

**NEW BRITAIN FEDERATION OF TEACHERS  
LOCAL 871**

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

**FOR THE FISCAL YEARS ENDED  
JUNE 30, 2020 AND 2019**

**NEW BRITAIN FEDERATION OF TEACHERS LOCAL 871  
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FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

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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 Financial Statements**

We have audited the accompanying financial statements of New Britain Federation of Teachers, Local 871, which comprise the statement of financial position as of June 30, 2020 and 2019, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, 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 financial statements 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 financial statements.

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 financial statements referred to above present fairly, in all material respects, the financial position of New Britain Federation of Teachers, Local 871 as of June 30, 2020 and 2019, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 7 to the financial statements, the 2020 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

A handwritten signature in black ink that reads "Melitta Company". The signature is written in a cursive style with a vertical line separating the name from the company name.

Certified Public Accountants

Bristol, Connecticut  
April 27, 2021

**NEW BRITAIN FEDERATION OF TEACHERS LOCAL 871**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2020 AND 2019**

	2020	2019
<b>ASSETS</b>		
Current Assets:		
Cash - Checking	\$ 56,813	\$ 96,152
Certificate of Deposit	75,000	74,987
Investments	168,359	163,177
Dues Receivable	63,830	61,709
Accounts Receivable	-	-
Prepaid Expenses	-	-
Total Current Assets	364,002	396,025
Property and Equipment:		
Furniture and Equipment	6,647	6,647
Less: Accumulated Depreciation	(6,647)	(6,647)
Net Property and Equipment	-	-
Other Assets:		
Security Deposits	-	-
Total Assets	\$ 364,002	\$ 396,025
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts Payable & Accrued Expenses	\$ 55,995	\$ 85,891
Payroll Taxes Payable	663	2,443
Deferred Revenue	-	-
Total Current Liabilities	56,658	88,334
Net Assets:		
Net Assets without Donor Restrictions	307,344	307,691
Total Net Assets	307,344	307,691
Total Liabilities and Net Assets	\$ 364,002	\$ 396,025

*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, 2020 AND 2019**

**Change in Net Assets Without Donor Restrictions**

	<b>2020</b>	<b>2019</b>
<b>REVENUE</b>		
Dues and Agency Fees	\$ 633,665	\$ 611,101
AFT CT Local Assistance	17,333	13,333
Interest	169	77
Dividends	7,678	6,732
Realized Gain/(Loss)	-	-
Unrealized Gain/(Loss)	(2,497)	7,227
Miscellaneous Income	6,781	6,057
Total Revenue	<u>663,129</u>	<u>644,527</u>
<b>EXPENSES</b>		
Affiliation Dues:		
AFT	198,989	185,051
AFT CT	219,824	207,607
AFL-CIO	9,677	9,141
Local Labor Council	-	-
Union Membership Insurance	4,584	4,331
Fidelity Bonding	-	-
	<u>433,074</u>	<u>406,130</u>
Personnel Services:		
Officer & Staff Payroll	142,557	138,647
Payroll Tax	13,993	11,276
Fringe Benefits	4,401	3,994
Building Rep Stipends	16,500	18,800
	<u>177,451</u>	<u>172,717</u>
Membership Services:		
Negotiations & Grievances	-	3,604
Audit/Accounting	7,302	7,326
Printing & Postage	79	114
Training and Education	5,400	-
Good & Welfare	3,298	3,164
Social	4,157	9,556
Scholarships	-	3,000
	<u>20,236</u>	<u>26,764</u>
Union Governance:		
Conferences, Conventions & Meetings	4,866	15,508
	<u>4,866</u>	<u>15,508</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, 2020 AND 2019**

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<b>EXPENSES (CONT'D)</b>	<u>2020</u>	<u>2019</u>
Operating Expenses:		
Bank Service Charges	\$ 87	\$ 48
Equipment Leases	2,451	2,053
Miscellaneous	606	948
Office Expenses	13,049	5,985
Rent	10,200	10,200
Utilities	3,437	3,203
Insurance	-	-
Office Maintenance	549	327
Property Tax	78	250
	<u>30,457</u>	<u>23,014</u>
Other:		
Depreciation Expense	-	-
	<u>-</u>	<u>-</u>
Total Expenses	<u>666,084</u>	<u>644,133</u>
<b>Change in Net Assets</b>	(2,955)	394
<b>Net Assets – Beginning of Year</b>	307,691	307,297
<b>Prior Period Adjustment</b>	<u>2,608</u>	
<b>Net Assets – End of Year</b>	<u>\$ 307,344</u>	<u>\$ 307,691</u>

*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, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>Cash Flows from Operating Activities:</b>		
Change in Net Assets	\$ (2,955)	\$ 394
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Prior Period Adjustment	2,608	
Depreciation	-	-
Unrealized Gain/(Loss)	2,497	(7,227)
<b>Change in Operating Assets &amp; Liabilities</b>		
Increase in Prepaid Expenses	-	-
Increase in Accounts Receivable	-	-
Increase in Dues Receivable	(2,121)	1,623
Decrease in Payroll Taxes Payable	(1,780)	1,202
Increase in Accrued Expenses	(29,896)	34,890
Decrease in Deferred Revenue	-	-
	<u>(33,797)</u>	<u>37,715</u>
Net Cash Provided by Operating Activities	<u>(31,647)</u>	<u>30,882</u>
<b>Cash Flows from Investing Activities:</b>		
Purchase of Investments	(7,692)	(6,673)
Purchase of Property and Equipment	-	-
Net Cash Used by Investing Activities	<u>(7,692)</u>	<u>(6,673)</u>
Net Increase (Decrease) in Cash & Cash Equivalents	(39,339)	24,209
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>96,152</u>	<u>71,943</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 56,813</u>	<u>\$ 96,152</u>
Supplemental Disclosures of Cash Flow Information:		
Cash Paid During the Year for:		
Income Taxes	\$ -	\$ -
Interest	-	-
	<u>\$ -</u>	<u>\$ -</u>

*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, 2020 AND 2019**

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**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, 2020 and 2019.

**NEW BRITAIN FEDERATION OF TEACHERS LOCAL 871  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

**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.

	<b>2020</b>		
	Cost	Depreciation	Accumulated Depreciation
Furniture and Fixtures Equipment	\$ 6,647	\$ -	\$ 6,647
Total Property and Equipment	\$ 6,647	\$ -	\$ 6,647

  

	<b>2019</b>		
	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 and Agency Fees**

Dues and agency fees 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, 2020.

**NEW BRITAIN FEDERATION OF TEACHERS LOCAL 871  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

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**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.

**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	\$ 56,815
Certificate of Deposit	75,000
	\$ 131,815

NBFT has investment funds of \$168,359 and \$163,177 for the years ended June 30, 2020 and 2019, although NBFT does not intend to spend from this investment fund it could be made available for general expenditures.

**NOTE 3 – FUNCTIONAL EXPENSE**

	<b>Representation</b>	<b>General &amp; Administration</b>	<b>Total</b>
Affiliation Dues	\$ 433,074	\$ -	\$ 433,074
Personnel Services	141,333	36,118	177,451
Operations	24,188	6,269	30,457
Conferences, Conventions & Meetings	3,876	990	4,866
Membership Services	12,918	7,318	20,236
Arbitration, Negotiations & Legal	-	-	-
	\$ 615,389	\$ 50,695	\$ 666,084

**NEW BRITAIN FEDERATION OF TEACHERS LOCAL 871  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

**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, 2020 and 2019:

	2020			
	<u>Fair Value Measurements at Reporting Date Using</u>			
	<u>6/30/2020</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	\$ 111,033	\$ 111,033	\$ -	\$ -
The Bond Fund of America - A	57,326	57,326	-	-
12 Month Certificate of Deposit	75,000	75,000	-	-
	<u>\$ 243,359</u>	<u>\$ 243,359</u>	<u>\$ -</u>	<u>\$ -</u>

**NEW BRITAIN FEDERATION OF TEACHERS LOCAL 871  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

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

	2019			
	<u>Fair Value Measurements at Reporting Date Using</u>			
	6/30/2019	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	\$ 111,123	\$ 111,123	\$ -	\$ -
The Bond Fund of America - A	52,054	52,054	-	-
12 Month Certificate of Deposit	74,987	74,987	-	-
	<u>\$ 238,164</u>	<u>\$ 238,164</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTE 5 – COMMITMENTS**

**Minimum Annual Lease Payments**

NBFT has entered into two operating lease arrangements. NBFT leases office equipment as well as office space located at 238 South Main Street, New Britain, CT. The minimum annual lease payments are as follows:

2020	\$	12,009
2021		12,009
2022		-
2023		-
2024		-

**NOTE 6 – 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 7 – PRIOR PERIOD ADJUSTMENT**

A prior period adjustment in the amount of \$2,608 was recorded for a prior year liability that was not incurred.

**NEW BRITAIN FEDERATION OF TEACHERS LOCAL 871  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

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**NOTE 8 – CONCENTRATIONS, RISKS, UNCERTAINTIES**

In March 2020, COVID-19 was declared a global pandemic. It is currently affecting business continuity, including supply chains and consumer demand across a broad range of industries and countries. The pandemic has already severely impacted the global economy and will continue to, likely for months to come, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time.

**NOTE 9 – 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 27, 2021, 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.