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

COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2025

AMERICAN ASSOCIATION OF UNIVERSITY PROFESSORS AND AAUP FOUNDATION

COMBINED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

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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, 2025 and 2024, 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, 2025 and 2024, 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
October 27, 2026

AMERICAN ASSOCIATION OF UNIVERSITY PROFESSORS AND AAUP FOUNDATION

COMBINED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2025 AND 2024

	2025	2024
Assets		
Assets		
Cash and cash equivalents	$ 5,343,999	$ 3,236,856
Investments	10,642,622	9,730,406
Accounts receivable, net of allowance for credit losses of $457,318 and $459,448, respectively	2,989,282	2,604,515
Contributions and grants receivable	752,500	533,500
Prepaid expenses and deposits	165,456	76,257
Accrued interest	78,394	24,192
Operating lease right-of-use asset	1,275,170	1,450,199
Property, equipment, and improvements - net	374,621	428,866
Total assets	$ 21,622,044	$ 18,084,791
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 1,490,413	$ 1,854,254
Deferred membership revenue	1,006,268	651,512
Operating lease liability	1,860,312	2,103,328
Postretirement benefit obligation	2,200,182	2,184,504
Total liabilities	6,557,175	6,793,598
Net assets		
Without donor restrictions	10,657,110	9,024,168
With donor restrictions		
Temporary restrictions	4,367,759	2,227,025
Perpetual restrictions	40,000	40,000
Total with donor restrictions	4,407,759	2,267,025
Total net assets	15,064,869	11,291,193
Total liabilities and net assets	$ 21,622,044	$ 18,084,791

See accompanying notes to combined financial statements.

AMERICAN ASSOCIATION OF UNIVERSITY PROFESSORS AND AAUP FOUNDATION

COMBINED STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025					2024				
	Without Donor Restrictions	With Donor Restrictions			Total	Without Donor Restrictions	With Donor Restrictions			Total
		Temporary	Perpetual	Total			Temporary	Perpetual	Total	
Revenue										
Membership dues	$ 10,470,631	$ -	$ -	$ -	$ 10,470,631	$ 8,926,206	$ -	$ -	$ -	$ 8,926,206
AFT support	1,528,535	-	-	-	1,528,535	1,346,204	-	-	-	1,346,204
Contributions and grants	250,729	3,373,080	-	3,373,080	3,623,809	119,067	2,193,485	-	2,193,485	2,312,552
Investment income, net	893,291	73,127	-	73,127	966,418	798,547	65,094	-	65,094	863,641
Publications	135,160	-	-	-	135,160	118,968	-	-	-	118,968
Meeting registration and fees	15,649	-	-	-	15,649	61,858	-	-	-	61,858
Miscellaneous income	35,298	-	-	-	35,298	54,178	-	-	-	54,178
Net assets released from restrictions	1,305,473	(1,305,473)	-	(1,305,473)	-	360,525	(360,525)	-	(360,525)	-
Total revenue	14,634,766	2,140,734	-	2,140,734	16,775,500	11,785,553	1,898,054	-	1,898,054	13,683,607
Expenses										
Program services										
Policy and legal advocacy	832,937	-	-	-	832,937	965,317	-	-	-	965,317
Member services	4,970,395	-	-	-	4,970,395	5,865,179	-	-	-	5,865,179
Communications	972,324	-	-	-	972,324	941,864	-	-	-	941,864
Research	942,415	-	-	-	942,415	692,217	-	-	-	692,217
Education	12,409	-	-	-	12,409	5,680	-	-	-	5,680
Conferences	399,685	-	-	-	399,685	243,936	-	-	-	243,936
Academic freedom	434,573	-	-	-	434,573	-	-	-	-	-
Other grants	48,663	-	-	-	48,663	13,673	-	-	-	13,673
Total program services	8,613,401	-	-	-	8,613,401	8,727,866	-	-	-	8,727,866
Supporting services										
Leadership	290,026	-	-	-	290,026	605,374	-	-	-	605,374
General and administrative	3,914,848	-	-	-	3,914,848	3,543,645	-	-	-	3,543,645
Fundraising	15,200	-	-	-	15,200	10,479	-	-	-	10,479
Total supporting services	4,220,074	-	-	-	4,220,074	4,159,498	-	-	-	4,159,498
Total expenses	12,833,475	-	-	-	12,833,475	12,887,364	-	-	-	12,887,364
Excess (deficit) of revenue over expenses	1,801,291	2,140,734	-	2,140,734	3,942,025	(1,101,811)	1,898,054	-	1,898,054	796,243
Other changes in net assets										
Other components of net periodic postretirement benefit cost	(118,427)	-	-	-	(118,427)	(109,854)	-	-	-	(109,854)
Postretirement-related changes other than net periodic postretirement benefit cost	(49,922)	-	-	-	(49,922)	131,898	-	-	-	131,898
Change in net assets	1,632,942	2,140,734	-	2,140,734	3,773,676	(1,079,767)	1,898,054	-	1,898,054	818,287
Net assets										
Beginning of year	9,024,168	2,227,025	40,000	2,267,025	11,291,193	10,103,935	328,971	40,000	368,971	10,472,906
End of year	$ 10,657,110	$ 4,367,759	$ 40,000	$ 4,407,759	$ 15,064,869	$ 9,024,168	$ 2,227,025	$ 40,000	$ 2,267,025	$ 11,291,193

See accompanying notes to combined financial statements.

AMERICAN ASSOCIATION OF UNIVERSITY PROFESSORS AND AAUP FOUNDATION

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2025

	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	$ 664,285	$ 655,130	$ 701,109	$ 271,066	$ 4,989	$ 50,780	$ 193,886	$ 16,456	$ 88,010	$ 2,183,808	$ -	$ 4,829,519
Contracted services	140,848	269,512	20,050	551,785	-	9,945	-	-	87,500	998,054	-	2,077,694
Meetings and travel	27,118	124,594	7,532	94,986	7,420	333,976	30,468	-	108,171	120,054	-	854,319
Facilities	498	1,670	11,931	8,871	-	-	1,925	-	382	357,408	-	382,685
Grants	-	376,494	115	-	-	1,822	197,759	32,207	5,538	-	-	613,935
Insurance and business fees	100	651	110	55	-	-	55	-	150	158,911	15,200	175,232
Office expenses	88	42,430	229,317	13,747	-	3,162	10,480	-	275	89,846	-	389,345
Joint organizing costs	-	-	2,160	-	-	-	-	-	-	-	-	2,160
Per capita tax	-	3,461,700	-	-	-	-	-	-	-	-	-	3,461,700
Other expenses	-	38,214	-	1,905	-	-	-	-	-	6,767	-	46,886
	832,937	4,970,395	972,324	942,415	12,409	399,685	434,573	48,663	290,026	3,914,848	15,200	12,833,475
Other components of net periodic postretirement benefit cost	16,001	15,780	16,891	6,547	121	1,223	4,707	396	2,120	54,640	-	118,426
Total	$ 848,938	$ 4,986,175	$ 989,215	$ 948,962	$ 12,530	$ 400,908	$ 439,280	$ 49,059	$ 292,146	$ 3,969,488	$ 15,200	$ 12,951,901

See accompanying notes to financial statements.

AMERICAN ASSOCIATION OF UNIVERSITY PROFESSORS AND AAUP FOUNDATION

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2024

	Program Services							Supporting Services			
	Policy and Legal Advocacy	Member Services	Communications	Research	Education	Conferences	Other Grants	Leadership	General and Administrative	Fundraising	Total
Salaries and fringe benefits	$ 935,774	$ 889,271	$ 699,939	$ 332,041	$ 5,635	$ 63,901	$ -	$ 197,852	$ 1,615,870	$ -	$ 4,740,283
Contracted services	-	447,046	54,338	321,791	-	1,000	-	88,900	1,318,009	1,907	2,232,991
Meetings and travel	26,149	194,441	4,368	22,534	45	177,147	-	316,880	32,910	-	774,474
Facilities	-	583	1,929	9,435	-	-	-	-	344,390	-	356,337
Grants	-	318,158	-	-	-	-	13,673	-	-	-	331,831
Insurance and business fees	218	68	425	55	-	-	-	350	103,227	8,572	112,915
Office expenses	3,176	5,985	180,865	6,361	-	1,888	-	92	125,737	-	324,104
Joint organizing costs	-	1,000,000	-	-	-	-	-	-	-	-	1,000,000
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-
Per capita tax	-	3,009,627	-	-	-	-	-	-	-	-	3,009,627
Other expenses	-	-	-	-	-	-	-	1,300	3,502	-	4,802
	965,317	5,865,179	941,864	692,217	5,680	243,936	13,673	605,374	3,543,645	10,479	12,887,364
Other components of net periodic postretirement benefit cost	22,201	21,097	16,606	7,877	134	1,516	-	4,694	35,729	-	109,854
Total	$ 987,518	$ 5,886,276	$ 958,470	$ 700,094	$ 5,814	$ 245,452	$ 13,673	$ 610,068	$ 3,579,374	$ 10,479	$ 12,997,218

See accompanying notes to financial statements.

AMERICAN ASSOCIATION OF UNIVERSITY PROFESSORS AND AAUP FOUNDATION

COMBINED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Cash flows from operating activities		
Change in net assets	$ 3,773,676	$ 818,287
Adjustments to reconcile change in net assets to cash provided by (used for) operating activities		
Change in allowance for doubtful accounts	(2,130)	(5)
Net investment losses	(719,718)	(644,607)
Depreciation and amortization	59,212	60,224
Amortization of operating right-of-use assets	175,029	173,611
Change in assets and liabilities		
Accounts receivable	(382,637)	(211,634)
Contributions and grants receivable	(219,000)	(533,500)
Prepaid expenses and deposits	(89,199)	(561)
Accrued interest	(54,202)	7,338
Accounts payable and accrued expenses	(363,841)	(292,846)
Deferred membership revenue	354,756	116,187
Lease liability	(243,016)	(239,281)
Postretirement benefit obligation	15,678	(49,786)
Refundable advance	-	(15,137)
Net cash provided by (used for) operating activities	2,304,608	(811,710)
Cash flows from investing activities		
Purchase of property, equipment, and improvements	(4,967)	-
Purchase of investments	(7,514,333)	(1,901,922)
Sale of investments	7,321,835	2,717,088
Net cash (used for) provided by investing activities	(197,465)	815,166
Net change in cash and cash equivalents	2,107,143	3,456
Cash and cash equivalents		
Beginning of year	3,236,856	3,233,400
End of year	$ 5,343,999	$ 3,236,856
Supplemental cash flow information		
Cash paid for taxes	$ 594	$ 204

See accompanying notes to financial statements.

AMERICAN ASSOCIATION OF UNIVERSITY PROFESSORS AND AAUP FOUNDATION

NOTES TO COMBINED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

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, 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. During the year ended December 31, 2024, AAUP negotiated with the AFT to settle a $2.2 million liability related to joint organizing campaigns generated prior to their affiliation agreement. The settlement reached of $1 million was recognized as an expense during the year ended December 31, 2024.

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, 2025 and 2024. Realized and unrealized gains and losses are included in net investment income on the combined statements of activities. Purchases and sales of investments are recognized 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 date, 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 years ending December 31, 2025 and 2024.

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, 2025 and 2024, management determined the allowance for expected credit losses to be $457,318 and $459,448, 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 Pronouncement Adopted - During the year ended December 31, 2025, AAUP adopted the provisions of Accounting Standards Update 2025-05, *Financial Instruments – Credit Losses* (Topic 326): *Measurement of Credit Losses for Accounts Receivable and Contract Assets* (the Update). The Update provides (1) all entities with practical expedient and (2) entities other than public business entities (PBEs) with an accounting policy election when estimating expected credit losses for current accounts receivable and current contract assets arising from transactions accounted for under Financial Accounting Standards Board Accounting Standards Codification (FASB ASC)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

606, *Revenue from Contracts with Customers*. AAUP has elected to use the practical expedient to assume that current conditions as of the combined statement of financial position date do not change for the remaining life of the asset and the accounting policy election to consider subsequent collection activity after the combined statement of financial position date but before AAUP's combined financial statements are available to be issued.

The effective date of the application of this standard is for annual reporting periods beginning December 15, 2025, but AAUP adopted the new standard early, using prospective approach.

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, 2025 and 2024:

	2025	2024
Total assets at end of year	$ 21,622,044	$ 18,084,791
Less: nonfinancial assets		
Prepaid expenses and deposits	(165,456)	(76,257)
Operating lease right-of-use-asset	(1,275,170)	(1,450,199)
Property, equipment, and improvements, net	(374,621)	(428,866)
Total financial assets at end of year	19,806,797	16,129,469
Less: amounts not available to meet general expenditures coming due within one year		
Net assets with donor restrictions	(4,407,759)	(2,267,025)
Accounts receivable	(204,574)	(264,574)
Financial assets available to meet general expenditures coming due in the next year	$ 15,194,464	$ 13,597,870

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, 2025 and 2024 consist of the following:

	2025	2024
Accounts receivable		
Membership dues	$ 2,918,478	$ 2,476,089
AFT support	350,000	339,455
Other	178,122	248,419
	3,446,600	3,063,963
Allowance for doubtful accounts	(457,318)	(459,448)
Accounts receivable, net	$ 2,989,282	$ 2,604,515

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 $204,574 and $264,574 at December 31, 2025 and 2024, 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, 2025 and 2024.

NOTE 6. PROPERTY, EQUIPMENT, AND IMPROVEMENTS

Property, equipment, and improvements at December 31, 2025 and 2024 consist of the following:

	2025		
	Furniture and Equipment	Leasehold Improvements	Total Fixed Assets
Furniture and/or fixtures	$ 45,350	$ 517,168	$ 562,518
Equipment and software	375,345	-	375,345
	420,695	517,168	937,863
Accumulated depreciation/amortization	(395,163)	(168,079)	(563,242)
Property, equipment, and improvements - net	$ 25,532	$ 349,089	$ 374,621

	2024		
	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	(387,667)	(116,363)	(504,030)
Property, equipment, and improvements - net	$ 28,061	$ 400,805	$ 428,866

Depreciation and amortization expense for the years ended December 31, 2025 and 2024 totaled $59,212 and $60,224, respectively.

NOTE 7. NET ASSETS WITH DONOR RESTRICTIONS

Endowment Funds

AAUP 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, AAUP 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, AAUP considers the following factors in making a determination to appropriate perpetual donor restricted funds:

a) duration and preservation of the fund;
b) mission of AAUP 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 AAUP resources; and
g) AAUP investment policies.

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

AAUP contemplates annual distribution of a significant portion of investment returns. AAUP 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.

AAUP held the following perpetual donor restricted fund as of December 31, 2025 and 2024:

Moses and Dorothy Passer Legal Defense Fund	$ 40,000

NOTE 7. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

In the years ended December 31, 2025 and 2024, AAUP had the following endowment related activities:

	With Donor Restrictions		
	Temporary	Perpetual	Total
Endowment net assets, January 1, 2024	$ 30,127	$ 40,000	$ 70,127
Contributions	-	-	-
Investment income	5,953	-	5,953
Endowment net assets, December 31, 2024	36,080	40,000	76,080
Contributions	-	-	-
Investment income	7,328	-	7,328
Endowment net assets, December 31, 2025	$ 43,408	$ 40,000	$ 83,408

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 AAUP in a manner consistent with the standards of prudence prescribed by UPMIFA. In accordance with UPMIFA, AAUP 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 AAUP;
g) the needs of AAUP 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 AAUP.

NOTE 7. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

AAUP holds net assets with temporary donor restrictions as of December 31, 2025 and 2024 as detailed below.

	2025	2024
Academic Freedom Fund	$ 52,754	$ 78,700
Academic Freedom Lecture Fund	645,079	660,000
Legal Defense Fund	232,438	270,073
Beatrice Konheim Fund	4,147	3,447
Mellon Foundation	2,008,329	1,178,725
Moses and Dorothy Passer Legal Defense Fund	43,408	36,080
Freedom Together Foundation	590,985	-
Ford Foundation	750,000	-
Larson Justice Fellowship Grant	40,619	-
	$ 4,367,759	$ 2,227,025

The following amounts were released from restrictions during the years ended December 31, 2025 and 2024 as purpose restrictions were met.

	2025	2024
Academic Freedom Fund	$ 42,885	$ 8,250
Academic Freedom Lecture Fund	44,175	-
Legal Defense Fund	124,621	-
Mellon Foundation	670,396	352,275
Freedom Together Foundation	409,015	-
Larson Justice Fellowship Grant	14,381	-
	$ 1,305,473	$ 360,525

Included in the amounts released from restrictions above are grants made to AAUP programs during the fiscal years ended December 31, 2025 and 2024 of $635,061 and $8,250, 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.

NOTE 8. RETIREMENT BENEFITS (CONTINUED)

The total charges for retirement plan contributions totaled $313,734 and $322,374 for the years ended December 31, 2025 and 2024, 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, 2025 and 2024 is reported on the combined statements of financial position and is calculated as follows:

	2025	2024
Retirees	$ 1,402,944	$ 1,578,871
Actives fully eligible	413,061	394,142
Actives not yet fully eligible	384,177	211,491
	$ 2,200,182	$ 2,184,504

Detailed reconciliation of accumulated benefit obligation for 2025 and 2024 is as follows:

	2025	2024
Accumulated benefit obligation at beginning of year	$ 2,184,504	$ 2,234,290
Service cost	48,489	112,665
Interest cost	118,427	109,854
Gross benefits paid	(161,706)	(118,069)
Actuarial (gain) loss	10,468	(154,236)
Accumulated benefit obligation at end of year	$ 2,200,182	$ 2,184,504

As there are no plan assets, the excess of postretirement benefit obligation over plan assets equals the value of the postretirement benefit obligation of $2,200,182 and $2,184,504 at December 31, 2025 and 2024, respectively. The effect of a 1% increase in the assumed health care cost trend rates would cause the postretirement benefit obligations at December 31, 2025 and 2024 to increase by $279,362 and $246,921, respectively. The projected premiums to be paid to the plan for the year ending December 31, 2026 are $148,979.

NOTE 9. POSTRETIREMENT BENEFITS (CONTINUED)

Net periodic postretirement benefit expense for the years ended December 31, 2025 and 2024 includes the following components:

	2025	2024
Service cost	$ 48,489	$ 112,665
Interest cost	118,427	109,854
Amortization of accumulated gain	(39,454)	(22,338)
Total postretirement benefit expense	$ 127,462	$ 200,181
Total premiums paid by employer	$ 161,706	$ 118,069

The service cost component of net periodic benefit expense for the years ended December 31, 2025 and 2024 is $48,489 and $112,665, respectively, all of which is reflected on the combined statements 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, 2025 and 2024 is $118,427 and $109,854, respectively, all of which is reflected on the combined statements of activities as other changes 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, 2025 and 2024 consist of the following:

	2025	2024
Cumulative unrecognized net gain	$ (581,615)	$ (631,537)

The total of amounts not yet recognized as components of net periodic benefit costs as of December 31, 2025 and 2024 is a loss of $49,922 and a gain of $131,898, respectively, all of which is reflected on the combined statements of activities as other changes in net assets for the years then ended.

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

	2025	2024
Beginning of the year	5.50%	4.80%
End of the year	5.45%	5.50%

The assumed trend for 2025 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 7.25% and 7.25% for years ended December 31, 2025 and 2024, respectively.

NOTE 9. POSTRETIREMENT BENEFITS (CONTINUED)

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:

2026	$ 148,979
2027	129,000
2028	130,000
2029	136,000
2030	137,000
2031-2035	754,000

NOTE 10. 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, 2025 and 2024 are as indicated below.

	2025	2024	2023
Accounts receivable			
Membership dues	$ 2,461,160	$ 2,016,641	$ 1,815,282
Other	178,122	248,419	257,226
	$ 2,639,282	$ 2,265,060	$ 2,072,508
Deferred revenue			
Membership dues	$ 1,006,268	$ 651,512	$ 535,325

NOTE 11. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The investments consist of the following investment classes as of December 31, 2025 and 2024:

	2025	2024
Money market funds	$ 332,270	$ 338,843
Equities	3,944,387	1,089,581
Exchange traded funds/mutual funds	553,872	3,229,755
U.S. Government bonds	1,185,318	534,894
Corporate bonds	4,250,154	3,907,012
Certificates of deposit	376,621	630,321
	$ 10,642,622	$ 9,730,406

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.

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.

NOTE 11. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

As of December 31, 2025, assets measured at fair value on a recurring basis are summarized by level within the fair value hierarchy as follows:

	2025			
	Total Fair Value	Level 1	Level 2	Level 3
Money market funds	$ 332,270	$ -	$ 332,270	$ -
Equities	3,944,387	3,944,387	-	-
Exchange traded funds/mutual funds	553,872	553,872	-	-
U.S. Government bonds	1,185,318	-	1,185,318	-
Corporate bonds	4,250,154	-	4,250,154	-
Certificates of deposit	376,621	-	376,621	-
	$ 10,642,622	$ 4,498,259	$ 6,144,363	$ -

As of December 31, 2024, assets measured at fair value on a recurring basis are summarized by level within the fair value hierarchy as follows:

	2024			
	Total Fair Value	Level 1	Level 2	Level 3
Money market funds	$ 338,843	$ -	$ 338,843	$ -
Equities	1,089,581	1,089,581	-	-
Exchange traded funds/mutual funds	3,229,755	3,229,755	-	-
U.S. Government bonds	534,894	-	534,894	-
Corporate bonds	3,907,012	-	3,907,012	-
Certificates of deposit	630,321	-	630,321	-
	$ 9,730,406	$ 4,319,336	$ 5,411,070	$ -

For the years ended December 31, 2025 and 2024, 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, 2025 and 2024:

	2025	2024
Temporary donor restricted funds		
Academic Freedom Fund	$ 52,754	$ 78,700
Legal Defense Fund	232,438	270,073
Beatrice Konheim Fund	4,147	3,447
Moses and Dorothy Passer Legal Defense Fund	43,408	36,080
	332,747	388,300
Perpetual donor restricted funds		
Moses and Dorothy Passer Legal Defense Fund	40,000	40,000
Total investment pool	$ 372,747	$ 428,300

NOTE 11. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Investment income consists of the following components for the years ended December 31, 2025 and 2024:

	2025	2024
Interest and dividends	$ 299,009	$ 258,878
Net investment gains	719,718	644,607
Investment expenses	(52,309)	(39,844)
Total investment income	$ 966,418	$ 863,641

NOTE 12. ALLOWANCE FOR CREDIT LOSSES ROLL FORWARD

Changes in the allowance for credit losses for the years ended December 31, 2024 and 2023 were as follows:

	2025	2024
Allowance for credit losses, beginning of year	$ 459,453	$ 459,453
Additions (charges to expense)	-	-
Deductions (write-offs, net of recoveries)	(2,135)	(5)
Allowance for credit losses, end of year	$ 457,318	$ 459,448

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.

NOTE 14. COMMITMENTS (CONTINUED)

Operating lease expense totaled $255,553 and $255,553 for the years ended December 31, 2025 and 2024, respectively. AAUP had no variable or short-term lease expense in 2025 or 2024 and does not have any finance leases.

Supplemental qualitative information related to operating leases is as follows:

	Year ended December 31, 2025
Right-of-use assets obtained in exchange for lease obligations	$ 1,836,506
Weighted-average remaining lease term (in years)	6.75
Weighted-average discount rate	3.67%

The maturity of the lease liability under AAUP's operating leases as of December 31, 2025 is as follows:

Year ending December 31,	
2026	$ 299,020
2027	303,276
2028	308,177
2029	312,800
2030	317,492
Thereafter	566,654
Undiscounted future cash flows	2,107,419
Less: discount to present value (with a rate of 3.67%)	(247,107)
Total lease liability	$ 1,860,312

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, 2025 and 2024 was $594 and $204, respectively.

NOTE 15. TAX STATUS (CONTINUED)

The Foundation is generally exempt from federal income tax under IRC Section 501(c)(3), except for income taxes on any unrelated business income. The Foundation had no unrelated business income in 2025 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, 2025 and 2024, and determined that there were no matters that would require recognition or disclosure in the combined financial statements. As of December 31, 2025, the statute of limitations for tax years 2022 through 2024 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 October 27, 2026, 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.

SUPPLEMENTAL INFORMATION

AMERICAN ASSOCIATION OF UNIVERSITY PROFESSORS AND AAUP FOUNDATION

COMBINING STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2025 AND 2024

	2025				2024			
Assets	AAUP	Foundation	Eliminations	Total	AAUP	Foundation	Eliminations	Total
Assets								
Cash and cash equivalents	$ 1,883,375	$ 3,460,624	$ -	$ 5,343,999	$ 2,286,107	$ 950,749	$ -	$ 3,236,856
Investments	10,082,033	560,589	-	10,642,622	9,242,944	487,462	-	9,730,406
Accounts receivable, net	2,974,742	14,540	-	2,989,282	2,604,140	375	-	2,604,515
Contributions and grants receivable	2,500	750,000	-	752,500	533,500	-	-	533,500
Prepaid expenses and deposits	165,456	-	-	165,456	76,257	-	-	76,257
Accrued interest	78,394	-	-	78,394	24,192	-	-	24,192
Due from AAUP Foundation	603,221	-	(603,221)	-	290,579	-	(290,579)	-
Operating lease right-of-use-asset	1,275,170	-	-	1,275,170	1,450,199	-	-	1,450,199
Property, equipment, and improvements - net	374,621	-	-	374,621	428,866	-	-	428,866
Total assets	$ 17,439,512	$ 4,785,753	$ (603,221)	$ 21,622,044	$ 16,936,784	$ 1,438,586	$ (290,579)	$ 18,084,791
Liabilities and Net Assets								
Liabilities								
Accounts payable and accrued expenses	$ 1,490,413	$ -	$ -	$ 1,490,413	$ 1,854,254	$ -	$ -	$ 1,854,254
Deferred membership revenue	1,006,268	-	-	1,006,268	651,512	-	-	651,512
Operating lease liability	1,860,312	-	-	1,860,312	2,103,328	-	-	2,103,328
Due to American Association of University Professors	-	603,221	(603,221)	-	-	290,579	(290,579)	-
Postretirement benefit obligation	2,200,182	-	-	2,200,182	2,184,504	-	-	2,184,504
Refundable advance	-	-	-	-	-	-	-	-
Total liabilities	6,557,175	603,221	(603,221)	6,557,175	6,793,598	290,579	(290,579)	6,793,598
Net assets								
Without donor restrictions	10,374,008	283,102	-	10,657,110	8,964,461	59,707	-	9,024,168
With donor restrictions								
Temporary restrictions	508,329	3,859,430	-	4,367,759	1,178,725	1,048,300	-	2,227,025
Perpetual restrictions	-	40,000	-	40,000	-	40,000	-	40,000
Total with donor restrictions	508,329	3,899,430	-	4,407,759	1,178,725	1,088,300	-	2,267,025
Total net assets	10,882,337	4,182,532	-	15,064,869	10,143,186	1,148,007	-	11,291,193
Total liabilities and net assets	$ 17,439,512	$ 4,785,753	$ (603,221)	$ 21,622,044	$ 16,936,784	$ 1,438,586	$ (290,579)	$ 18,084,791

AMERICAN ASSOCIATION OF UNIVERSITY PROFESSORS AND AAUP FOUNDATION

COMBINING STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025				2024			
	AAUP	Foundation	Elimination	Total	AAUP	Foundation	Elimination	Total
Revenue								
Membership dues	$ 10,470,631	$ -	$ -	$ 10,470,631	$ 8,926,206	$ -	$ -	$ 8,926,206
AFT Support	1,528,535	-	-	1,528,535	1,346,204	-	-	1,346,204
Contributions and grants	645,061	3,613,809	(635,061)	3,623,809	1,600,433	720,369	(8,250)	2,312,552
Contributed nonfinancial assets	-	34,119	(34,119)	-	-	23,892	(23,892)	-
Investment income (loss), net	893,291	73,127	-	966,418	798,547	65,094	-	863,641
Publications	135,160	-	-	135,160	118,968	-	-	118,968
Meeting registration and fees	15,649	-	-	15,649	61,858	-	-	61,858
Miscellaneous income	35,298	-	-	35,298	53,178	1,000	-	54,178
Total revenue	13,723,625	3,721,055	(669,180)	16,775,500	12,905,394	810,355	(32,142)	13,683,607
Expenses								
Program services								
Policy and legal advocacy	832,937	139,003	(139,003)	832,937	965,317	-	-	965,317
Member services	4,970,395	-	-	4,970,395	5,865,179	-	-	5,865,179
Communications	972,324	-	-	972,324	940,881	983	-	941,864
Research	942,415	-	-	942,415	692,217	-	-	692,217
Education	12,409	-	-	12,409	5,680	-	-	5,680
Conferences	399,685	-	-	399,685	243,936	-	-	243,936
Academic freedom	434,573	87,043	(87,043)	434,573	-	8,250	(8,250)	-
Other grants	48,663	409,015	(409,015)	48,663	-	13,673	-	13,673
Total program services	8,613,401	635,061	(635,061)	8,613,401	8,713,210	22,906	(8,250)	8,727,866
Supporting services								
Leadership	290,026	-	-	290,026	605,374	-	-	605,374
General and administrative	3,912,698	36,269	(34,119)	3,914,848	3,542,652	24,885	(23,892)	3,543,645
Fundraising	-	15,200	-	15,200	-	10,479	-	10,479
Total supporting services	4,202,724	51,469	(34,119)	4,220,074	4,148,026	35,364	(23,892)	4,159,498
Total expenses	12,816,125	686,530	(669,180)	12,833,475	12,861,236	58,270	(32,142)	12,887,364
Excess (deficit) of revenue over expenses	907,500	3,034,525	-	3,942,025	44,158	752,085	-	796,243
Other changes in net assets								
Other components of net periodic postretirement benefit cost	(118,427)	-	-	(118,427)	(109,854)	-	-	(109,854)
Postretirement-related changes other than net periodic postretirement benefit cost	(49,922)	-	-	(49,922)	131,898	-	-	131,898
Change in net assets	739,151	3,034,525	-	3,773,676	66,202	752,085	-	818,287
Net assets								
Beginning of year	10,143,186	1,148,007	-	11,291,193	10,076,984	395,922	-	10,472,906
End of year	$ 10,882,337	$ 4,182,532	$ -	$ 15,064,869	$ 10,143,186	$ 1,148,007	$ -	$ 11,291,193