

**NEW BRITAIN FEDERATION OF TEACHERS
LOCAL 871**

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

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2019 AND 2018**

**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 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, 2019 and 2018, 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, 2019 and 2018, 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 1 to the financial statements, in 2018 New Britain Federation of Teachers adopted new accounting guidance related to the presentation of financial statements for not-for-profit entities (ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*). Our opinion is not modified with respect to this matter.

Handwritten signature in black ink, appearing to read "Melissa 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
July 15, 2020

NEW BRITAIN FEDERATION OF TEACHERS LOCAL 871
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2019 AND 2018

	2019	2018
ASSETS		
Current Assets:		
Cash - Checking	\$ 96,152	\$ 71,943
Certificate of Deposit	74,987	75,000
Investments	163,177	149,264
Dues Receivable	61,709	63,332
Accounts Receivable	-	-
Prepaid Expenses	-	-
Total Current Assets	396,025	359,539
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	\$ 396,025	\$ 359,539
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable & Accrued Expenses	\$ 85,891	\$ 51,001
Payroll Taxes Payable	2,443	1,241
Deferred Revenue	-	-
Total Current Liabilities	88,334	52,242
Net Assets:		
Net Assets without Donor Restrictions	307,691	307,297
Total Net Assets	307,691	307,297
Total Liabilities and Net Assets	\$ 396,025	\$ 359,539

*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, 2019 AND 2018**

Change in Net Assets Without Donor Restrictions

	2019	2018
REVENUE		
Dues and Agency Fees	\$ 611,101	\$ 632,748
AFT CT Local Assistance	-	11,000
Interest	77	50
Dividends	6,732	7,773
Realized Gain/(Loss)	-	-
Unrealized Gain/(Loss)	7,227	3,973
Miscellaneous Income	19,390	16,929
Total Revenue	<u>644,527</u>	<u>672,473</u>
EXPENSES		
Affiliation Dues:		
AFT	185,051	187,779
AFT CT	207,607	207,722
AFL-CIO	9,141	8,312
Local Labor Council	-	-
Union Membership Insurance	4,331	4,466
Fidelity Bonding	-	-
	<u>406,130</u>	<u>408,279</u>
Personnel Services:		
Officer & Staff Payroll	138,647	137,890
Payroll Tax	11,276	13,311
Fringe Benefits	3,994	3,862
Building Rep Stipends	18,800	18,725
	<u>172,717</u>	<u>173,788</u>
Membership Services:		
Negotiations & Grievances	3,604	42,261
Audit/Accounting	7,326	7,311
Printing & Postage	114	299
Training and Education	-	-
Good & Welfare	3,164	4,026
Social	9,556	14,211
Scholarships	3,000	3,150
	<u>26,764</u>	<u>71,258</u>
Union Governance:		
Conferences, Conventions & Meetings	15,508	14,033
	<u>15,508</u>	<u>14,033</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, 2019 AND 2018**

EXPENSES (CONT'D)	<u>2019</u>	<u>2018</u>
Operating Expenses:		
Bank Service Charges	\$ 48	\$ 79
Equipment Leases	2,053	2,237
Miscellaneous	948	710
Office Expenses	5,985	4,506
Rent	10,200	10,200
Utilities	3,203	3,132
Insurance	-	-
Office Maintenance	327	319
Property Tax	250	229
	<u>23,014</u>	<u>21,412</u>
Other:		
Depreciation Expense	-	-
	<u>-</u>	<u>-</u>
Total Expenses	<u>644,133</u>	<u>688,770</u>
Change in Net Assets	394	(16,297)
Net Assets – Beginning of Year	<u>307,297</u>	<u>323,594</u>
Net Assets – End of Year	<u>\$ 307,691</u>	<u>\$ 307,297</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, 2019 AND 2018

	2019	2018
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 394	\$ (16,297)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	-	-
Net Investment Income	(13,900)	(11,746)
 Change in Operating Assets & Liabilities		
Increase in Prepaid Expenses	-	-
Increase in Accounts Receivable	-	4,000
Increase in Dues Receivable	1,623	(522)
Decrease in Payroll Taxes Payable	1,202	271
Increase in Accrued Expenses	34,890	597
Decrease in Deferred Revenue	-	-
	<u>37,715</u>	<u>4,346</u>
Net Cash Provided by Operating Activities	<u>24,209</u>	<u>(23,697)</u>
 Cash Flows from Investing Activities:		
Purchase of Investments	-	-
Purchase of Property and Equipment	-	-
Net Cash Used by Investing Activities	<u>-</u>	<u>-</u>
 Net Increase (Decrease) in Cash & Cash Equivalents	<u>24,209</u>	<u>(23,697)</u>
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>71,943</u>	<u>95,640</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 96,152</u>	<u>\$ 71,943</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, 2019 AND 2018**

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, 2019 and 2018.

**NEW BRITAIN FEDERATION OF TEACHERS LOCAL 871
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018**

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.

	2019		
	Cost	Depreciation	Accumulated Depreciation
Furniture and Fixtures Equipment	\$ 6,647	\$ -	\$ 6,647
Total Property and Equipment	\$ 6,647	\$ -	\$ 6,647

	2018		
	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, 2019.

**NEW BRITAIN FEDERATION OF TEACHERS LOCAL 871
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018**

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

New Accounting Pronouncements

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. NBFT has adjusted the presentation of these statements accordingly.

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

Cash - Checking	\$ 96,151
Certificate of Deposit	74,987
Investments	163,177
Dues Receivable	61,709
	<u>\$ 396,024</u>

NOTE 3 – FUNCTIONAL EXPENSE

	Representation	General & Administration	Total
Affiliation Dues	\$ 406,130	\$ -	\$ 406,130
Personnel Services	138,174	34,543	172,717
Operations	18,373	4,641	23,014
Conferences, Conventions & Meetings	12,406	3,102	15,508
Membership Services	15,811	7,349	23,160
Arbitration, Negotiations & Legal	3,604	-	3,604
	<u>\$ 594,498</u>	<u>\$ 49,635</u>	<u>\$ 644,133</u>

**NEW BRITAIN FEDERATION OF TEACHERS LOCAL 871
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018**

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, 2019 and 2018:

	2019			
	<u>Fair Value Measurements at Reporting Date Using</u>			
	<u>6/30/2019</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	\$ 111,123	\$ 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>

**NEW BRITAIN FEDERATION OF TEACHERS LOCAL 871
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018**

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

	2018			
	<u>Fair Value Measurements at Reporting Date Using</u>			
	6/30/2018	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	\$ 100,873	\$ 100,873	\$ -	\$ -
The Bond Fund of America - A	48,391	48,391	-	-
12 Month Certificate of Deposit	75,000	74,987	-	-
	<u>\$ 224,264</u>	<u>\$ 224,251</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:

2019	\$	12,009
2020		12,009
2021		-
2022		-

Rebatable Dues

Under certain conditions NBFT may be required to rebate a portion of member dues.

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 – 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 July 15, 2020, 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.

**NEW BRITAIN FEDERATION OF TEACHERS LOCAL 871
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018**

NOTE 7 – DATE OF MANAGEMENT’S REVIEW (CONT’D)

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. No adjustments have been made to these financial statements as a result of this uncertainty, and an estimate of the related future financial impact can't be made at this time.