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

**FINANCIAL STATEMENTS AND
INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

December 31, 2015

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Troy, Michigan

Independent Accountant's Review Report

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

We have reviewed the accompanying financial statements of Wayne State University Chapter, AAUP-AFT, Local 6075 (WSU, AAUP-AFT), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. 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 financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are 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 financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusions.

Other Matter

As described in Note F, WSU, AAUP-AFT has not complied with the 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 financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Collins, Buri & McConkey, LLP

Troy, Michigan
May 24, 2016

WAYNE STATE UNIVERSITY CHAPTER,
AAUP-AFT, LOCAL 6075

STATEMENT OF FINANCIAL POSITION

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

ASSETS

CURRENT ASSETS

Cash and cash equivalents (Notes B3 and H)		\$ 507,468
Accounts receivable (Note B4)		
Member dues	\$ 179,712	
Other	<u>452</u>	180,164
Prepaid expenses		<u>5,950</u>

Total current assets 693,582

INVESTMENTS (Notes B5, C, and H) 757,134

PROPERTY AND EQUIPMENT – (Note B6)

Office furniture and equipment	105,728	
Less: accumulated depreciation	<u>(90,751)</u>	<u>14,977</u>

TOTAL ASSETS \$1,465,693

LIABILITIES AND UNRESTRICTED NET ASSETS

CURRENT LIABILITIES

Accounts payable (Note G)		\$ 84,931
Accrued liabilities (Note B7)		
Accrued vacation pay		<u>19,056</u>

Total current liabilities 103,987

COMMITMENT (Note D) -

UNRESTRICTED NET ASSETS 1,361,706

TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS \$1,465,693

The accompanying notes are an integral part of this statement.

WAYNE STATE UNIVERSITY CHAPTER,
AAUP-AFT, LOCAL 6075

STATEMENT OF ACTIVITIES

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

REVENUES	
Member dues	\$1,469,691
Investment income	5,921
Other income	<u>4,584</u>
Total revenues	1,480,196
EXPENSES (Note B9)	
Member representation	965,649
Management and general	<u>232,626</u>
Total expenses	<u>1,198,275</u>
CHANGE IN UNRESTRICTED NET ASSETS	281,921
UNRESTRICTED NET ASSETS, January 1, 2015	<u>1,079,785</u>
UNRESTRICTED NET ASSETS, December 31, 2015	<u>\$1,361,706</u>

The accompanying notes are an integral part of this statement.

WAYNE STATE UNIVERSITY CHAPTER,
AAUP-AFT, LOCAL 6075

STATEMENT OF FUNCTIONAL EXPENSES

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

	Member Representation	Management and General	Total
Affiliate dues			
AAUP	\$ 107,528	\$ -	\$ 107,528
AFT	185,474	-	185,474
AFT Michigan	245,924	-	245,924
AFL-CIO Michigan	7,776	-	7,776
AFL-CIO Metro Detroit	3,267	-	3,267
Collective Bargaining Congress	<u>36,080</u>	<u>-</u>	<u>36,080</u>
	586,049	-	586,049
Salaries	99,835	76,244	176,079
Payroll taxes	13,335	5,924	19,259
Fringe benefits			
Employees	48,596	36,603	85,199
Retirees	14,323	-	14,323
Rent	16,778	25,167	41,945
Contributions	-	35,140	35,140
Stipends	78,759	4,145	82,904
Executive board and membership committee	9,858	-	9,858
Membership outreach	7,566	-	7,566
Meetings and conferences	36,284	-	36,284
Luncheon meetings	1,803	-	1,803
Member benefits	6,787	-	6,787
Professional fees	26,009	14,152	40,161
Equipment rental and maintenance	61	-	61
Telephone	2,467	-	2,467
Office supplies	8,707	5,805	14,512
Miscellaneous	-	9,235	9,235
Postage	382	255	637
Bank service charges	-	149	149
Insurance	-	11,757	11,757
Depreciation	<u>8,050</u>	<u>8,050</u>	<u>16,100</u>
	<u>\$ 965,649</u>	<u>\$ 232,626</u>	<u>\$ 1,198,275</u>

The accompanying notes are an integral part of this statement.

WAYNE STATE UNIVERSITY CHAPTER,
AAUP-AFT, LOCAL 6075

STATEMENT OF CASH FLOWS

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

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from members and others	\$ 1,482,283
Cash paid to affiliates, suppliers, employees and others	(1,264,662)
Interest and dividends received	<u>21,663</u>

Net cash provided by operating activities 239,284

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sales of investments	156,210
Purchases of investments	<u>(282,137)</u>

Net cash used in investing activities (125,927)

Net increase in cash and cash equivalents 113,357

CASH AND CASH EQUIVALENTS, January 1, 2015 394,111

CASH AND CASH EQUIVALENTS, December 31, 2015 \$ 507,468

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH
PROVIDED BY OPERATING ACTIVITIES

Change in net assets	\$ 281,921
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	16,100
Net realized and unrealized losses on investments	15,742
Change in assets and liabilities	
Decrease in member dues receivable	4,565
Decrease in accrued interest receivable	3,443
Increase in prepaid expenses	(5,950)
Decrease in accounts payable	(77,677)
Increase in accrued liabilities	<u>1,140</u>

Net cash provided by operating activities \$ 239,284

The accompanying notes are an integral part of this statement.

WAYNE STATE UNIVERSITY CHAPTER,
AAUP-AFT, LOCAL 6075

NOTES TO FINANCIAL STATEMENTS

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 financial statements follows:

1. Basis of Accounting

The financial statements are prepared in accordance with generally accepted accounting principles in the United States of America and report information regarding financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. There were no temporarily or permanently restricted net assets as of December 31, 2015.

2. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Cash and Cash Equivalents

For purposes of the statement of cash flows, WSU, AAUP-AFT considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

4. Accounts Receivable - Member Dues

WSU, AAUP-AFT records receivables from Wayne State University on behalf of its members and service fee payers of the collective bargaining unit, for employee deductions of union or service fee dues. Management of WSU, AAUP-AFT considers dues receivable to be fully collectible, therefore no allowance for doubtful accounts is recorded.

WAYNE STATE UNIVERSITY CHAPTER,
AAUP-AFT, LOCAL 6075

NOTES TO FINANCIAL STATEMENTS

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

Note B – SUMMARY OF ACCOUNTING POLICIES (Continued)

5. Investments

Investments are stated at fair value at December 31, 2015. Investment objectives and policies are established by the Executive Board and are implemented by external investment managers selected and monitored by the Board.

6. Property and Equipment

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.

7. Accrued Vacation

WSU, AAUP-AFT is liable for earned and unused vacation and personal days accumulated by its full-time personnel in accordance with contractual provisions.

8. 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.

9. Functional Allocation of Expenses

The costs of providing various member representation and management and general expenses have been reported on a functional basis in the statement of functional expenses. Accordingly, certain indirect costs have been allocated using appropriate bases.

Note C - FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at December 31, 2015.

Financial assets and liabilities recorded at fair value are measured by the following criteria in decreasing order of priority:

Level 1 - Quoted prices in active markets for identical assets or liabilities that WSU, AAUP-AFT has the ability to access at December 31, 2015.

WAYNE STATE UNIVERSITY CHAPTER,
AAUP-AFT, LOCAL 6075

NOTES TO FINANCIAL STATEMENTS

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

Note C - FAIR VALUE MEASUREMENT (Continued)

Level 2 - Other quoted prices that are observable either directly or indirectly, including:

- Quoted prices for similar assets and liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in markets which are not active
- Other quoted prices that are observable for the asset or liability
- Information derived principally from or corroborated by observable market data by correlation or other means

Level 3 - Unobservable informational input for the asset or liability.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. WSU, AAUP-AFT's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Investments measured at fair value on a recurring basis at December 31, 2015, using quoted prices in active markets for identical assets (Level 1):

Money market funds	\$ 36,259
Mutual funds	312,757
Corporate bonds	337,358
Equities	<u>70,760</u>
	<u>\$757,134</u>

Investment income for the year ended December 31, 2015, consisted of interest and dividend income totaling \$21,663 and net realized and unrealized losses of \$15,742.

Note D – LEASE COMMITMENT

WSU, AAUP-AFT leases its office under an operating lease on a month-to-month basis at \$2,940 per month. In addition to monthly rent, WSU, AAUP-AFT is required to provide for liability insurance and normal maintenance and repair expenses. Rent expense in connection with this lease agreement was \$35,280 for the year ended December 31, 2015.

WAYNE STATE UNIVERSITY CHAPTER,
AAUP-AFT, LOCAL 6075

NOTES TO FINANCIAL STATEMENTS

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

Note E – RETIREMENT PLAN

WSU, AAUP-AFT sponsors a 401(a) money purchase retirement plan for all qualified full-time employees. The Plan requires an employer contribution equal to 14% of the participants' annual compensation. Retirement plan expense for the year ended December 31, 2015, was \$23,995 and is included in fringe benefits expense in the accompanying statement of functional expenses.

Note F – 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. Post-retirement benefits expensed during the year ended December 31, 2015, totaled \$14,323. No liability has been provided as an estimate for future benefits payable at December 31, 2015.

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 and the related accrued liability at December 31, 2015, may have differed from recorded amounts.

Note G – RELATED PARTY TRANSACTIONS

WSU, AAUP-AFT is affiliated with the American Association of University Professors and the American Federation of Teachers. Related party transactions principally include per capita dues expenses. Per capita dues payable to affiliates at December 31, 2015 totaled \$73,352.

Note H – CONCENTRATIONS OF CREDIT RISK

Certain financial instruments potentially subject WSU, AAUP- AFT to concentrations of credit risk. These financial instruments consist primarily of cash and cash equivalents, investments, and accounts receivable. WSU, AAUP-AFT maintains cash accounts with financial institutions which are insured by each institution up to a maximum amount of \$250,000 through the Federal Deposit Insurance Corporation. Investments held through brokerage institutions are protected against loss due to fraud or insolvency of the financial institution by the Securities Investor Protection Corporation up to \$500,000 per institution. Members' dues receivable are solely from its members' employer, Wayne State University.

WAYNE STATE UNIVERSITY CHAPTER,
AAUP-AFT, LOCAL 6075

NOTES TO FINANCIAL STATEMENTS

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

Note I – INCOME TAXES

Management is required to recognize the impact of significant uncertain tax positions in the organization's financial statements for all open tax years. Previous tax years open to federal examination include 2012, 2013, and 2014. As of December 31, 2015, management of WSU, AAUP-AFT has concluded that there were no uncertain income tax positions that require recognition in the financial statements.

Note J –SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after December 31, 2015, but before financial statements are issued or are available to be issued, and which may require recognition or disclosure in the financial statements. Management has evaluated such events or transactions through May 24, 2016 (the available to be issued date), and determined that such occurrences, if any, do not require recognition or disclosure in the financial statements.