AMERICAN ASSOCIATION OF UNIVERSITY PROFESSORS
AND AAUP FOUNDATION
(A SUPPORTING ORGANIZATION)

COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2023

AMERICAN ASSOCIATION OF UNIVERSITY PROFESSORS AND AAUP FOUNDATION

COMBINED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

CONTENTS

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INDEPENDENT AUDITOR'S REPORT

To the Council and Board of Directors of
American Association of University Professors and AAUP Foundation

Opinion

We have audited the accompanying combined financial statements of American Association of University Professors and AAUP Foundation (AAUP), which comprise the combined statements of financial position as of December 31, 2023 and 2022, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of AAUP as of December 31, 2023 and 2022, and the combined changes in their net assets and their combined cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of AAUP and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Combined Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 generally accepted auditing standards 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, including omissions, 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 combined financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the combined 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 combined 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 AAUP'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 combined financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about AAUP'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.

Report on Combining Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining information on pages 27 and 28 is presented for purposes of additional analysis of the combined financial statements rather than to present the financial position, changes in net assets, and cash flows of the individual entities, and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The combining information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Calibre CPA Group, PLLC

Bethesda, MD
November 8, 2024

AMERICAN ASSOCIATION OF UNIVERSITY PROFESSORS
AND AAUP FOUNDATION

COMBINED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2023 AND 2022

	2023	2022
Assets		
Assets		
Cash and cash equivalents	$ 3,233,400	$ 1,329,743
Investments	9,900,965	10,915,389
Accounts receivable, net of allowance for credit losses of $459,453 and $190,767, respectively	2,392,876	2,838,914
Prepaid expenses and deposits	75,696	7,679
Accrued interest	31,530	31,822
Operating lease right-of-use asset	1,623,810	1,791,970
Property, equipment, and improvements - net	489,090	603,806
Total assets	$ 17,747,367	$ 17,519,323
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 2,147,100	$ 1,492,161
Deferred membership revenue	535,325	590,741
Operating lease liability	2,342,609	2,365,982
Postretirement benefit obligation	2,234,290	1,856,872
Refundable advance	15,137	36,676
Total liabilities	7,274,461	6,342,432
Net assets		
Without donor restrictions	10,103,935	10,841,433
With donor restrictions		
Temporary restrictions	328,971	295,458
Perpetual restrictions	40,000	40,000
Total with donor restrictions	368,971	335,458
Total net assets	10,472,906	11,176,891
Total liabilities and net assets	$ 17,747,367	$ 17,519,323

See accompanying notes to combined financial statements.

AMERICAN ASSOCIATION OF UNIVERSITY PROFESSORS AND AAUP FOUNDATION

COMBINED STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023					2022				
	Without Donor Restrictions	With Donor Restrictions Temporary	With Donor Restrictions Perpetual	With Donor Restrictions Total	Total	Without Donor Restrictions	With Donor Restrictions Temporary	With Donor Restrictions Perpetual	With Donor Restrictions Total	Total
Revenue										
Membership dues	$ 8,466,645	$ -	$ -	$ -	$ 8,466,645	$ 8,176,554	$ -	$ -	$ -	$ 8,176,554
AFT support	2,127,505	-	-	-	2,127,505	1,522,907	-	-	-	1,522,907
Contributions	55,433	24,456	-	24,456	79,889	43,149	39,587	-	39,587	82,736
Investment income, net	516,669	71,964	-	71,964	588,633	(1,238,226)	(132,437)	-	(132,437)	(1,370,663)
Publications	130,924	-	-	-	130,924	128,885	-	-	-	128,885
Meeting registration and fees	35,089	-	-	-	35,089	65,785	-	-	-	65,785
Miscellaneous income	40,644	-	-	-	40,644	43,466	-	-	-	43,466
Net assets released from restrictions	62,907	(62,907)	-	(62,907)	-	135,330	(135,330)	-	(135,330)	-
Total revenue	11,435,816	33,513	-	33,513	11,469,329	8,877,850	(228,180)	-	(228,180)	8,649,670
Expenses										
Program services										
Policy and legal advocacy	1,589,367	-	-	-	1,589,367	786,113	-	-	-	786,113
Member services	5,326,204	-	-	-	5,326,204	3,541,558	-	-	-	3,541,558
Communications	1,229,152	-	-	-	1,229,152	956,078	-	-	-	956,078
Research	626,634	-	-	-	626,634	460,139	-	-	-	460,139
Education	30,760	-	-	-	30,760	14,597	-	-	-	14,597
Conferences	310,144	-	-	-	310,144	296,604	-	-	-	296,604
Academic freedom	-	-	-	-	-	19,090	-	-	-	19,090
Other grants	-	-	-	-	-	14,119	-	-	-	14,119
Total program services	9,112,261	-	-	-	9,112,261	6,088,298	-	-	-	6,088,298
Supporting services										
Leadership	407,119	-	-	-	407,119	711,590	-	-	-	711,590
General and administrative	2,204,356	-	-	-	2,204,356	3,048,324	-	-	-	3,048,324
Fundraising	8,173	-	-	-	8,173	7,499	-	-	-	7,499
Total supporting services	2,619,648	-	-	-	2,619,648	3,767,413	-	-	-	3,767,413
Total expenses	11,731,909	-	-	-	11,731,909	9,855,711	-	-	-	9,855,711
Excess (deficit) of revenue over expenses	(296,093)	33,513	-	33,513	(262,580)	(977,861)	(228,180)	-	(228,180)	(1,206,041)
Other changes in net assets										
Other components of net periodic postretirement benefit cost	(94,797)	-	-	-	(94,797)	(65,850)	-	-	-	(65,850)
Postretirement-related changes other than net periodic postretirement benefit cost	(346,608)	-	-	-	(346,608)	539,493	-	-	-	539,493
Change in net assets	(737,498)	33,513	-	33,513	(703,985)	(504,218)	(228,180)	-	(228,180)	(732,398)
Net assets										
Beginning of year	10,841,433	295,458	40,000	335,458	11,176,891	11,345,651	523,638	40,000	563,638	11,909,289
End of year	$ 10,103,935	$ 328,971	$ 40,000	$ 368,971	$ 10,472,906	$ 10,841,433	$ 295,458	$ 40,000	$ 335,458	$ 11,176,891

See accompanying notes to combined financial statements.

AMERICAN ASSOCIATION OF UNIVERSITY PROFESSORS AND AAUP FOUNDATION

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2023

	Program Services								Supporting Services			
	Policy and Legal Advocacy	Member Services	Communications	Research	Education	Conferences	Academic Freedom	Other Grants	Leadership	General and Administrative	Fundraising	Total
Salaries and fringe benefits	$ 1,300,309	$ 1,466,880	$ 962,919	$ 549,354	$ 7,694	$ 96,831	$ -	$ -	$ 200,006	$ 928,063	$ -	$ 5,512,056
Contracted services	107,594	246,030	32,621	-	-	18,756	-	-	39,600	655,022	-	1,099,623
Meetings and travel	50,657	314,884	16,346	15,956	22,248	184,403	-	-	149,305	49,230	-	803,029
Facilities	107,587	121,369	79,671	45,453	637	8,012	-	-	16,548	76,788	-	456,065
Grants	-	372,542	4,552	3,000	-	-	-	-	-	8,693	-	388,787
Insurance and business fees	509	42,984	(54)	(19)	181	25	-	-	(94)	61,987	8,173	113,692
Office expenses	22,711	20,498	132,857	12,890	-	2,117	-	-	1,754	116,031	-	308,858
Joint organizing costs	-	45,937	240	-	-	-	-	-	-	-	-	46,177
Bad debt expense	-	-	-	-	-	-	-	-	-	264,312	-	264,312
Per capita tax	-	2,687,966	-	-	-	-	-	-	-	-	-	2,687,966
Other expenses	-	7,114	-	-	-	-	-	-	-	44,230	-	51,344
	1,589,367	5,326,204	1,229,152	626,634	30,760	310,144	-	-	407,119	2,204,356	8,173	11,731,909
Other components of net periodic postretirement benefit cost	22,363	25,228	16,560	9,448	132	1,665	-	-	3,440	15,961	-	94,797
Total	$ 1,611,730	$ 5,351,432	$ 1,245,712	$ 636,082	$ 30,892	$ 311,809	$ -	$ -	$ 410,559	$ 2,220,317	$ 8,173	$ 11,826,706

AMERICAN ASSOCIATION OF UNIVERSITY PROFESSORS AND AAUP FOUNDATION

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2022

	Program Services								Supporting Services			
	Policy and Legal Advocacy	Member Services	Communications	Research	Education	Conferences	Academic Freedom	Other Grants	Leadership	General and Administrative	Fundraising	Total
Salaries and fringe benefits	$ 673,685	$ 1,686,812	$ 745,856	$ 367,742	$ 11,586	$ 96,846	$ -	$ -	$ 318,004	$ 1,819,873	$ -	$ 5,720,404
Contracted services	16,585	126,835	19,093	4,763	90	38,916	-	12,119	78,995	561,618	642	859,656
Meetings and travel	38,665	120,974	9,727	11,817	2,096	153,759	-	-	291,219	85,152	-	713,409
Facilities	47,952	120,064	53,089	26,175	825	6,893	-	-	22,635	129,535	-	407,168
Grants	-	347,670	-	-	-	-	19,090	2,000	-	-	-	368,760
Insurance and business fees	-	62,779	-	75	-	-	-	-	-	72,762	5,707	141,323
Office expenses	9,226	37,461	127,295	47,841	-	190	-	-	737	168,597	-	391,347
Joint organizing costs	-	124,079	-	-	-	-	-	-	-	-	-	124,079
Bad debt expense	-	-	-	-	-	-	-	-	-	170,742	-	170,742
Per capita tax	-	909,176	-	-	-	-	-	-	-	-	-	909,176
Other expenses	-	5,708	1,018	1,726	-	-	-	-	-	40,045	1,150	49,647
	786,113	3,541,558	956,078	460,139	14,597	296,604	19,090	14,119	711,590	3,048,324	7,499	9,855,711
Other components of net periodic postretirement benefit cost	7,755	19,418	8,586	4,233	133	1,115	-	-	3,661	20,949	-	65,850
Total	$ 793,868	$ 3,560,976	$ 964,664	$ 464,372	$ 14,730	$ 297,719	$ 19,090	$ 14,119	$ 715,251	$ 3,069,273	$ 7,499	$ 9,921,561

AMERICAN ASSOCIATION OF UNIVERSITY PROFESSORS AND AAUP FOUNDATION

COMBINED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Cash flows from operating activities		
Change in net assets	$ (703,985)	$ (732,398)
Adjustments to reconcile change in net assets to cash provided by operating activities		
Change in allowance for doubtful accounts	268,686	103,691
Net investment losses	(220,235)	1,699,815
Depreciation and amortization	155,099	138,311
Amortization of operating right-of-use assets	168,160	44,536
Change in assets and liabilities		
Accounts receivable	177,352	(1,128,392)
Prepaid expenses and deposits	(68,017)	(672)
Accrued interest	292	4,977
Accounts payable and accrued expenses	654,939	942,505
Deferred membership revenue	(55,416)	(20,027)
Deferred rent	-	(47,334)
Lease liability	(23,373)	12,308
Postretirement benefit obligation	377,418	(450,047)
Refundable advance	(21,539)	(35,187)
Net cash provided by operating activities	709,381	532,086
Cash flows from investing activities		
Purchase of property, equipment and improvements	(40,383)	-
Purchase of investments	(1,203,059)	(1,358,491)
Sale of investments	2,437,718	1,137,500
Net cash used for investing activities	1,194,276	(220,991)
Net change in cash and cash equivalents	1,903,657	311,095
Cash and cash equivalents		
Beginning of year	1,329,743	1,018,648
End of year	$ 3,233,400	$ 1,329,743
Supplemental cash flow information		
Cash paid for taxes	$ -	$ 8,674
Noncash investing activities		
Right-of-use assets	$ -	$ 1,836,506
Lease liabilities	-	(2,353,674)
Non-cash additions for leasehold improvements	-	517,168
	$ -	$ -

See accompanying notes to financial statements.

AMERICAN ASSOCIATION OF UNIVERSITY PROFESSORS
AND AAUP FOUNDATION

NOTES TO COMBINED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 1. ORGANIZATION

The American Association of University Professors (AAUP) is operated exclusively as a not-for-profit professional association generally exempt from federal income tax under Internal Revenue Code (IRC) Section 501(c)(6). The purpose of AAUP is to facilitate a more effective cooperation among teachers and research scholars in universities and colleges, and in professional schools of similar grade, for the promotion of the interests of higher education and research, and in general to increase the usefulness and advance the standards, ideals, and welfare of the profession.

The AAUP Foundation (the Foundation) is operated exclusively as a not-for-profit public charity generally exempt from federal income tax under IRC Section 501(c)(3). The purpose of the Foundation is to establish and support the principles of academic freedom and the quality of higher education in a free and democratic society.

Effective January 1, 2020, AAUP and the Foundation executed a Resource Sharing Agreement which outlines the operational and financial relationship between AAUP and the Foundation. AAUP will continue to provide resources to the Foundation and track all Foundation time and expenses, but AAUP provides in-kind contributions to the Foundation for the costs of the time spent by AAUP's employees or contractors who perform services on behalf of the Foundation and for the Foundation's representative share of its occupancy and overhead costs. AAUP and the Foundation also executed a Foundation Support Agreement (referenced in the Resource Sharing Agreement) which provides that AAUP's support of the Foundation is based upon its approved fiscal year 2020 budget. These are agreements that are reviewed and approved by AAUP and the Foundation leadership bodies annually.

In August 2021, the Foundation and AAUP leadership bodies determined that due to their continuous and coordinated operational relationship the Foundation should seek reclassification of its foundation status under IRC Section 509(a)(3). Therefore, the Foundation has changed its foundation classification from that of a publicly supported charity to that of a Type II supporting organization under IRC Section 509(a)(3). The Foundation demonstrates that it is a supporting organization within the meaning of IRC Section 509(a)(3) because the Foundation i) is organized to support AAUP, an eligible supported organization; ii) is conducting activities that benefit AAUP; iii) shall not be supported by donors (or their family members) who make significant contributions; and iv) is a Type II supporting organization of AAUP because the Foundation is supervised and controlled by the same persons who control AAUP. The members of AAUP leadership body automatically serve as members of the Foundation board of directors once they are elected to AAUP leadership body.

NOTE 1. ORGANIZATION (CONTINUED)

The delegates to the AAUP Biennial Association Meeting voted to affiliate with the AFT at the June 2022 meeting, effective August 1, 2022. Through this affiliation, the AAUP became a "national regional council" of the AFT. As of August 1, 2022 all current AAUP members are, by virtue of being a dues-paying AAUP member, are also AFT/AFL-CIO members with all the rights, privileges, responsibilities and benefits that go with being AFT members. Members of AAUP collective bargaining chapters will continue to pay dues to their AAUP chapter/union. The chapter then forwards a portion of its dues to AAUP. From this, the AAUP forwards to AFT the AFT per capita tax amount. The rate paid to the AFT depends on the type of member.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Combination - The combined financial statements include the accounts and transactions of AAUP and the Foundation (hereinafter, AAUP). All inter-company balances and transactions have been eliminated in these combined financial statements. The financial statements have been combined due to the presence of common control and economic interest.

Method of Accounting - The accompanying combined financial statements are prepared using the accrual basis of accounting. Under this basis, revenue is recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation - Financial statement presentation follows the recommendations of U.S. generally accepted accounting principles in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), *Not-for-Profit Entities - Presentation of Financial Statements*. Under those principles, AAUP is required to report information regarding its financial position and activities according to two classes of net assets - net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions - These net assets are available to finance the general operations of AAUP. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of AAUP, the environment in which it operates, and the purposes specified in its organizing documents.

Net assets with donor restrictions - These net assets result from contributions and other inflows of assets, the use of which by AAUP is limited by donor-imposed time or purpose restrictions that are either temporary or perpetual.

Lease Policy - In its combined statements of financial position, AAUP records a right-of-use asset and lease liability, initially measured at the present value of total lease payments using a risk-free rate that approximates the remaining term of the lease. AAUP considers the likelihood of exercising renewal or termination clauses (if any) in measuring its right-of-use assets and lease liabilities. A single lease cost calculated so that the cost of the lease is allocated over the lease term on a straight-line basis. Short-term leases (those with an initial term of twelve months or less and no purchase option) are expensed over their terms, with no corresponding right-of-use asset or lease liability recorded. AAUP does not separate non-lease components (if any) from lease components in determining the lease payments for leases of office equipment.

Donor-Imposed Restrictions - All contributions are reported as increases in net assets without donor restrictions unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified and reported in the combined statements of activities as net assets released from restrictions.

Cash and Cash Equivalents - Demand deposits with financial institutions are classified as cash and cash equivalents.

Investments - Investments are reported at fair value. 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 the measurement date. Investments in certificates of deposit are recorded at fair market value based on interest rates on the last business day of the year. Equities and exchange-traded funds/mutual funds are valued based on quoted market prices. Investments in money market funds are valued at cost, which approximates fair value. Investments in U.S. Government bonds and corporate bonds are valued at the estimated fair value as reported by the investment custodian. There have been no changes in the valuation methodologies used at December 31, 2023 and 2022. Realized and unrealized gains and losses are included in net investment income on the combined statements of activities. Purchases and sales of investments are recorded on a trade date basis and dividend income is recognized as of the ex-dividend date. All other income from investments is recognized as earned on the accrual basis. Investment income is reported in the combined statements of activities net of all external and direct internal investment expenses.

Property, Equipment, and Improvements - Property, equipment, and improvements are carried at cost, less accumulated depreciation, and amortization. AAUP capitalizes all such assets with cost above $1,000 and a useful service life greater than one year. Depreciation and amortization are computed on the straight-line basis over estimated useful lives of three to ten years.

Accounts Receivable - Accounts receivable consists of amounts due from members for which AAUP has an unconditional right to receive payment. Accounts receivables are stated at the amount management expects to be collected. Due to the large number of members and their dispersion across different geographic areas, there are no material significant economic factors that might impact the nature, amount, timing, and uncertainty of cash collections.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for credit losses - At each financial position, AAUP recognizes an expected allowance for credit losses. In addition, also at each reporting date, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist. If applicable, accounts receivable are evaluated individually when they do not share similar risk characteristics which could exist in circumstances where amounts are considered at risk or uncollectible.

The allowance estimate is derived from a review of the AAUP's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by AAUP. AAUP believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as AAUP's members have remained constant since the organization's inception.

AAUP writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with AAUP's accounting policy election. The total amount of write-offs was immaterial to the combined financial statements as a whole for the year ending December 31, 2023.

The collectability of accounts receivable reflects management's best estimate of probable losses determined principally on the basis of historical experience, current and future economic conditions and specific allowances for known troubled accounts. As of December 31, 2023 and 2022, management determined the allowance for doubtful accounts to be $459,453 and $190,767, respectively.

Refundable Advances - When an agreement includes both a barrier and either a right of return of assets to the resource provider or a right of release from obligation by the resource provider, the contribution is considered to be conditional. Amounts received under conditional transfers are reported as a liability (refundable advance) and recognized as contribution revenue only when the conditions are met.

Revenue Recognition - Revenue is derived from both exchange transactions and contribution transactions. Revenue from exchange transactions is recognized when control of promised goods or services is transferred to AAUP members and customers, in an amount that reflects the consideration AAUP expects to be entitled to in exchange for those goods or services. Except for goods and services provided in connection with membership dues, which are transferred over the period of membership, all goods and services are transferred at a point in time. Payments are generally required in advance and are reported as deferred revenue until the related revenue is recognized. Unconditional contributions are recognized upon receipt of cash or other assets, or when a donor promises to transfer cash or other assets in the future. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return or release, are not recognized until the conditions on which they depend have been substantially met.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Membership Dues - 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.

Royalties - The organization has licensed the use of its name, logo, and certain other intangible assets to third parties wishing to market products and services to its members and customers, in exchange for a royalty payment. Royalty revenue is generally based on underlying sales made by the licensee, calculated on a quarterly basis, and remitted to AAUP within 90 days following the close of each calendar quarter.

Revenue from Other Exchange Transactions - Revenue from event registrations, exhibitor fees, and similar amounts are recognized when the event takes place. Revenue from publications and related advertising are recognized as each publication is circulated.

Grants and Similar Agreements - Most grant agreements are accounted for as contribution transactions. When an agreement includes both a barrier and either a right of return of assets to the resource provider or a right of release from obligation by the resource provider, the contribution is considered to be conditional. Amounts received under conditional transfers are reported as a liability (refundable advance) and recognized as contribution revenue only when the conditions are met.

Postretirement Benefits - Postretirement benefit expense is recognized ratably over employee service periods.

Functional Allocation of Expenses - The costs of providing the various programs and supporting activities of AAUP have been summarized on a functional basis in the combined statements of activities and functional expenses. Costs that can be specifically identified with a final cost objective are charged directly to that activity. Other costs are allocated among the program and supporting services benefited based on management's best estimates. Salaries and related fringe benefits are allocated based on employee time and effort.

Use of Estimates - In preparing the combined financial statements in conformity with U.S. generally accepted accounting principles (GAAP), management is required to make estimates and assumptions that affect the reported amounts and disclosures in the combined financial statements. Actual results may differ from the reported amounts.

New Accounting Pronouncements Adopted - During the year ended December 31, 2023, AAUP adopted the provisions of Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326). This ASU replaced the incurred loss methodology with an expected loss methodology that is referred as the current expected credit loss (CECL) methodology. The ASU requires nonprofit entities to immediately recognize the estimated expected credit losses over the life of a financial instrument, including trade receivables, membership dues, and other exchange-type receivables. The estimate of expected credit losses considers not only historical information, but also current and future economic conditions and events.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AAUP adopted the ASU effective January 1, 2023. The impact of the adoption was not considered material to the combined financial statements and primarily resulted in additional disclosures.

NOTE 3. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

As part of AAUP's liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations come due. Cash in excess of monthly requirements is invested in a portfolio of investments designed to maximize long-term earnings with acceptable risk to investment principal.

The following table represents AAUP's financial assets available to meet cash needs for general expenditures within one year of December 31, 2023 and 2022:

	2023	2022
Total assets at end of year	$ 17,747,367	$ 17,519,323
Less: nonfinancial assets		
Prepaid expenses and deposits	(75,696)	(7,679)
Operating lease right-of-use-asset	(1,623,810)	(1,791,970)
Property, equipment, and improvements, net	(489,090)	(603,806)
Total financial assets at end of year	15,558,771	15,115,868
Less: amounts not available to meet general expenditures coming due within one year		
Net assets with donor restrictions	(368,971)	(335,458)
Refundable advance	(15,137)	(36,676)
Accounts receivable	(312,574)	(346,097)
Financial assets available to meet general expenditures coming due in the next year	$ 14,862,089	$ 14,397,637

NOTE 4. UNINSURED CASH

AAUP maintains its cash in bank deposit accounts which at times may exceed the federally insured limits per bank. AAUP has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash.

NOTE 5. ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2023 and 2022 consist of the following:

	2023	2022
Accounts receivable		
Membership dues	$ 2,274,735	$ 1,528,840
AFT support	320,368	906,250
Other	257,226	594,591
	2,852,329	3,029,681
Allowance for doubtful accounts	(459,453)	(190,767)
Accounts receivable, net	$ 2,392,876	$ 2,838,914

Membership dues are generally payable within one year. AAUP has entered into arrangements with certain chapters to accept payment over two to six years for dues in arrears totaling $312,574 and $369,773 at December 31, 2023 and 2022, respectively.

Management believes that the allowance for credit losses is adequate for all membership dues receivable, including those under an extended payment arrangement, as of December 31, 2023 and 2022.

NOTE 6. PROPERTY, EQUIPMENT, AND IMPROVEMENTS

Property, equipment, and improvements at December 31, 2023 consist of the following:

	2023		
	Furniture and Equipment	Leasehold Improvements	Total Fixed Assets
Furniture and/or fixtures	$ 40,383	$ 517,168	$ 557,551
Equipment and software	375,345	-	375,345
	415,728	517,168	932,896
Accumulated depreciation/amortization	(379,160)	(64,646)	(443,806)
Property, equipment, and improvements - net	$ 36,568	$ 452,522	$ 489,090

Property, equipment, and improvements at December 31, 2022 consist of the following:

	2022		
	Furniture and Equipment	Leasehold Improvements	Total Fixed Assets
Furniture and/or fixtures	$ 28,399	$ 517,168	$ 545,567
Equipment and software	1,011,704	-	1,011,704
	1,040,103	517,168	1,557,271
Accumulated depreciation/amortization	(940,536)	(12,929)	(953,465)
Property, equipment, and improvements - net	$ 99,567	$ 504,239	$ 603,806

Depreciation and amortization expense for the years ended December 31, 2023 and 2022 totaled $155,099 and $138,311, respectively.

NOTE 7. NET ASSETS WITH DONOR RESTRICTIONS

Endowment Funds

The Foundation adheres to Endowments of Not-for-Profit Organizations: *Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures of All Endowment Funds*. The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of donor-restricted funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Foundation classifies the following as net assets with perpetual donor restrictions:

a) the original value of gifts donated to a permanent endowment;
b) the original value of subsequent gifts to a permanent endowment; and
c) accumulation to a permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate perpetual donor restricted funds:

a) duration and preservation of the fund;
b) mission of the Foundation and purpose of the donor-restricted fund;
c) general economic conditions;
d) possible effect of inflation and deflation on the fund;
e) expected total return from income and appreciation of investments;
f) other Foundation resources; and
g) the Foundation investment policies.

The Foundation's investment philosophy is to balance risk and reward in accordance with reasonable and prudent investment practices. The Foundation intends for its investment program to take a long-term perspective and to recognize the spending needs of the Foundation as reflected in its board approved spending practices. The Foundation expects its Investment Committee and those with direct responsibility for the management of the Foundation assets to maintain that long-term perspective and to take account of those spending needs in their respective roles.

The Foundation contemplates annual distribution of a significant portion of investment returns. The Foundation expects that its net assets will be invested to provide a return greater than annual distributions so that excess returns may cover future inflation, and investment management and related fees, allowing the real value of the fund principal to be preserved.

NOTE 7. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

The Foundation held the following perpetual donor restricted fund as of December 31, 2023 and 2022:

Moses and Dorothy Passer Legal Defense Fund	$40,000

In the years ended December 31, 2023 and 2022, the Foundation had the following endowment related activities:

	With Donor Restrictions		
	Temporary	Perpetual	Total
Endowment Net Assets, January 1, 2022	$ 46,092	$ 40,000	$ 86,092
Contributions	-	-	-
Investment income	(22,021)	-	(22,021)
Endowment Net Assets, December 31, 2022	24,071	40,000	64,071
Contributions	-	-	-
Investment income	6,056	-	6,056
Endowment Net Assets, December 31, 2023	$ 30,127	$ 40,000	$ 70,127

Temporary Donor Restricted Funds

The remaining portion of donor-restricted funds that are not classified as net assets with perpetual donor restrictions are classified as net assets with temporary donor restrictions until those funds are appropriated for expenditure by the Foundation in a manner consistent with the standards of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate from its temporary donor restricted funds:

a) general economic conditions;
b) the possible effect of inflation or deflation;
c) expected tax consequences, if any, of investment decisions or strategies;
d) the role that each investment or course of action plays within the overall investment portfolio of the fund;
e) the expected total return from income and the appreciation of investments;
f) other resources of the Foundation;
g) the needs of the Foundation and the fund to make distributions and to preserve capital; and
h) an asset's special relationship or special value, if any, to the charitable purposes of the Foundation.

NOTE 7. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

The Foundation holds net assets with temporary donor restrictions as of December 31, 2023 and 2022 as detailed below.

	2023	2022
Academic Freedom Fund	$ 70,935	$ 69,198
Legal Defense Fund	225,029	199,886
Beatrice Konheim Fund	2,880	2,303
Moses and Dorothy Passer Legal Defense Fund	30,127	24,071
	$ 328,971	$ 295,458

The following amounts were released from restrictions during the years ended December 31, 2023 and 2022 as purpose restrictions were met.

	2023	2022
Academic Freedom Fund	$ 38,133	$ 89,267
Legal Defense Fund	24,774	38,362
Glick, Rappaport & Tristman Memorial Fund	-	-
Burgan Fund	-	5,701
Beatrice Konheim Fund	-	2,000
Contingent Faculty Fund	-	-
	$ 62,907	$ 135,330

Included in the amounts released from restrictions above are grants made to AAUP programs during the fiscal years ended December 31, 2023 and 2022 of $41,538 and $114,230, respectively.

NOTE 8. RETIREMENT BENEFITS

Eligible employees are covered by a 401(k) retirement plan which is funded through the purchase of individual annuity contracts from TIAA-CREF. All employees are eligible to participate at the date of employment.

AAUP automatically contributes 5% of employee compensation to the 401(k) retirement plan. Employees are not required to contribute to the plan to receive the automatic contribution. AAUP will also provide up to an additional 5% matching contribution for those employees that choose to make a contribution to the plan.

The total charges for retirement plan contributions totaled $369,889 and $389,394 for the years ended December 31, 2023 and 2022, respectively. All participants are fully vested in their annuities and custodial accounts. Upon retirement or termination of employment for any reason other than death, benefits will be paid to the participant in accordance with plan provisions. Upon death of a participant, benefits are paid to the designated beneficiary. Payment of benefits commence no later than April 1 following the calendar year in which a participant attains age 72.

NOTE 9. POSTRETIREMENT BENEFITS

AAUP has a postretirement benefit plan and related liability. Retirees may become eligible for continued health benefits if they reach normal retirement age while working for AAUP.

The accrued postretirement benefit obligation is determined with the assistance of AAUP's consulting actuary. The accrued postretirement benefit obligation as of December 31, 2023 and 2022 is reported on the combined statements of financial position and is calculated as follows:

	2023	2022
Retirees	$ 1,300,624	$ 1,131,567
Actives fully eligible	541,307	359,163
Actives not yet fully eligible	392,359	366,142
	$ 2,234,290	$ 1,856,872

Detailed reconciliation of accumulated benefit obligation for 2023 and 2022 is as follows:

	2023	2022
Accumulated benefit obligation at beginning of year	$ 1,856,872	$ 2,306,919
Service cost	91,067	145,756
Interest cost	94,797	65,850
Gross benefits paid	(105,276)	(116,961)
Actuarial (gain) loss	296,830	(544,692)
Accumulated benefit obligation at end of year	$ 2,234,290	$ 1,856,872

As there are no plan assets, the excess of postretirement benefit obligation over plan assets equals the value of the postretirement benefit obligation of $2,234,290 and $1,856,872 at December 31, 2023 and 2022, respectively. The effect of a 1% increase in the assumed health care cost trend rates would cause the postretirement benefit obligations at December 31, 2023 and 2022 to increase by $309,538 and $254,219, respectively. The projected premiums to be paid to the plan for the year ending December 31, 2024 are $118,069.

Net periodic postretirement benefit expense for the years ended December 31, 2023 and 2022 includes the following components:

	2023	2022
Service cost	$ 91,067	$ 145,756
Interest cost	94,797	65,850
Amortization of accumulated gain	(49,778)	(5,199)
Total postretirement benefit expense	$ 136,086	$ 206,407
Total premiums paid by employer	$ 105,276	$ 116,961

NOTE 9. POSTRETIREMENT BENEFITS (CONTINUED)

The service cost component of net periodic benefit expense for the years ended December 31, 2023 and 2022 is $91,067 and $145,756, respectively, all of which is reflected on the combined statement of functional expenses as salaries and fringe benefits for the years then ended.

The interest cost component of net periodic benefit expense for the years ended December 31, 2023 and 2022 is $94,797 and $65,850, respectively, all of which is reflected on the combined statement of activities as an other change in net assets for the years then ended.

Amounts that have not been recognized in the combined statements of activities as components of net periodic postretirement benefit cost as of December 31, 2023 and 2022 consist of the following:

	2023	2022
Cumulative unrecognized net gain	$ (499,639)	$ (846,247)

The total of amounts not yet recognized as components of net periodic benefit costs as of December 31, 2023 and 2022 is a loss of $346,608 and a gain of $539,493, respectively, all of which is reflected on the combined statements of activities as an other change in net assets for the years then ended.

The weighted average discount rates used to determine net postretirement benefit costs were:

	2023	2022
Beginning of the year	5.00%	2.75%
End of the year	4.80%	5.00%

The assumed trend for 2023 and thereafter is a grading in the rate over 20 years until the ultimate rate of 3.83% is reached. The assumed health care cost trend rate used to measure the expected cost of benefits covered by the plan was 9.00% and 8.00% for years ended December 31, 2023 and 2022, respectively.

The accumulated postretirement benefit obligation does not include amounts associated with the Medicare Part D benefit because AAUP is unable to determine whether the plan's benefits are actuarially equivalent.

Total expected benefit payments for the next 10 years are as follows:

2024	$ 118,069
2025	129,000
2026	129,000
2027	133,000
2028	132,000
2029-2033	689,000

NOTE 10. CONTRACT BALANCES

Contract Balances

The timing of billings, cash collections, and revenue recognition result in contract assets and contract liabilities associated with revenue from exchange transactions. Contract assets consist entirely of trade accounts receivable, which are recognized only to the extent it is probable that AAUP will collect substantially all of the consideration to which AAUP is entitled in exchange for the goods or services that will be or have been transferred. Contract liabilities consist entirely of deferred revenue that results when AAUP receives advance payments from its members and customers before revenue is recognized. Balances in these accounts as of the beginning and end of the years ended December 31, 2023 and 2022 are as indicated below.

	2023	2022	2021
Accounts receivable			
Membership dues	$ 1,815,282	$ 1,338,073	$ 1,285,287
Other	257,226	126,457	19,206
	$ 2,072,508	$ 1,464,530	$ 1,304,493
Deferred revenue			
Membership dues	$ 535,325	$ 590,741	$ 610,768

NOTE 11. INVESTMENTS

The investments consist of the following investment classes as of December 31, 2023 and 2022:

	2023	2022
Money market funds	$ 599,334	$ 43,588
Equities	1,469,902	2,549,532
Exchange traded funds/mutual funds	1,514,697	1,446,926
U.S. government bonds	485,620	487,505
Corporate bonds	4,978,920	5,513,838
Certificates of deposit	852,492	874,000
	$ 9,900,965	$ 10,915,389

GAAP provides guidance for using fair value to measure assets and liabilities. Fair value measurements apply whenever standards require (or permit) assets or liabilities to be measured at fair value. Fair value measurements include provisions that require expanded disclosure of the effect on earnings for items measured using unobservable data.

NOTE 11. INVESTMENTS (CONTINUED)

Accounting standards provide the framework for measuring fair value which provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that AAUP has the ability to access.

Level 2 - Inputs to the valuation methodology include other significant observable inputs including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

As of December 31, 2023, assets measured at fair value on a recurring basis are summarized by level within the fair value hierarchy as follows:

	2023			
	Total Fair Value	Level 1	Level 2	Level 3
Money market funds	$ 599,334	$ -	$ 599,334	$ -
Equities	1,469,902	1,469,902	-	-
Exchange traded funds/mutual funds	1,514,697	1,514,697	-	-
U.S. government bonds	485,620	-	485,620	-
Corporate bonds	4,978,920	-	4,978,920	-
Certificates of deposit	852,492	-	852,492	-
	$ 9,900,965	$ 2,984,599	$ 6,916,366	$ -

NOTE 11. INVESTMENTS (CONTINUED)

As of December 31, 2022, assets measured at fair value on a recurring basis are summarized by level within the fair value hierarchy as follows:

	2022			
	Total Fair Value	Level 1	Level 2	Level 3
Money market funds	$ 43,588	$ -	$ 43,588	$ -
Equities	2,549,532	2,549,532	-	-
Exchange traded funds/mutual funds	1,446,926	1,446,926	-	-
U.S. government bonds	487,505	-	487,505	-
Corporate bonds	5,513,838	-	5,513,838	-
Certificates of deposit	874,000	-	874,000	-
	$ 10,915,389	$ 3,996,458	$ 6,918,931	$ -

For the years ended December 31, 2023 and 2022, there have been no transfers in or out of Levels 1, 2 or 3.

The following donor restricted funds held positions in the investment pool at December 31, 2023 and 2022:

	2023	2022
Temporary donor restricted funds		
Academic Freedom Fund	$ 70,935	69,198
Legal Defense Fund	225,029	199,886
Beatrice Konheim Fund	2,880	2,303
Moses and Dorothy Passer Legal Defense Fund	30,127	24,071
	328,971	295,458
Perpetual donor restricted funds		
Moses and Dorothy Passer Legal Defense Fund	40,000	40,000
Total investment pool	$ 368,971	$ 335,458

Investment income consists of the following components for the years ended December 31, 2023 and 2022:

	2023	2022
Interest and dividends	$ 375,247	$ 333,631
Net investment gains (losses)	220,235	(1,699,815)
Investment expenses	(6,849)	(4,479)
Total investment income	$ 588,633	$ (1,370,663)

NOTE 12. ALLOWANCE FOR CREDIT LOSSES ROLL FORWARD

Changes in the allowance for credit losses for the year ended December 31, 2023 were as follows:

Allowance for credit losses, beginning of year	$	190,767
Additions (charges to expense)		264,312
Deductions (write-offs, net of recoveries)		4,374
Allowance for credit losses, end of year	$	459,453

NOTE 13. RISKS AND UNCERTAINTIES

AAUP invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported on the combined statements of financial position.

Financial instruments that subject AAUP to concentrations of credit risk include cash and investments. While management of AAUP attempts to limit any financial exposure by maintaining accounts at high quality financial institutions, cash and investment balances may, at times, exceed the federally insured limits. AAUP has not experienced, nor do they expect to experience, any losses in such accounts.

NOTE 14. COMMITMENTS

AAUP entered into a new lease agreement for office space in 2022. The lease commenced on October 1, 2022 and terminates September 30, 2032. The lease includes ten months of rent abatement, as well as two months of reduced rent thereafter. In addition to the rent abatement and reduced rent, the landlord provided for a tenant improvement allowance of $517,168. In addition, AAUP has leases for office equipment through 2025.

Operating lease expense totaled $255,553 and $252,077 for the years ended December 31, 2023 and 2022, respectively. AAUP had no variable or short-term lease expense in 2023 or 2022 and does not have any finance leases.

NOTE 14. COMMITMENTS (CONTINUED)

Supplemental qualitative information related to operating leases is as follows:

	Year ended December 31, 2023
Right-of-use assets obtained in exchange for lease obligations	$ 1,836,506
Weighted-average remaining lease term (in years)	8.75
Weighted-average discount rate	3.67%

The maturity of the lease liability under AAUP's operating leases as of December 31, 2023 is as follows:

Year ended December 31,	
2024	$ 321,224
2025	316,032
2026	299,020
2027	303,276
2028	308,177
Thereafter	1,196,946
Undiscounted future cash flows	2,744,675
Less: discount to present value (with a rate of 3.67%)	(402,066)
Total lease liability	$ 2,342,609

NOTE 15. TAX STATUS

AAUP is exempt from federal income tax under IRC Section 501(c)(6), except for income taxes on its unrelated business income. AAUP will be liable for income taxes on income derived from advertising in *Academe*, its professional journal, and commissions received from certain member benefit programs. AAUP's income tax expense for the years ended December 31, 2023 and 2022 was $-0- and $8,674, respectively.

NOTE 15. TAX STATUS (CONTINUED)

The Foundation is generally exempt from federal income tax under Internal Revenue Code Section 501(c)(3), except for income taxes on any unrelated business income. The Foundation had no unrelated business income in 2023 and is not a private foundation. In August 2021, the Foundation and AAUP leadership bodies determined that due to their continuous and coordinated operational relationship the Foundation should seek reclassification of its foundation status under IRC Section 509(a)(3). Therefore, the Foundation has changed its foundation classification from that of a publicly supported charity to that of a Type II supporting organization under IRC Section 509(a)(3). The Foundation demonstrates that it is a supporting organization within the meaning of IRC Section 509(a)(3) because the Foundation i) is organized to support the AAUP, an eligible supported organization; ii) is conducting activities that benefit the AAUP; iii) shall not be supported by donors (or their family members) who make significant contributions; and iv) is a Type II supporting organization of the AAUP because the Foundation is supervised and controlled by the same persons who control the AAUP. The members of the AAUP leadership body automatically serve as members of the Foundation board of directors once they are elected to the AAUP leadership body.

AAUP adopted the authoritative guidance relating to accounting for uncertainty in income taxes. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken in a tax return. AAUP performed an evaluation of uncertain tax positions for the years ended December 31, 2023 and 2022, and determined that there were no matters that would require recognition or disclosure in the combined financial statements. As of December 31, 2023, the statute of limitations for tax years 2020 through 2022 remains open with the federal and local jurisdiction in which AAUP files returns. It is AAUP policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense.

NOTE 16. SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 8, 2024, which is the date the combined financial statements were available to be issued. This review and evaluation revealed no material event or transaction which would require an adjustment to or disclosure in the accompanying combined financial statements, except as noted below.

Subsequent to December 31, 2023, AAUP settled a $2.2 million liability owed to the AFT for joint organizing campaigns prior to their affiliation agreement for $1 million. The amount was paid in November 2024.

SUPPLEMENTAL INFORMATION

AMERICAN ASSOCIATION OF UNIVERSITY PROFESSORS AND AAUP FOUNDATION

COMBINING STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2023 AND 2022

	2023				2022			
Assets	AAUP	Foundation	Eliminations	Total	AAUP	Foundation	Eliminations	Total
Assets								
Cash and cash equivalents	$ 2,993,350	$ 240,050	$ -	$ 3,233,400	$ 1,139,844	$ 189,899	$ -	$ 1,329,743
Investments	9,437,282	463,683	-	9,900,965	10,424,045	491,344	-	10,915,389
Accounts receivable, net	2,392,876	-	-	2,392,876	2,838,914	-	-	2,838,914
Prepaid expenses and deposits	75,696	-	-	75,696	7,679	-	-	7,679
Accrued interest	31,307	223	-	31,530	31,822	-	-	31,822
Due from AAUP Foundation	292,897	-	(292,897)	-	282,588	-	(282,588)	-
Operating lease right-of-use-asset	1,623,810	-	-	1,623,810	1,791,970	-	-	1,791,970
Property, equipment, and improvements - net	489,090	-	-	489,090	603,806	-	-	603,806
Total assets	$ 17,336,308	$ 703,956	$ (292,897)	$ 17,747,367	$ 17,120,668	$ 681,243	$ (282,588)	$ 17,519,323
Liabilities and Net Assets								
Liabilities								
Accounts payable and accrued expenses	$ 2,147,100	$ -	$ -	$ 2,147,100	$ 1,492,161	$ -	$ -	$ 1,492,161
Deferred membership revenue	535,325	-	-	535,325	590,741	-	-	590,741
Lease liability	2,342,609	-	-	2,342,609	2,365,982	-	-	2,365,982
Due to American Association of University Professors	-	292,897	(292,897)	-	-	282,588	(282,588)	-
Postretirement benefit obligation	2,234,290	-	-	2,234,290	1,856,872	-	-	1,856,872
Refundable advance	-	15,137	-	15,137	-	36,676	-	36,676
Total liabilities	7,259,324	308,034	(292,897)	7,274,461	6,305,756	319,264	(282,588)	6,342,432
Net assets								
Without donor restrictions	10,076,984	26,951	-	10,103,935	10,814,912	26,521	-	10,841,433
With donor restrictions								
Temporary restrictions	-	328,971	-	328,971	-	295,458	-	295,458
Perpetual restrictions	-	40,000	-	40,000	-	40,000	-	40,000
Total with donor restrictions	-	368,971	-	368,971	-	335,458	-	335,458
Total net assets	10,076,984	395,922	-	10,472,906	10,814,912	361,979	-	11,176,891
Total liabilities and net assets	$ 17,336,308	$ 703,956	$ (292,897)	$ 17,747,367	$ 17,120,668	$ 681,243	$ (282,588)	$ 17,519,323

AMERICAN ASSOCIATION OF UNIVERSITY PROFESSORS AND AAUP FOUNDATION

COMBINING STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023				2022			
	AAUP	Foundation	Elimination	Total	AAUP	Foundation	Elimination	Total
Revenue								
Membership dues	$ 8,466,645	$ -	$ -	$ 8,466,645	$ 8,176,554	$ -	$ -	$ 8,176,554
AFT Support	2,127,505	-	-	2,127,505	1,522,907	-	-	1,522,907
Contributions	25,913	53,976	-	79,889	-	82,736	-	82,736
Contributed nonfinancial assets	-	58,215	(58,215)	-	-	51,801	(51,801)	-
Investment income (loss), net	516,669	71,964	-	588,633	(1,238,226)	(132,437)	-	(1,370,663)
Publications	130,924	-	-	130,924	128,885	-	-	128,885
Meeting registration and fees	35,089	-	-	35,089	65,785	-	-	65,785
Grants	64,166	-	(64,166)	-	114,230	-	(114,230)	-
Miscellaneous income	40,644	-	-	40,644	43,466	-	-	43,466
Total revenue	11,407,555	184,155	(122,381)	11,469,329	8,813,601	2,100	(166,031)	8,649,670
Expenses								
Program services								
Policy and legal advocacy	1,589,367	-	-	1,589,367	786,113	-	-	786,113
Member services	5,326,204	-	-	5,326,204	3,541,558	-	-	3,541,558
Communications	1,227,113	2,039	-	1,229,152	955,425	653	-	956,078
Research	626,634	-	-	626,634	460,139	-	-	460,139
Education	30,760	-	-	30,760	14,597	-	-	14,597
Conferences	310,144	-	-	310,144	296,604	-	-	296,604
Academic freedom	-	16,765	(16,765)	-	-	54,080	(34,990)	19,090
Other grants	-	47,401	(47,401)	-	-	93,359	(79,240)	14,119
Total program services	9,110,222	66,205	(64,166)	9,112,261	6,054,436	148,092	(114,230)	6,088,298
Supporting services								
Leadership	407,119	-	-	407,119	711,590	-	-	711,590
General and administrative	2,186,737	75,834	(58,215)	2,204,356	3,025,449	74,676	(51,801)	3,048,324
Fundraising	-	8,173	-	8,173	-	7,499	-	7,499
Total supporting services	2,593,856	84,007	(58,215)	2,619,648	3,737,039	82,175	(51,801)	3,767,413
Total expenses	11,704,078	150,212	(122,381)	11,731,909	9,791,475	230,267	(166,031)	9,855,711
Excess (deficit) of revenue over expenses	(296,523)	33,943	-	(262,580)	(977,874)	(228,167)	-	(1,206,041)
Other changes in net assets								
Other components of net periodic postretirement benefit cost	(94,797)	-	-	(94,797)	(65,850)	-	-	(65,850)
Postretirement-related changes other than net periodic postretirement benefit cost	(346,608)	-	-	(346,608)	539,493	-	-	539,493
Change in net assets	(737,928)	33,943	-	(703,985)	(504,231)	(228,167)	-	(732,398)
Net assets								
Beginning of year	10,814,912	361,979	-	11,176,891	11,319,143	590,146	-	11,909,289
End of year	$ 10,076,984	$ 395,922	$ -	$ 10,472,906	$ 10,814,912	$ 361,979	$ -	$ 11,176,891