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**WAYNE STATE UNIVERSITY CHAPTER,  
AAUP-AFT, LOCAL 6075**

**SCHEDULE OF EXPENSES AND ALLOCATION  
BETWEEN CHARGEABLE AND NON-CHARGEABLE EXPENSES  
AND  
INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

**For the Year Ended December 31, 2015**

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Troy, Michigan

Independent Accountant's Review Report

To the Executive Board  
Wayne State University Chapter,  
AAUP-AFT, Local 6075  
Detroit, Michigan

We have reviewed the accompanying Schedule of Expenses and Allocation Between Chargeable and Non-Chargeable Expenses of Wayne State University Chapter, AAUP-AFT, Local 6075 (WSU, AAUP-AFT) and the related notes to the schedule for the year ended December 31, 2015, based on the significant factors and assumptions described in Note C. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the schedule as a whole. Accordingly, we do not express such an opinion.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation of the Schedule of Expenses and Allocation Between Chargeable and Non-Chargeable Expenses in accordance with the significant factors and assumptions described in Note C; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedule that is free from material misstatement whether due to fraud or error.

*Accountant's Responsibility*

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the schedule for it to be in accordance with the significant factors and assumptions described in Note C. We believe that the results of our procedures provide a reasonable basis for our conclusions.

***Other Matter***

As described in Note D, WSU, AAUP-AFT has not complied with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 715, *Other Post-retirement Benefits*.

***Accountant's Conclusion***

Based on our review, except for the effects of such adjustments, if any, had WSU, AAUP-AFT complied with FASB ASC 715 referred to in the previous paragraph, we are not aware of any material modifications that should be made to the accompanying schedule in order for it to be in conformity with the significant factors and assumptions described in Note C.

***Collins, Buri & McConkey, LLP***

Troy, Michigan  
June 21, 2016

WAYNE STATE UNIVERSITY CHAPTER,  
AAUP-AFT, LOCAL 6075

SCHEDULE OF EXPENSES AND ALLOCATION  
BETWEEN CHARGEABLE AND NON-CHARGEABLE EXPENSES

For the Year Ended December 31, 2015  
(See Accountant's Review Report)

	<u>Total Expenses</u>	<u>Chargeable Expenses</u>	<u>Non- Chargeable Expenses</u>	<u>Notes</u>
Affiliate dues				
AAUP	\$ 107,528	\$ 65,356	\$ 42,172	C(1)
AFT	185,474	138,122	47,352	C(1)
AFT Michigan	245,924	190,124	55,800	C(1)
AFL-CIO Michigan	7,776	-	7,776	C(1)
AFL-CIO Metro Detroit	3,267	-	3,267	C(1)
Collective Bargaining Congress	36,080	21,929	14,151	C(1)
Salaries	176,079	165,992	10,087	C(3)
Payroll taxes	19,259	18,506	753	C(3)
Fringe benefits				
Employees	85,199	80,095	5,104	C(3)
Retirees	14,323	14,323	-	C(3)
Rent and maintenance	41,945	41,945	-	C(7)
Contributions	35,140	-	35,140	C(4)
Stipends	82,904	81,556	1,348	C(3)
Executive board and membership committee	9,858	9,858	-	C(2)
Member outreach and promotion	7,566	7,566	-	C(7)
Meetings and conferences	36,284	36,284	-	C(2)
Luncheon meetings	1,803	1,803	-	C(2)
Member benefits	6,787	1,136	5,651	C(5)
Professional fees	40,161	40,161	-	C(6)
Equipment rental and maintenance	61	61	-	C(7)
Telephone	2,467	2,467	-	C(7)
Office supplies	14,512	14,512	-	C(7)
Miscellaneous	9,235	9,168	67	C(7)
Postage	637	637	-	C(7)
Bank service charges	149	149	-	C(7)
Insurance	11,757	11,757	-	C(7)
Depreciation and amortization	<u>16,100</u>	<u>16,100</u>	<u>-</u>	C(7)
 Total expenses	 <u>\$1,198,275</u>	 <u>\$ 969,607</u>	 <u>\$ 228,668</u>	
	<u>100%</u>	<u>80.92%</u>	<u>19.08%</u>	

The accompanying notes are an integral part of this schedule.

WAYNE STATE UNIVERSITY CHAPTER,  
AAUP-AFT, LOCAL 6075

NOTES TO SCHEDULE OF EXPENSES AND ALLOCATION BETWEEN  
CHARGEABLE AND NON-CHARGEABLE EXPENSES

December 31, 2015  
(See Accountant's Review Report)

Note A – NATURE OF THE ENTITY

The Wayne State University Chapter, AAUP-AFT, Local 6075 (WSU, AAUP-AFT), an unincorporated Michigan not-for-profit association, is organized as the sole collective bargaining agent for the faculty and academic staff of Wayne State University in Detroit, Michigan.

Note B – SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying schedule follows:

1. Basis of Presentation

The accompanying schedule was prepared for the purpose of determining the fair share cost of services rendered by WSU, AAUP-AFT for employees represented by, but not members of, WSU, AAUP-AFT. The accompanying schedule is not intended to be a complete presentation of WSU, AAUP-AFT's financial position, changes in net assets or its cash flows in conformity with generally accepted accounting principles in the United States of America.

2. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of expenses during the reporting period and the allocation of expenses between chargeable and non-chargeable. Actual results could differ from those estimates.

3. Depreciation

WSU, AAUP-AFT's policy is to capitalize, at cost, property and equipment purchases exceeding \$500. Depreciation is provided in amounts sufficient to relate the cost to operations over their estimated useful lives (ranging between five and fifteen years) using straight-line and accelerated methods.

4. Accrued Vacation

The Organization is liable for and accrues earned and unused vacation days accumulated by its full-time personnel in accordance with contractual provisions.

5. Income Taxes

The Wayne State University Chapter, AAUP-AFT, Local 6075 is granted tax-exempt status by the Internal Revenue Service under Code Section 501(c)(5). Accordingly, no provision for income taxes is required.

WAYNE STATE UNIVERSITY CHAPTER,  
AAUP-AFT, LOCAL 6075

NOTES TO SCHEDULE OF EXPENSES AND ALLOCATION BETWEEN  
CHARGEABLE AND NON-CHARGEABLE EXPENSES

December 31, 2015  
(See Accountant's Review Report)

Note B – SUMMARY OF ACCOUNTING POLICIES (Continued)

6. Definitions

a. Chargeable Expenses

Chargeable expenses are those incurred by WSU, AAUP-AFT that reflect operational costs which are considered necessary and reasonably incurred in the performance of its role as a representative of employees in dealing with Wayne State University on labor/management issues, including the costs of: negotiating and administering the collective bargaining contract; settling grievances and disputes by mutual agreement, arbitration, legal process, or otherwise; activities and undertakings normally and reasonably employed to implement the duties of the union as the representative of the employees in their bargaining unit.

The following are examples of expenses classified as chargeable: preparation for and negotiations of collective bargaining agreements; contract administration including investigation and processing grievances; meetings, conferences, administrative, arbitral and legal proceedings, and pertinent investigation and research in connection with work-related subjects and issues; handling work-related problems of employees; communications with community organizations, civic groups, government agencies, and the media regarding the Organization's position on work-related matters; lobbying and legislative activities with respect to matters concerning employees' work-related issues; maintaining membership and recruitment of members; employee group programs; and providing legal, economic, and technical expertise on behalf of employees in all work-related matters.

b. Non-Chargeable Expenses

Non-chargeable expenses are those of an ideological or political nature and those that are not germane to work-related interests of employees.

The term "political" is defined as support for or against candidates for political office of any level of government or an office in the union structure. The term "ideological" is defined as support for or against certain positions that the union may take which are not work-related.

Note C – SIGNIFICANT FACTORS AND ASSUMPTIONS USED IN THE ALLOCATION OF  
EXPENSES BETWEEN CHARGEABLE AND NON-CHARGEABLE EXPENSES

1. Affiliate Dues

The portion of per capita dues paid to the AAUP, AFT, AFT Michigan and AAUP Collective Bargaining Congress deemed to be non-chargeable are based on the percentage determined by the affiliate organization. Per capita dues paid to the AFL-CIO Michigan, and AFL-CIO Metro Detroit are deemed 100 percent non-chargeable.

WAYNE STATE UNIVERSITY CHAPTER,  
AAUP-AFT, LOCAL 6075

NOTES TO SCHEDULE OF EXPENSES AND ALLOCATION BETWEEN  
CHARGEABLE AND NON-CHARGEABLE EXPENSES

December 31, 2015  
(See Accountant's Review Report)

Note C – SIGNIFICANT FACTORS AND ASSUMPTIONS USED IN THE ALLOCATION OF  
EXPENSES BETWEEN CHARGEABLE AND NON-CHARGEABLE EXPENSES  
(Continued)

2. Executive Board and Membership Committee, Meetings and Conferences, Luncheon Meetings

These expenses include training programs for the staff and union members to enhance skills in collective bargaining, grievance handling, contract administration, and administration of WSU, AAUP-AFT's constitution and by-laws. Certain expenses for training or to attend conferences and conventions that include content considered political or ideological in nature, if any, are non-chargeable. Other expenses are considered fully chargeable. Meetings related to the general membership, building representatives, and the executive board of directors are considered to be fully chargeable.

3. Salaries, Payroll Taxes, Fringe Benefits, and Stipends

Salary expenses and stipends are allocated to non-chargeable expenses based on individuals' time spent on non-chargeable activities. Payroll taxes and fringe benefits are allocated based on the percentage of non-chargeable compensation expense to total compensation expenses.

4. Contributions

Contributions and donations specifically identified as being not germane to the work-related interests of WSU, AAUP-AFT and its membership are classified as non-chargeable expenses.

5. Member Benefits

Amounts paid to AFT for union members' voluntary participation in AFT-sponsored liability and AD&D insurance benefits are deemed non-chargeable. Other member benefit expenses are deemed fully chargeable.

6. Professional Fees

All professional fees incurred are considered 100 percent chargeable.

7. General, Administrative, and Operating Expenses

All general, administrative, and operating expenses, unless otherwise noted and directly allocable, are deemed fully chargeable.

WAYNE STATE UNIVERSITY CHAPTER,  
AAUP-AFT, LOCAL 6075

NOTES TO SCHEDULE OF EXPENSES AND ALLOCATION BETWEEN  
CHARGEABLE AND NON-CHARGEABLE EXPENSES

December 31, 2015  
(See Accountant's Review Report)

Note D – POST-RETIREMENT BENEFITS

WSU, AAUP-AFT sponsors a plan to provide post-retirement medical, dental, and life insurance benefits to eligible retirees in accordance with terms of a negotiated employment agreement. Management's policy is to fund post-retirement benefits as incurred.

Generally accepted accounting principles in the United States of America require that post-retirement health care benefits be accounted for in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Section 715, *Other Post-retirement Benefits*. The standard requires the recording of the actuarial present value of expected future benefits payable under the plan, and reporting related disclosures concerning assumptions used in determining the plan benefit obligation. Had WSU, AAUP-AFT complied with FASB ASC 715, post-retirement benefit expense for the year ended December 31, 2015 may have differed from recorded amounts.

Note E – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after December 31, 2015, but before the accompanying schedule is issued or is available to be issued, and which may require recognition or disclosure in the schedule. Management has evaluated such events or transactions through June 21, 2016 (the available to be issued date), and determined that such occurrences, if any, do not require recognition or disclosure in the accompanying schedule.