

**NEW BRITAIN FEDERATION OF TEACHERS
LOCAL 871**

**FINANCIAL STATEMENTS
AND
REPORTS OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2023 AND 2022**

**NEW BRITAIN FEDERATION OF TEACHERS LOCAL 871
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Independent Auditor's Report

Executive Board
New Britain Federation of Teachers, Local 871
PO Box 1521
New Britain, CT 06050

Report on the Audit of the Financial Statements

We have audited the financial statements of New Britain Federation of Teachers Local 871, which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of New Britain Federation of Teachers Local 871 as of June 30, 2023 and 2022, and the changes in its net assets and its 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of New Britain Federation of Teachers Local 871 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about New Britain Federation of Teachers Local 871's ability to continue as a going concern within one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 GAAS 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 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 financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 New Britain Federation of Teachers Local 871'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about New Britain Federation of Teachers Local 871'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.

A handwritten signature in black ink that reads "Maletta & Company". The signature is written in a cursive, flowing style.

Maletta & Company
Certified Public Accountants

Bristol, Connecticut
April 4, 2024

NEW BRITAIN FEDERATION OF TEACHERS LOCAL 871
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
Current Assets:		
Cash - Checking	\$ 89,114	\$ 146,210
Certificate of Deposit	75,000	75,000
Investments	217,225	198,521
Dues Receivable	69,911	-
Accounts Receivable	5,067	-
Prepaid Expenses	950	950
Total Current Assets	457,267	420,681
Property and Equipment:		
Furniture and Equipment	2,138	6,647
Less: Accumulated Depreciation	(2,138)	(6,647)
Net Property and Equipment	-	-
Other Assets:		
Security Deposits	950	950
Total Assets	\$ 458,217	\$ 421,631
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable & Accrued Expenses	\$ 47,348	\$ 46,702
Payroll Taxes Payable	2,152	675
Total Current Liabilities	49,500	47,377
Net Assets:		
Net Assets without Donor Restrictions	408,717	374,254
Total Net Assets	408,717	374,254
Total Liabilities and Net Assets	\$ 458,217	\$ 421,631

*The accompanying notes are an integral
part of these financial statements*

**NEW BRITAIN FEDERATION OF TEACHERS LOCAL 871
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

Change in Net Assets Without Donor Restrictions

	2023	2022
REVENUE		
Dues and Agency Fees	\$ 701,752	\$ 692,173
AFT CT Local Assistance	19,200	16,000
Interest	34	37
Dividends	10,121	10,935
Realized Gain/(Loss)	-	-
Unrealized Gain/(Loss)	8,582	(21,372)
Miscellaneous Income	3,181	743
Total Revenue	<u>742,870</u>	<u>698,516</u>
EXPENSES		
Affiliation Dues:		
AFT	213,052	207,268
AFT CT	240,137	229,572
AFL-CIO	10,147	9,871
Local Labor Council	-	-
Union Membership Insurance	4,522	4,399
	<u>467,858</u>	<u>451,110</u>
Personnel Services:		
Officer & Staff Payroll	135,313	146,399
Payroll Tax	13,196	13,849
Fringe Benefits	4,422	3,938
Building Rep Stipends	17,000	16,000
	<u>169,931</u>	<u>180,186</u>
Membership Services:		
Negotiations & Grievances	4,023	11,714
Audit/Accounting	8,700	8,502
Printing & Postage	13	19
Training and Education	-	-
Good & Welfare	2,443	802
Social	3,742	7,461
Scholarships	3,000	5,000
	<u>21,921</u>	<u>33,498</u>
Union Governance:		
Conferences, Conventions & Meetings	22,394	571
	<u>22,394</u>	<u>571</u>

*The accompanying notes are an integral
part of these financial statements*

**NEW BRITAIN FEDERATION OF TEACHERS LOCAL 871
STATEMENT OF ACTIVITIES (CONT'D)
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
EXPENSES (CONT'D)		
Operating Expenses:		
Bank Service Charges	\$ 60	\$ 60
Equipment Leases	2,069	2,196
Miscellaneous	562	290
Office Expenses	8,855	9,247
Rent	11,400	9,350
Utilities	3,237	4,181
Insurance	-	-
Office Maintenance	53	593
Property Tax	67	67
	26,303	25,984
Other:		
Depreciation Expense	-	-
	-	-
Total Expenses	708,407	691,349
 Change in Net Assets	 34,463	 7,167
Net Assets – Beginning of Year	374,254	367,087
Net Assets – End of Year	\$ 408,717	\$ 374,254

*The accompanying notes are an integral
part of these financial statements*

NEW BRITAIN FEDERATION OF TEACHERS LOCAL 871
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 34,463	\$ 7,167
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	-	-
Unrealized Gain/(Loss)	(8,582)	21,372
 Change in Operating Assets & Liabilities		
(Increase) Decrease in Prepaid Expenses	-	(950)
(Increase) Decrease in Accounts Receivable	(5,067)	1,333
(Increase) Decrease in Dues Receivable	(69,911)	64,694
(Decrease) Increase in Payroll Taxes Payable	1,477	(349)
(Decrease) Increase in Accrued Expenses	646	2,984
 Net Cash Provided by Operating Activities	(46,974)	96,251
 Cash Flows from Investing/Financing Activities:		
Purchase of Investments	(10,122)	(10,935)
Purchase of Property and Equipment	-	-
Security Deposit	-	(950)
Net Cash Used by Investing Activities	(10,122)	(11,885)
 Net Increase (Decrease) in Cash & Cash Equivalents	(57,096)	84,366
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	146,210	61,844
 CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 89,114	\$ 146,210
 Supplemental Disclosures of Cash Flow Information:		
Cash Paid During the Year for:		
Income Taxes	\$ -	\$ -
Interest	-	-
	\$ -	\$ -

The accompanying notes are an integral part of these financial statements

**NEW BRITAIN FEDERATION OF TEACHERS LOCAL 871
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of the New Britain Federation of Teachers Local 871(NBFT) is presented to assist in understanding NBFT's financial statements. The financial statements and notes are representations of NBFT's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Organization

NBFT is a nonprofit local chapter representing public school teachers in New Britain, Connecticut in affiliation with the American Federation of Teachers, American Federation of Teachers of Connecticut and the Connecticut State AFL-CIO.

Basis of Accounting

NBFT represents its financial statements on the accrual basis of accounting in compliance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

The financial statement presentation follows generally accepted accounting principles for Not-For-Profit Entities. Under these provisions, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of NBFT and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions are not subject to donor-imposed stipulations or the restrictions have expired and may be expended for any purpose in performing the primary objectives of NBFT. These assets may be designated for specific purposes by action of NBFT Officers and Executive Board.

Net Assets with Donor Restrictions are subject to donor-imposed stipulations that can be fulfilled by actions of NBFT or that expire by the passage of time.

Revenues, including promises to give, are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor or grantor-imposed restrictions. Expenses are reported as decreases in net assets with donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decrease in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. NBFT has no net assets with donor restrictions for the years ended June 30, 2023 and 2022.

**NEW BRITAIN FEDERATION OF TEACHERS LOCAL 871
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property and Equipment

NBFT follows the practice of capitalization, at cost, all expenditures for property and equipment in excess of \$1,000. Depreciation is computed utilizing the straight-line method over the estimated useful life of five to ten years.

	2023		
	Cost	Depreciation	Accumulated Depreciation
Furniture and Fixtures Equipment	\$ 2,138	\$ -	\$ 6,647
Total Property and Equipment	\$ 2,138	\$ -	\$ 6,647

	2022		
	Cost	Depreciation	Accumulated Depreciation
Furniture and Fixtures Equipment	\$ 6,647	\$ -	\$ 6,647
Total Property and Equipment	\$ 6,647	\$ -	\$ 6,647

Investments

NBFT records investments in marketable securities at fair value. Gains or losses from market fluctuations are recognized in the period in which the fluctuations occur. Purchases and sales of securities are reflected on a trade-date basis. Realized gains and losses on sales of securities are based on average cost.

Use of Estimates

The preparation of financial statements in conformity with accounting principles general accepted in United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The New Britain Federation of Teachers Local 871 is exempt from federal income tax under Section 501(c)(5) of the Internal Revenue Code.

Dues

Dues are withheld from members' wages by the City of New Britain Board of Education. These amounts are remitted monthly to NBFT during the school year.

Cash and Cash Equivalents

NBFT considers all highly liquid monetary certificate of deposit instruments purchased with a maturity of six months or less to be cash equivalents.

NBFT's cash balances are insured by the Federal Deposit Insurance Corporation and/or National Credit Union Administration. At times, these balances may exceed the Federal insurance limits; however, NBFT has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances at June 30, 2023.

**NEW BRITAIN FEDERATION OF TEACHERS LOCAL 871
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Expenses are recorded directly to program services or management and general categories based on specific identification. Certain costs have been allocated among program services and management and general categories.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses are allocated on the basis of estimates of time and effort.

New Accounting Standard

FASB Leases (Topic 842) is effective for January 1, 2022. The most significant change in the new leasing guidance is the requirement to recognize right-to-use (ROU) assets and lease liabilities for operating leases on the statement of financial position. NBFT elected to adopt this standard effective July 1, 2022. The standard was adopted, however there are no material leases requiring recognition under ASC 842.

NOTE 2 – AVAILABILITY & LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, are as follows:

Cash - Checking	\$	89,115
Certificate of Deposit		75,000
		\$ 164,115

NBFT has investment funds of \$217,224 and \$198,521 for the years ended June 30, 2023 and 2022, although NBFT does not intend to spend from this investment fund it could be made available for general expenditures.

NOTE 3 – FUNCTIONAL EXPENSE

	Representation	General & Administration	Total
Affiliation Dues	\$ 467,858	\$ -	\$ 467,858
Personnel Services	137,393	32,538	169,931
Operations	21,218	5,085	26,303
Meetings	18,106	4,288	22,394
Membership Services	9,196	8,702	17,898
Arbitration, Negotiations & Legal	4,023	-	4,023
	\$ 657,794	\$ 50,613	\$ 708,407

**NEW BRITAIN FEDERATION OF TEACHERS LOCAL 871
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial Accounting Standards Board (FASB), Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework 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 or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

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

Level 2 – Inputs to the valuation methodology include:

- 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 assets or liability;
- 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 assets or liability.

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

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following tables sets forth by level, within the fair value hierarchy, NBFT's assets at fair value as of June 30, 2023 and 2022:

	6/30/2023	2023		
		<u>Fair Value Measurements at Reporting Date Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Washington Mutual Investors Bond Fund - A	\$ 165,758	\$ 165,758	\$ -	\$ -
The Bond Fund of America - A	51,466	51,466	-	-
Certificate of Deposit	75,000	-	75,000	-
	<u>\$ 292,224</u>	<u>\$ 217,224</u>	<u>\$ 75,000</u>	<u>\$ -</u>

**NEW BRITAIN FEDERATION OF TEACHERS LOCAL 871
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS(CONT'D)

	6/30/2022	2022 Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Washington Mutual Investors Bond Fund - A	\$ 146,328	\$ 146,328	\$ -	\$ -
The Bond Fund of America - A Certificate of Deposit	52,193 75,000	52,193 75,000	- -	- -
	<u>\$ 273,521</u>	<u>\$ 273,521</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 5 – TAXES

All necessary federal, state, and local tax reports have been filed in a timely and accurate fashion. This includes any reports due to regulatory agencies.

NOTE 6 – DATE OF MANAGEMENT’S REVIEW

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of NBFT through April 4, 2024, the date which the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.