preside at all official meetings of the Association; shall perform for the Association such duties which are customarily associated with this office; and shall have the power to delegate presidential functions for limited and specific purposes, not otherwise prohibited by the Constitution or Bylaws. The president shall perform as a full-time officer of the Association.
- Section 3.** *Vice president.* Shall serve as ex officio on the Executive Committee and perform duties consistent with the position as may be assigned by the president. The vice president may, upon action of the Board of Directors, perform as a full-time officer of the Association.
- Section 4.** *Secretary-treasurer.* The secretary-treasurer shall serve as ex officio on the Executive Committee, make annual financial reports as required by the Board of Directors, and perform duties consistent with this position as may be assigned by the president, and shall, in the absence of the president and vice president, preside at official meetings of the Board of Directors.
- Section 5.** *Election of officers.* Election of officers shall be by secret ballot of Representative Assembly delegates.
- Section 6.** *Succession and vacancies.* Vacancies occurring by reason of death, resignation, incapacity, judgment of impeachment or other disqualification shall be filled according to procedures established in the Bylaws of the Association.
- Section 7.** *Recall.* Elected MEA officers (president, vice president, secretary-treasurer, members of the Board) may be recalled for just cause according to procedures established in the Bylaws of the Association or the constitution of the region
- Section 8.** *Honorariums.* The officers and the executive director shall not accept honorariums, fees, etc., for personal use. Such fees may be accepted for the Association and placed in the Association's treasury or they may be directed by the officer to a charity or other educational agency provided a statement of such transaction is filed with the Association.

Article V. The local

- Section 1.** *Function.* The local shall be the basic organizational unit of the Association. The functions of the local shall be to provide the organization through which:
- a. The members of the Association may participate in the formulation and evaluation of policies, plans and programs of the Association;
 - b. The adopted program of the Association may be made effective within the boundaries of the local;
 - c. Problems, issues and policies may be initiated for regional and state consideration;
 - d. Referenda may be held on regional and state problems, issues and policies.

- Section 2.** *Powers.* The active and life members of the Association within any school district, combination of school districts, or educational institutions shall have the right to organize as a local; shall elect delegates to the Representative Assembly and the region council; shall establish such agencies and agents as may be required for the effective promotion of Association activities within the local; shall take any steps made necessary by the provisions of the Bylaws of the Association or by the acts of the Representative Assembly or the Board of Directors; shall adopt its own bylaws, appoint its own committees, and undertake any lines of work deemed necessary in the light of needs within the local, provided that such action shall not be in conflict with the provisions of the Constitution, the Bylaws of the Association, or the acts of the Representative Assembly or the Board of Directors; and shall meet the minimum standards of affiliation of the MEA/NEA.*
- Section 3.** *Organization.* A local shall consist of the active and life members of the Association in a single school district, an intermediate school district, or a combination of school districts, a single educational institution, educational corporation, state educational agency, or professional education association, and may be established as a unit by the Board of Directors and shall be designated as _____-MEA/NEA. Educational support personnel and professional educators may maintain separate locals within a local.
- Section 4.** *Governance body.* Provisions shall be made to include at least one (1) Representative Assembly delegate as a member of the local's governing board.
- Section 5.** *Representation.* A local shall have representation on the region council and Representative Assembly upon maintenance of the minimum standards for representation as set forth in the Bylaws.
- Section 6.** *Election of delegates.* The procedure to be followed in the election of delegates to the Representative Assembly shall be as outlined in the Bylaws and Administrative Policies.
- Section 7.** *Election and recall of local officers.* All locals shall elect their officers at least once every three (3) years by secret ballot among the members in good standing. An official report of the local election shall be filed with the MEA following the election. Each local shall establish, in its constitution and bylaws, procedures for election and recall of elected officers, provided such recall procedures meet the requirements as prescribed in the Bylaws of the state Association.
- Section 8.** *Local funds.* Funds shall be made available to locals by the state Association upon fulfillment of conditions as set forth in the policies as adopted by the Representative Assembly and the Board of Directors.

Article VI. The region

- Section 1.** *Region.* The *region* shall be the intermediate unit between the state Association and the local associations within the region, and shall be established by the Board of Directors to consist of a local association or a group of local associations depending upon the number of members and the compactness of the area to be served.
- Section 2.** *Region council.* The *region council* shall be the organization of the region and shall meet at least three (3) times during the school year. Composition of the region council shall be as defined in the Region Council Constitution as established by the Board of Directors.
- Section 3.** *Powers.* The region council shall provide for its own organization, elect its own officers, appoint its own committees, levy dues upon its constituent locals, and undertake any lines of work deemed necessary to the needs of the region, and shall have the power to establish such agents and agencies as may be required for the effective promotion of the activities of the Association within the region, and take any action necessary under the provisions of the Constitution and Bylaws of the Association, the acts of the Board of Directors or the Representative Assembly.

* Refer to the last page of the MEA Bylaws for minimum standards.

Section 4. *Funds.* The state Association shall provide the region with funds for the appropriate expense for the activities of the region, as provided in the Bylaws.

Article VII. The Representative Assembly

Section 1. *Function.* The Representative Assembly shall be the legislative body of the Association.

Section 2. *Membership.* The Representative Assembly shall be constituted as follows:

- a. Regularly elected delegates or their regularly elected alternates from locals or membership units within the Michigan Education Association/NEA;
- b. Members of the Board of Directors, vice president, secretary-treasurer, NEA state directors, and Michigan members who are members of the NEA Executive Committee. These members who are not otherwise members of the Representative Assembly shall be members ex officio without voting power;
- c. Notwithstanding any provision to the contrary, the Board of Directors may adopt such administrative policies as it deems necessary to assure that the voting delegation includes representatives of Third World persons in sufficient numbers so that the percentage of representatives of Third World persons in the delegation equals as nearly as possible the percentage of Third World persons in the population of the state of Michigan as reported by the U.S. Census Bureau. Third World persons and representatives of Third World persons shall be defined in the Bylaws.

Section 3. *Meetings.* The Representative Assembly shall meet semiannually. Such meetings shall be held in the months of October or November and April or May. The meeting of the Representative Assembly held in the spring shall be designated as the annual meeting of the Association. Special sessions may be called by the Board of Directors upon a two-thirds (2/3) vote of that body and must be called by the Board of Directors within thirty (30) days after receipt of a petition signed by at least thirty percent (30%) of the voting membership of the Representative Assembly.

Section 4. *Organization.* The Representative Assembly shall have the power to organize by passing upon the credentials of delegates, to elect every three (3) years a president, vice president and secretary-treasurer of the Association, and to appoint such special committees as are necessary for the efficient conduct of its own affairs. The president of the Association shall preside over all meetings of the Representative Assembly and, in case of a tie vote on any issue before the Representative Assembly other than the election or recall of any officer, shall cast the deciding vote.

Section 5. *Powers.* As the legislative body of the Association, the Representative Assembly shall hear and act upon reports from the commissions of the Association, the Board of Directors and the executive director; receive and act upon petitions; pass upon and approve the budget of the Association; formulate policies; project programs of activity; make appropriations; establish special services to be offered by the Association; conduct the business affairs of the Association and have all other powers and duties necessary to the achievement of the objectives of the Association which are not specifically delegated to other agents or agencies by this Constitution and Bylaws.

Article VIII. Commissions of the Association

Section 1. *Function.* The commissions of the Michigan Education Association shall be the agencies through which the Representative Assembly and the Board of Directors shall direct continuing study of problems related to the purposes of the Association and shall be the agencies through which the Representative Assembly and the Board of Directors may exercise general advisory and supervisory direction of major Association activities.

Section 2. *Authorization.* The number of commissions which shall be in existence at any given time shall be at the discretion of the Representative Assembly and shall be sufficient to provide for continuing study of all the major functions and activities of the Association.

Section 3. *Membership.* Membership of MEA commissions shall be as defined in the Bylaws.

Section 4. *Powers.* Each commission shall conduct studies, make investigations and prepare recommendations for the Board of Directors and Representative Assembly with regard to any problems relating to its own area of responsibility. At the discretion of the Board of Directors, any commission may be given general supervisory responsibility over the administration of any program or activity which falls within its field.

Article IX. Board of Directors

Section 1. *Function.* The *Board of Directors* shall be the agency through which the general administrative and executive functions of the Association shall be carried out.

Section 2. *Membership*

- a. The Board of Directors shall be composed of the president of the Association, the vice president, the secretary-treasurer, and the members to be elected by the membership at large of the region, provided that a sufficient number of representatives of Third World persons shall sit on the Board so that the percentage of representatives of Third World persons on the Board shall be no less than the percentage of Third World persons in the population of the state of Michigan as reported by the U.S. Census Bureau. If no NEA state director is a voting member of the Board of Directors, then the senior NEA state director shall become a voting member. (In the event that there are two (2) senior NEA directors, the voting member shall be chosen by lot.)
- b. Region Board members shall be elected for staggered three (3) year terms beginning September 1 as determined by the Board of Directors. The election shall be by secret ballot. The Bylaws shall designate the number of representatives of Third World persons from the regions. Positions on the Board filled by region elections which become vacant shall be filled as provided in the constitution of the region. At-large Board members shall be nominated and elected at the Spring Representative Assembly for staggered three (3) year terms beginning September 1 as determined by the Board of Directors. In any case where a vacant position must be filled, if that position was designated representative of Third World persons, it shall remain so designated. The president, the vice president and the secretary-treasurer shall have voting power on the Board of Directors.
- c. Educational support personnel representation on the Board shall be no less than one (1) director per two thousand (2,000) educational support personnel members, or major fraction thereof. In the event that an insufficient number of educational support personnel persons is elected according to the procedures as provided in the constitution of the region, nominations shall be presented according to rules established by the Board of Directors to the Representative Assembly, which shall elect the necessary number of Board members to ensure that ratio. In the event that, in subsequent elections within the various regions, educational support personnel persons are elected to the Board, a corresponding number of those persons elected by the Representative Assembly shall retire from the Board at the expiration of their regular term of office on the Board.
- d. Higher education representation on the Board shall be no less than two (2) directors (one from a two [2] year institution and one from a four [4] year institution). In the event that an insufficient number of higher education representatives is elected according to the procedures as provided in the constitution of the region, nominations shall be presented according to the rules established by the Board of Directors to the Representative Assembly, which shall elect the necessary number of Board members to ensure that ratio. In the event that, in subsequent elections within the various regions, higher education persons are elected to the Board, the corresponding person elected by the Representative Assembly shall retire from the Board at the expiration of his/her regular term of office on the Board.
- e. In the event that the number of Third World persons elected to the Board according to the procedures as provided in the constitution of the region is not sufficient to equal the percentage of the minority population of the state of Michigan as reported by the U.S. Census Bureau, nominations shall be presented, according to rules established by the Board of Directors, to the Representative Assembly, which shall elect the necessary number of Third World at-large Board members to ensure that the ratio

of Third World to majority group Board members as provided in this section shall be obtained. In the event that, in subsequent elections within the various regions, Third World persons are elected to the Board, a corresponding number of those persons elected by the Representative Assembly shall retire from the Board at the expiration of their regular term of office on the Board. At-large Board members shall be elected for staggered three (3) year terms beginning September 1 as determined by the Board of Directors.

- f. At the Representative Assembly there shall be elected every three (3) years: 1) a slate of a president/vice president and 2) a secretary-treasurer, who shall become voting members of the Board of Directors on September 1, following their election. An elector shall be permitted to choose among individual candidates for president and vice president if not wishing to vote for an entire slate. In the event no candidates for the offices of president and vice president and secretary-treasurer have been announced sixty (60) days prior to the Representative Assembly, the MEA Board of Directors shall appoint a nominating committee to name two (2) candidates for president, two (2) candidates for vice president and two (2) candidates for secretary-treasurer, not later than thirty (30) days prior to the Assembly at which election is held.
- g. In the event that a member of the Board of Directors is absent from three (3) consecutive meetings or fails to attend at least sixty percent (60%) of the meetings per year, such position shall be declared vacant. Exceptions may be made by a majority vote of the Board of Directors, when circumstances exist that are beyond the control of the individual Board of Directors member.

Section 3. Meetings. Regular meetings of the Board of Directors shall be held at least five (5) times each year upon call of the Executive Committee. Special meetings of the Board of Directors may be called by the Executive Committee at its own discretion and shall be called upon the written request of five (5) members of the Board representing at least three (3) regions.

Section 4. Organization. The Board of Directors shall have the right to provide for its own organization and to appoint any necessary committees at a specially called organizational meeting.

Section 5. Powers. The Board of Directors shall conduct, manage, and control the affairs and business of the Association between meetings of the Representative Assembly, subject to the policies established by the Representative Assembly, shall have the power to review the case of any person applying for membership in the MEA/NEA and to deny or admit such persons to MEA/NEA membership, shall have the power to fill vacancies in office, except that of elected Board members, of vice president, and of secretary-treasurer until the time of the next Representative Assembly, may exercise the power of executive clemency by removing censure and reinstating a member suspended or expelled by the Board of Reference, and shall exercise such other powers as are delegated to it by the provisions of the Bylaws or by the acts of the Representative Assembly.

Article X. Executive Committee

The *Executive Committee* shall be the ad interim committee of the Board of Directors and shall be composed of the president, vice president and the secretary-treasurer of the Association and six (6) members elected by the Board of Directors from within its own membership for terms of two (2) years, provided that the terms of not more than three (3) of the elected members shall expire at the same time. The immediate past president of the MEA/NEA shall be a member of the Executive Committee for the first year after completing the term of president. The president shall act as chairperson of the Executive Committee. All members of the Executive Committee, except the immediate past president, shall have voting power. All proceedings of the Executive Committee shall be subject to review by the Board of Directors. The Executive Committee shall have original jurisdiction over all disputes arising under the Crisis Assistance Program and charges or other proceedings relating to the discipline of members who continue in active employment during the course of a labor dispute where the withdrawal of services by other members has occurred. The Executive Committee shall have original and only jurisdiction over all disputes arising under alleged violations of the duty of fair representation. The Executive Committee shall administer such other functions as may be approved by the Board of Directors.

Article XI. The Association staff

- Section 1.** The *staff* of the Association shall consist of an executive director and such other employees as may be needed to transact the business of the Association.
- Section 2.** The *executive director* of the Association shall be primarily responsible for, at the direction of the president, directing, administering and coordinating the programs of the Association and for implementation of policy made by and in accordance with policies, goals and objectives established by the Representative Assembly and interpreted by the Board of Directors and/or chief executive officer.
- Section 3.** The executive director shall hold the position under a contract of not more than four (4) years' duration subject to annual review by the Board of Directors, except that, after reaching sixty (60) years of age, the executive director shall hold the position under a contract of one (1) year duration.

Article XII. Ethics, rights and Board of Reference

- Section 1.** *Code.* The Code of Ethics for the Education Profession shall be the Code of Ethics for the Michigan Education Association/NEA and all its constituent units. Associated organizations affiliated with the Association may adopt supplementary principles and standards peculiar to the needs of their members.
- Section 2.** *Board of Reference.* The judicial powers of the Association shall be vested in one (1) Board of Reference and such subordinate judicial bodies as may be established by the Representative Assembly in the Bylaws.
- Section 3.** *Jurisdiction.* The jurisdiction of the Board of Reference shall extend to cases arising under this Constitution, the Bylaws, the Administrative Policies of the Association, and the Guidelines for NEA Uniserv in Michigan. This jurisdiction will not extend to disputes arising under the Crisis Assistance Program, alleged violations of the duty of fair representation, or matters involving discipline of members who continue in active employment during the course of a labor dispute where the withdrawal of services by other members has occurred, which jurisdiction shall be vested in the Executive Committee of the Board of Directors.
- a. The Board of Reference shall have the original jurisdiction in cases to which the Association, a local association or a region council is a party or in any case where it does not appear that the charges could be tried fairly and impartially on the local level. When the Board of Reference has original jurisdiction, it shall designate one (1) member of the Board to hear and determine the charges. An appeal of that determination may be taken by any aggrieved party to the entire Board of Reference. The member of the Board of Reference who heard the charges in the original proceeding shall not participate as a member of the Appeal Board of Reference.
 - b. The Board of Reference shall have appellate jurisdiction in judicial cases appealed from decisions rendered by subordinate judicial bodies.
 - c. The Board of Reference shall have the following powers:
 1. To censure, to suspend, to fine or to expel any member;
 2. To remove censure;
 3. To reinstate a suspended or expelled member.
- Section 4.** *Appointment.* The president of the Association, with the advice and consent of the Board of Directors, shall appoint by September 1 of each year one (1) judge for a five (5) year term.
- Section 5.** *Prerogatives.* The Board of Reference shall name its own legal staff, establish its own rules in accordance with this Constitution and the Bylaws, receive adequate funds from the treasury of the Association and guarantee due process in all proceedings before it and such subordinate judicial bodies established by the Representative Assembly in the Bylaws.

Section 6. *Impeachment.* Members of the Board of Reference may be impeached for malfeasance, for misfeasance, and for nonfeasance in office. The process for impeachment of Board of Reference members shall be as follows:

- a. Proceedings against the member of the Board of Reference may be initiated by written petition of five (5) members of the Association under rules established by the Board of Directors;
- b. The affirmative vote of at least two thirds (2/3) of the members of the Board of Directors shall be required to order an impeachment hearing on specified charges;
- c. An affirmative vote of at least two thirds (2/3) of the members of the Board of Directors shall be required to sustain a charge following a due-process hearing before the Board, and the position shall become vacant.

Article XIII. Governance and nongovernance units

Section 1. *Classes.* The two classes of affiliation shall be governance and nongovernance.

Section 2. a. *Governance.* The governance class shall comprise local associations (including locals, county and institutional).

b. *Standards and procedures for affiliation.* Local associations, county locals or institutional locals which fail to comply with standards and procedures set forth in the Bylaws may be subject to censure, suspension or disaffiliation as prescribed in the Bylaws.

Section 3. a. *Nongovernance.* The nongovernance class shall comprise associated organizations.

b. *Affiliation.* Any organization, active in the field of education and statewide in its membership and activities shall be eligible to become an associated organization of the Michigan Education Association/NEA. Any such organization may petition the MEA Board of Directors to be designated as an associated organization of the Association. Petitions accepted by the MEA Board of Directors shall be presented at the Representative Assembly. If the Assembly accepts the petition, the associated organization shall be entitled to the rights and privileges within the Michigan Education Association/NEA, which are enumerated in the Bylaws.

c. *Relationships.* The Board of Directors of the Association shall be responsible for the establishment of policies and procedures to facilitate cooperative relationships among all associated organizations.

d. *Disaffiliation.* An associated organization shall have the right to disaffiliate in accordance with provisions of the MEA Bylaws.

Article XIV. MEA/NEA affiliation

Section 1. *Affiliation.* The Michigan Education Association/NEA and its eligible units shall affiliate with the National Education Association

Section 2. *Allocation of delegates*

a. Allocation of delegate credentials to state affiliates shall be based on the ratio of 1:1,000 active members within the state.

b. Allocation of delegate credentials to local affiliates shall be based on the ratio of 1:150 active Association members or major fraction thereof. Local affiliates within a state may join together to form membership units of one hundred fifty (150) or more for the purpose of representation.

c. The Bylaws shall define the term *Third World person*. It is the intent of the MEA to encourage Third World person participation in the NEA Representative Assembly.

Section 3. *Election of Delegates*

- a. The delegates allotted to the MEA/NEA shall be distributed and elected in accordance with the Administrative Policies.
- b. Members of the NEA Representative Assembly shall be elected in accordance with the one-person/one-vote principle. Specific exceptions to the application of this principle may be set forth in this Constitution, Bylaws and Administrative Policies.
- c. Election to executive office or to the Board of Directors shall constitute election to the NEA Representative Assembly.
- d. Election of delegates to the NEA Representative Assembly shall be by secret ballot for each individual office. The NEA members within each region shall be eligible to vote.

Section 4. *NEA state directors*

- a. The NEA state directors shall be elected at the MEA Representative Assembly according to procedures prescribed by the Board of Directors.
- b. Alternates to the NEA state directors shall be elected at the MEA Representative Assembly according to procedures prescribed in the Bylaws and Administrative Policies.
- c. Vacancies in the office of NEA state directors shall be filled by the MEA Board of Directors until the next Representative Assembly, at which time an election shall be held to fill the position for the remainder of the unexpired term.
- d. Elected NEA state directors may be recalled for just cause according to procedures established in the Bylaws of the Association.

Article XV. Direct legislation

Section 1. Active members of the Association shall have the power to propose and adopt measures, called the initiative, and the power to approve or reject actions of the Representative Assembly or Board of Directors, called the referendum.

Section 2. *Initiative.* Procedures under the initiative shall be as set forth in the Bylaws and Administrative Policies of the Association. To invoke the initiative, petitions signed by at least ten percent (10%) of the active members in at least one half (1/2) of the total number of regions shall be required, provided that the total number of signatures represents at least ten percent (10%) of the total active membership. Any measure proposed by initiative petition shall be either adopted or rejected without amendment by the next Representative Assembly following publication of the measure, provided a regular meeting of the Representative Assembly is scheduled within sixty (60) days of such publication. In the event that a regular meeting of the Representative Assembly does not occur within that sixty (60) day period, or in the event that the measure is rejected by the Representative Assembly, the measure proposed by initiative shall be submitted to the active membership of the Association as provided in the Bylaws.

Section 3.

- a. *Popular referendum.* Procedures under the referendum shall be set forth in the Bylaws and Administrative Policies of the Association. The power of referendum shall not extend to actions establishing or related to establishment of membership fees. To invoke the referendum, petitions signed by at least fifteen percent (15%) of the active members in at least one half (1/2) of the total number of regions shall be required provided that the total number of signatures represents at least ten percent (10%) of the total active membership. Referendum petitions containing the required number of signatures shall be filed within sixty (60) days of the date the action being referred to the membership was taken.
- b. *Legislative referendum.* The Board of Directors or the Representative Assembly may refer any of their actions to the active membership of the Association upon resolution by two thirds (2/3) of the respective body. Voting on legislative referendum shall be as provided in the Bylaws.