

**AMERICAN ASSOCIATION OF
UNIVERSITY PROFESSORS –
UNIVERSITY OF CINCINNATI
CHAPTER**

FINANCIAL STATEMENTS

For The Year Ended December 31, 2022
With Independent Auditor's Report

FLYNN & COMPANY, INC.
Certified Public Accountants

**AMERICAN ASSOCIATION OF
UNIVERSITY PROFESSORS –
UNIVERSITY OF CINCINNATI CHAPTER**

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To The Executive Council of the
American Association of University Professors -
University of Cincinnati Chapter

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying statements of financial position of American Association of University Professors - University of Cincinnati Chapter (a non-profit organization) as of December 31, 2022, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the assets, liabilities, and net assets of American Association of University Professors - University of Cincinnati Chapter, as of December 31, 2022, and the results of its activities and its cash flows for the year ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of American Association of University Professors - University of Cincinnati Chapter and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of American Association of University Professors - University of Cincinnati Chapter's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about American Association of University Professors - University of Cincinnati Chapter's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Algoni & Company, Inc.

July 10, 2023
Cincinnati, OH

**AMERICAN ASSOCIATION OF UNIVERSITY PROFESSORS –
UNIVERSITY OF CINCINNATI CHAPTER
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022**

ASSETS	<u>2022</u>
Current Assets	
Cash and cash equivalents	\$ 1,203,334
Fixed Assets	
Equipment	30,255
Less accumulated depreciation	<u>(30,255)</u>
Net fixed assets	<u>-</u>
TOTAL ASSETS	<u><u>\$ 1,203,334</u></u>
 LIABILITIES AND NET ASSETS 	
Net Assets	
Unrestricted	<u>\$ 1,203,334</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,203,334</u></u>

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

**AMERICAN ASSOCIATION OF UNIVERSITY PROFESSORS –
UNIVERSITY OF CINCINNATI CHAPTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	2022
Support and Revenues	
Membership dues	\$ 805,437
In-kind contributions	11,787
Interest income	2,529
Grant income	1,317
Total support and revenues	821,070
 Expenses	
Program Services	665,708
Management and General	159,877
Total expenses	825,585
 Change in Unrestricted Net Assets	(4,515)
 Unrestricted Net Assets Beginning of Year	1,207,849
 Unrestricted Net Assets End of Year	\$ 1,203,334

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

**AMERICAN ASSOCIATION OF UNIVERSITY PROFESSORS –
UNIVERSITY OF CINCINNATI CHAPTER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

Expenses	<u>Program Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
Wages	\$ 208,930	\$ 89,864	\$ 298,794
Employee benefits	110,671	34,808	145,479
Collective bargaining agreement	29,792	-	29,792
Scholarships and awards	2,000	-	2,000
Supplies	22,604	9,722	32,326
Legal and professional fees	5,940	4,984	10,924
Conferences, meetings, and related travel	22,168	6,856	29,024
Payroll taxes	15,664	6,738	22,402
Rent	8,242	3,545	11,787
Insurance	7,301	3,140	10,441
Bank fees	-	220	220
Political contributions	626	-	626
National and State Membership Dues	231,770	-	231,770
Total Expenses	<u>\$ 665,708</u>	<u>\$ 159,877</u>	<u>\$ 825,585</u>

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

**AMERICAN ASSOCIATION OF UNIVERSITY PROFESSORS –
UNIVERSITY OF CINCINNATI CHAPTER
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>2022</u>
Cash Flows from Operating Activities	
Change in net assets	\$ (4,515)
Net Change in Cash and Cash Equivalents	(4,515)
Cash and Cash Equivalents at Beginning of Year	<u>1,207,849</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,203,334</u>

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

**AMERICAN ASSOCIATION OF UNIVERSITY PROFESSORS –
UNIVERSITY OF CINCINNATI CHAPTER
NOTES TO SUPPLEMENTAL INFORMATION
DECEMBER 31, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization and Operations

The American Association of University Professors – University of Cincinnati Chapter (AAUP - UC) is organized as a local affiliate of the national organization of the American Association of University Professors.

The primary objective of AAUP - UC is to promote the interests of higher education, to advance the standards, ideals and welfare of the profession, and to serve as the exclusive agent of the University of Cincinnati Chapter faculty (and appropriate academic and counseling staff) for the purposes of collective bargaining. Revenues are derived primarily from membership dues.

Basis of Presentation

The accounting and reporting policies of AAUP - UC conform with accounting principles generally accepted in the United States of America ("GAAP") as contained in the Accounting Standards Codification ("ASC") issued by the Financial Accounting Standards Board ("FASB"). The financial statements of AAUP - UC have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. A summary of significant accounting policies followed and are described below to enhance the usefulness of the financial statements to the reader.

AAUP - UC maintains its accounts in accordance with Accounting for Contributions Received and Contributions Made per the ASC standards. The ASC standards topic on Financial Statements of Not-for-profit Organizations, requires that contributions received, including unconditional promises to give, be recognized as increases in net assets in the period received at their fair values. AAUP - UC displays its activities and net assets in two classes: without donor restrictions and with donor restrictions.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash on deposit with a bank, and highly liquid investments with a maturity of three months or less when purchased. There were cash equivalents at December 31, 2022 made up of certificates of deposit.

Accounts Receivable

Accounts receivable consists of amounts due from members for which AAUP - UC has an unconditional right to receive payment. Accounts receivable are stated at the amount management expects to be collected. As of December 31, 2022 there was no accounts receivable balance. The collectability of accounts receivable reflects management's best estimate of probable losses determined principally on the basis of historical experience and specific allowances for known troubled accounts. As of December 31, 2022 management has determined that no allowance for doubtful accounts is needed.

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

AMERICAN ASSOCIATION OF UNIVERSITY PROFESSORS –
UNIVERSITY OF CINCINNATI CHAPTER
NOTES TO SUPPLEMENTAL INFORMATION
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fixed Assets

AAUP - UC follows the practice of capitalizing all expenditures in excess of \$500 for equipment, at cost. Equipment is recorded at cost or fair value at the time of the gift in the case of donated items. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, which ranges from five to seven year. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in changes in net assets for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized. Depreciation expense for the year ended December 31, 2022, was \$-0-.

Impairment

Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are measured based on the fair value of the asset, and long-lived assets to be disposed of by sale are reported at the lower of the carrying amount or fair value less costs to sell. Long-lived assets were measured for impairment, and no adjustments were deemed necessary during the year ended December 31, 2022.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions a board designated endowment.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of Estimates

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

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

AMERICAN ASSOCIATION OF UNIVERSITY PROFESSORS –
UNIVERSITY OF CINCINNATI CHAPTER
NOTES TO SUPPLEMENTAL INFORMATION
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Contributions with no donor stipulations are reported as unrestricted revenue and net assets. Assets otherwise unrestricted may be designated by the Board of Directors.

Contributions received with a donor stipulation that limits their use are reported as restricted revenue and net assets. When all donor-stipulated restrictions are met, the net asset is reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Unconditional promises to give expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized and reported as in-kind interest income.

Conditional promises to give are recognized as revenues when the conditions on which they depend are substantially met.

Membership Dues

All membership dues are considered unrestricted for meeting the objectives of the program, which are promoting quality standards in the profession and for purposes of collective bargaining. Membership dues entitle members to a bundle of goods and services that are considered a single performance obligation and the related revenue is recognized ratably over the membership period. Membership dues received in advance are deferred to the applicable membership period and are recognized as deferred revenue.

Contributed Services

Under the ASC topic *Accounting for Contributions Received and Contributions Made*, contributed services are recorded in the financial statements only for those services that improve or enhance property and equipment or for those services that required specialized skills.

During the year ended December 31, 2022, no contributed services were recorded in the financial statements. However, many members of AAUP - UC volunteered their time and performed a variety of tasks that assisted AAUP - UC by serving on various committees and attending local, state and national chapter meetings and seminars.

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

**AMERICAN ASSOCIATION OF UNIVERSITY PROFESSORS –
UNIVERSITY OF CINCINNATI CHAPTER
NOTES TO SUPPLEMENTAL INFORMATION
DECEMBER 31, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

AAUP - UC is exempt from federal income taxes under Section 501(c)(5) of the Internal Revenue Code, and is not a private foundation as defined by Section 509(a) of the Internal Revenue Code. The provisions of the ASC standard, *Accounting for Uncertainty in Income Taxes*, clarifies the accounting for the recognition and measurement of uncertainties in income taxes for all entities, including not-for-profit organizations. AAUP - UC accounts for uncertain tax positions in accordance with the ASC topic, *Accounting for Contingencies*, under which liabilities for uncertain tax positions are recognized in the financial statements when it becomes probable a liability has been incurred and the amount can be reasonably estimated.

New Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating, which will be relevant for the pattern of expense recognition in the statement of activities. This standard was adopted for AAUP - UC's year ending December 31, 2022. AAUP - UC elected the package of practical expedients offered by the new standard including to (1) not reassess whether any expired or existing contracts are considered or contain leases; (2) not reassess the lease classification for any expired or existing leases; and (3) not reassess the initial direct costs for any existing leases. AAUP - UC does not have leases that contain land easements; therefore, this optional practical expedient was not elected. The adoption of ASC Topic 842 did not impact the financial statements or related note disclosures as the Organization only has one building lease that is on an annual basis as disclosed in note 5.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses: Measurement of Credit Losses on Financial Instruments*, which established a methodology that reflects the current estimate of credit losses (CECL). For trade receivables and other financial instruments the Organization will be required to use a forward looking expected loss model rather than the incurred loss model currently used. The new standard will be effective for AAUP - UC's December 31, 2023 financial statements.

Subsequent Events

In conformity with the ASC standards, AAUP - UC has evaluated for disclosure all subsequent events and transactions through July 10, 2023, the date that the financial statements were available to be issued for the year ended December 31, 2022.

NOTE 2 – CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject AAUP - UC to a concentration of credit risk consist of cash. AAUP - UC maintains its cash in various bank accounts and certificates of deposit which, at times, may exceed the federally insured limits. AAUP - UC has not experienced any losses in such accounts. AAUP - UC has amounts in excess of the federally insured limits at December 31, 2022.

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

**AMERICAN ASSOCIATION OF UNIVERSITY PROFESSORS –
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NOTES TO SUPPLEMENTAL INFORMATION
DECEMBER 31, 2022**

NOTE 3 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	<u>\$ 1,203,334</u>
	<u><u>\$ 1,203,334</u></u>

Management regularly monitors to ensure we have sufficient cash on hand to meet normal operating expenses. As part of its liquidity management, AAUP - UC will structure the financial assets to be available as general expenditures, liabilities and other obligations come due. This process keeps cash in excess of immediate needs invested in certificates of deposit.

NOTE 4 – ALLOCATION OF FUNCTIONAL EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited as reflected on the statements of activities. The financial statements report certain categories of expenses that are attributed to program or supporting functions. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include wages, benefits, payroll taxes, supplies, professional services, insurance, conferences and meetings, which are allocated on the basis of estimates of time and effort.

NOTE 5 – SUPPORT FROM UNIVERSITY OF CINCINNATI

Under the terms of the most recent collective bargaining agreement with the University of Cincinnati, AAUP – UC is provided with long-term office space, network access, telephone, copying and printing facilities having a total value of not more than \$75,000 over the three-year term of the agreement. The value is to be determined by the University's standard charging practices, reduced by one-half of the cost of printing the collective bargaining agreement. The University of Cincinnati has not provided AAUP - UC with a statement of the value of services used by AAUP - UC during 2022, consequently the accompanying financial statements do not include any amount recognized as the value of such services.

AAUP – UC entered into a lease agreement with UC that runs from June 30, 2022 through June 30, 2023. The annual cost of the lease is \$11,787, which is donated by UC and is recognized as an in-kind contribution in the statement of activities. The lease is set to automatically renew each year, however, at UC's option they have the right with 60-day notice to relocate AAUP – UC to another location on campus if the space they reside in is needed for another purpose.

NOTE 6 – EMPLOYEE BENEFIT PLANS

Employee benefits include contributions of 15% of employee compensation to a retirement savings plan. All employees are eligible and automatically enrolled in the defined contribution plan. The total contribution for 2022 was \$45,341.

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