Schedule of Expenditures and Allocation
of Expenditures Between Chargeable
and Non-Chargeable with
Report of Independent Auditor's

Year Ended June 30, 2015
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REPORT OF INDEPENDENT AUDITOR'S

Executive Board
Bowling Green State University Faculty Association -
American Association of University Professors
Bowling Green, Ohio

We have audited the total expenditures column of the accompanying Schedule of Expenditures and Allocation of Expenditures Between Chargeable and Non-Chargeable - cash basis for Bowling Green State University Faculty Association - American Association of University Professors ("BGSU-FA") for the year ended June 30, 2015, and the related notes.

Management's Responsibility for the Schedule
Management is responsible for the preparation and fair presentation of this schedule in accordance with the cash basis of accounting described in Note 1; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedule that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on the schedule based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the schedule 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedule.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
Opinion
In our opinion, the total expenditures column of the schedule referred to above presents fairly, in all material respects, the total cash basis expenditures incurred by BGSU-FA for the year ended June 30, 2015 in accordance with the guidelines summarized in the notes.

Emphasis of Matter
The total expenditures reflected in the accompanying schedule was prepared for the purpose of determining the fair share cost of services rendered by BGSU-FA for individuals represented by, but not members of, BGSU-FA and is not intended to be a complete presentation of BGSU-FA's financial position or results of operations.

We have not audited the classification of expenditures as either "chargeable" or "non-chargeable" and accordingly, we express no opinion on these classifications. These classifications were made by BGSU-FA's management.

Restriction on Use
This report is intended solely for the information and use of BGSU-FA and its agency fee payers and should not be used for any other purpose.

MEADEN & MOORE, LTD.
October 16, 2015
Cleveland, Ohio
### Schedule of Expenditures and Allocation

**Administrative and Office Expenses**

- **Total Expenditures:** $111,298
  - Chargeable: $104,381
  - Non-Chargeable: $6,917
  - Notes: 3a

**National and Regional Expenses**

- **Total Expenditures:** 192,298
  - Chargeable: 116,247
  - Non-Chargeable: 76,051
  - Notes: 3b

**Donations**

- **Total Expenditures:** 500
  - Chargeable: -
  - Non-Chargeable: 500
  - Notes: 3c

**Education and Publicity Expenses**

- **Total Expenditures:** 3,782
  - Chargeable: 1,676
  - Non-Chargeable: 2,106
  - Notes: 3d

**Total Expenditures**

- **Total:** $307,878
  - Chargeable: $222,304
  - Non-Chargeable: $85,574

**Percentage**

- **Total:** 100.00%
  - Chargeable: 72.21%
  - Non-Chargeable: 27.79%

**Dues Collected (net of refunds):** $383,707

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*See accompanying notes.*
1 Summary of Significant Accounting Policies

a. Nature and Purposes of the Association
Bowling Green State University Faculty Association - American Association of University Professors ("BGSU-FA") is a local chapter of the American Association of University Professors ("AAUP") and its purpose is to represent members in the following matters: (1) identify professional concerns that are common to all faculty members, (2) articulate those concerns and (3) address them collectively.

Effective March 15, 2013, BGSU-FA and the administration of Bowling Green State University ("BGSU") tentatively reached a collective bargaining agreement. The BGSU Board of Trustees ratified the agreement on May 3, 2013. The contract agreement became effective as of May 1, 2013.

b. Method of Accounting
The schedule has been prepared using the cash basis of accounting. Income is recorded when received and expenses are recorded when paid. This is the same accounting method used by BGSU-FA to prepare its financial statements.

BGSU-FA did not pay any salary, wages or benefits during the year ended June 30, 2015. Time spent by staff was performed on a voluntary basis and has not been valued in the cash-basis financial statements of BGSU-FA.

c. Depreciation
Fixed assets (when paid) are carried at cost and depreciated using the straight-line method. No depreciation was recorded during the year ended June 30, 2015.

d. Tax Status
Effective December 2012, the Internal Revenue Service has advised that the Association qualifies under Section 501(c)(5) of the Internal Revenue Code and is, therefore, not subject to tax under present income tax laws.

e. Date of Management's Review
Management has evaluated subsequent events through October 16, 2015, the date on which the schedule was available to be issued.
2 Description of the Basis for Classifying Chargeable Expenditures and Non-Chargeable Expenditures

a. **Chargeable Expenditures**

Chargeable expenditures are those expenses incurred by BGSU-FA for representational activities. Representation activities are those duties that BGSU-FA performs as a representative of the members. Chargeable expenditures are expenditures for activities, training, communications, research, professional fees (typically legal and accounting), or administrative efforts related to issues such as the following: (1) collective bargaining, (2) contract administration, (3) grievance adjustment, (4) specific terms and conditions of employment such as wages, hours, benefits, employment discrimination, retirement, tenure, employee evaluation, unemployment compensation, (5) BGSU-FA leadership and management skills and techniques and (6) BGSU-FA, state and national representative meetings, executive committees, and other committees to the extent those activities relate to chargeable expenses.

b. **Non-Chargeable Expenditures**

Non-chargeable expenditures are those expenses incurred by BGSU-FA for the benefit and advancement of the members and which are not considered representational activities for members. Non-chargeable expenditures include the cost of supporting political or ideological causes, lobbying activities, public relations activities directed outside the organization, any member-only benefits which are not made available to fair share fee payers.

Non-chargeable expenditures include expenses for the following activities: (1) supporting or contributing to political organizations or candidates for public offices (e.g., activities in connection with the endorsement or other support of political candidates, consulting with and/or providing training for state/local political action committees), (2) voter registration, get-out-the-vote, and campaign techniques (i.e., training programs designed to prepare leaders, staff and/or members to work in support of candidates for any public office), (3) supporting or contributing to ideological causes not germane to the work of the BGSU-FA in the realm of collective bargaining (e.g., direct contributions to such causes, expenditures designed primarily to assist such causes, payments to fundraisers and/or conferences for groups which promote such causes), (4) publications, portions of publications, or any other communications which involve nonchargeable issues, (5) member-only benefits, (6) external public relations efforts including those to improve the image of university faculty employees, (7) lobbying efforts including those for funding education and (8) internal organizing, including maintenance of existing membership and recognition rights, and defense against challenges from other unions.
3 Description of Categories

BGSU-FA’s expenditures for the year ended June 30, 2015, are accounted for in four categories. These categories are:

a. Administrative and Office Expenditures (Specifically Identified and Allocated Basis)
   
   Administrative and Office Expenditures - Specifically Identified
   Includes office administration, policies and procedures implementation and carrying out the operations of BGSU-FA. Expenditures allocated to this category include postage, office supplies, computer processing and supplies, bank charges, professional fees and miscellaneous administrative expenses.

   The management of BGSU-FA reviewed documentation regarding the specific nature of the expenditure in order to determine the percentage of chargeable and non-chargeable activity.

   Administrative and Office Expenditures - Allocated Basis
   Expenditures allocated to this category include rent, insurance, telephone, depreciation and any other expenditures to operate the office and maintain property and equipment.

   The management of BGSU-FA determined the non-chargeable percentage for expenditures in this category based on an allocation of the non-chargeable portion of the activities of the overall BGSU-FA.

b. National and Regional Expenses
   BGSU-FA has included in this category national and regional expenditures paid. The AAUP, both at the national and state levels, conducted their own evaluations of the chargeability of their expenditures. The AAUP stated chargeable percentage is applied to the BGSU-FA fees paid.
3 Description of Categories, Continued

c. **Donations**
   Includes charitable and political contributions and contributions to other related organizations, etc. All items in this category have been deemed to be non-chargeable.

d. **Education and Publicity Expenses**
   Provides internal and external communications services, including membership promotion services, social events, advertising, publications of BGSU-FA, management training programs, attendance at conferences and other training programs.

   The management of BGSU-FA reviewed documentation of each program's purpose including staff assignments and publication materials produced in order to determine the percentage of chargeable and non-chargeable activity.