



Annual Business Convention
May 18, 2019

Aqua Turf Club
Plantsville, Connecticut

FINANCE

AFT Connecticut Budget

What does this budget support?

- internal and external organizing
- development of professional issues programs
- leadership development activities
- bargaining, grievance and legal assistance support
- assistance with all aspects of communication
- program of conferences and workshops designed to meet the needs of our diverse constituent groups
- assistance with local financial management
- political action to retain, improve and pass laws which benefit our members and improve quality of life for all
- scholarship and grant program

How is the budget allocated?

- 67% Personnel
- 1% Communications
- 14% Services to Locals
- 6% Administration
- 9% Legal Services
- 2% Building
- 1% COPE

AFT Connecticut Dues History and Increases Per member/per month

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
\$19.63	\$19.63	\$20.13	\$20.63	\$21.13	\$21.63	\$21.63	\$21.63	\$21.63	\$21.63
+ 1.00	+ .00	+ .50	+ .50	+ .50	+ .50	.00	.00	.00	.00

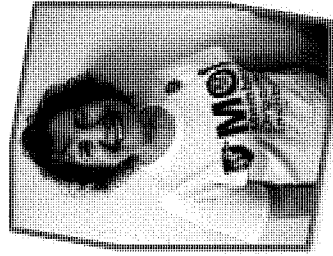
Opeiu153,afl-cio



"We can affect positive change in our workplace because of our rights to work together as a collective. As individual

members, we all have a role to play and a contribution to make. I'm proud to do my part toward keeping our union strong."

Lea Hendon
Hartford Fed. of Paraeducators



"The most important benefit of being a union member is the power we have to advocate for ourselves and our communities.

When we stick together and support each other, not only are we never alone; we have a better chance at achieving fairness and justice."

Jean Castagno
University Health Professionals

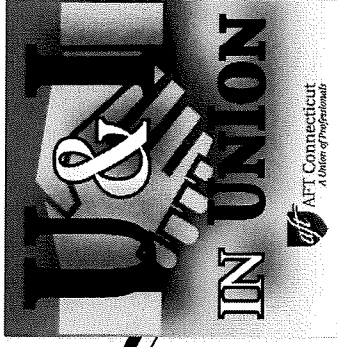
What Have Your Dues Done for You Lately?

Let's remember the tangible benefits that dues make possible:

- job security;
- regular pay raises;
- paid vacations;
- health insurance coverage;
- just cause protections &
- retirement security.

A single, union-negotiated raise of 50 cents an hour is worth more than \$1,000.00 a year in additional income.

Clearly the benefits gained by investing resources to build a strong union far outweigh the cost of dues.



Union Budgets:

Putting Your Dues to Work For You

AFT Connecticut
35 Marshall Road, Rocky Hill CT 06067
(860) 257-9782
aftct.org | facebook.com/aftct | @AFTCT

Transparency & Accountability in Budgeting

The democratic process for proposing and adopting the state federation's annual budget is proscribed in AFT Connecticut Constitution & Bylaws.

Members are appointed by the Executive Committee to serve on a standing Finance & Budget Committee. They are responsible for reviewing and making recommendations to be taken up by delegates to the annual AFT Connecticut Convention.

That assures decisions made regarding finances are made by elected representatives of our federation's more than 30,000 union members.

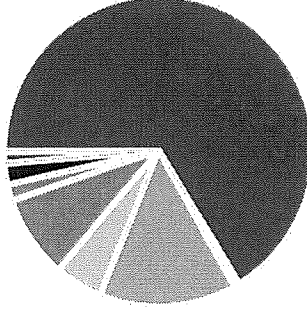
Holding the Line on Costs

Delegates to the AFT Connecticut Convention in 2016 voted to **maintain current dues rates** and did so again in 2017 and 2018. They were able to **ensure consistency and stability** in large part thanks to significant reductions in the state federation's operating costs — **nearly \$400,000.00 has been saved over the past three years.**

Breaking Down the the Numbers

This chart demonstrates **how members' dues will be invested** as part of AFT Connecticut's current biennial budget. Bear in mind that "personnel" are the **professional field reps, organizers and support staff**

who help carry out the duties of the state federation and assist affiliated local unions. Those range from **negotiating contracts, to representing members in worksite matters, to organizing more working people** into our movement.



- Personnel
- Administration
- Solidarity
- Capitalized Assets
- Communications
- Legal
- Scholarship
- Services to Locals & Members
- Building Services
- Political Education

Both the **Constitution & Bylaws** and the current annual budget are posted online at **aftct.org**. Affiliated local union members in good-standing are also welcome to make an appointment to review detailed financial records at the state federation headquarters in Rocky Hill. Send e-mail to **ActNetReply@aftct.org** to make arrangements.

AFT Connecticut Budget Process

September - March

- Budget Committee meets with Auditors to review previous years' Budgets and develop new Budget (volunteers from Executive Committee)
- Discussions with
 - Executive Committee
 - Delegate Assembly
 - Local Leaders

March

- Executive Committee votes recommendation

April

- Delegate Assembly votes recommendation (delegate assembly open to all members)

May

- AFT Connecticut Business Convention action on Budget and per capita (dues)

Post-Convention (July/August)

- Delegate Assembly votes on final budget if adjustments are needed

Budget Categories

Personnel Support

2 Full-time Officers
23 Part-time Officers
1 Chief of Staff
8 Field Representatives
2 Legislative Advocates

1 Director of Organizing
4 Organizers
1 Communications Coordinator
1 Professional Issues Coordinator
5 Support Staff/Videographer

Membership Services

Media Relations
Facebook & Twitter
Website - www.aftct.org

Pamphlets, Brochures
Publicity, Advertising & Public Relations
Weekly E-Newsletter - *Inside AFT CT*

Services to Locals

Local Mediation/Arbitration Support
Internal & External Organizing
Research

Local Assistance/CAP
Assistance to Other Unions
Workshops
Conferences including
Legislative Conference

Administration

Postage, Telephone, Supplies
Publications and Memberships
Computer, Equipment &
Equipment Maintenance
Insurance, Audit

Legislative Expenses
Seminars/Conferences
AFT Connecticut Meetings
Good and Welfare, Contributions
Convention

Legal Services

1 Attorney Firm on Retainer

Legislative Education Fund

All LPAC (Legislative Political Action Committee) activities

Evolving Needs

Support for strengthening internal and external/organizing capacity

Description	Projected 2015-2016	Actual 2015-2016	Projected 2016-2017	Actual 2016-2017	Projected 2017-2018	Actual 2017-2018	Projected 2018-2019	Projected 2019-2020
	based on 2013/2014 Avert Memb 29,133		based on 2014/2015 Avert Memb 29,033		based on 2015/2016 Avert Memb 27,477			based on June/July 2018 Avert Memb 27,285
REVENUE								
Per Capita	.50 cents		ZERO		ZERO		ZERO	ZERO
Rental	Dues Increase		Dues Increase		Dues Increase		Dues Increase	Dues Increase
Co-Org Formula Assistance from AFT	6,514,865	6,717,749	6,613,346	6,360,154	6,660,426	6,683,270	6,500,000	6,306,125
Revenue Sharing from AFT	49,007	49,824	51,650	50,407	51,650	52,107	51,650	51,650
Interest	56,160	52,560	51,840	51,840	51,840	62,640	51,840	51,840
Investment Income-Dividends (net of fees)	57,000	62,160	57,000	58,993	57,000	62,830	57,000	57,000
Other Income	15,000	6	-	10	-	431	-	-
COPE Voluntary Contributions	10,000	19,517	15,000	17,511	15,000	44,937	15,000	15,000
Solidarity Fund-Non payroll (to offset expense)	4,798	4,798	5,492	5,494	5,492	2,297	5,492	2,300
Solidarity Fund-Internal Organizer (to offset payroll expense)	140,000	85,795	155,000	42,001	155,000	94,394	155,000	155,000
Solidarity Fund-Legis Advocate #1 @ 50% (to offset payroll expense)	174,815	173,058	177,425	181,882	94,785	94,140	94,785	95,440
Solidarity Fund -Stuart Savelkoul - 25%					79,934	80,229	79,934	87,643
Solidarity Fund -Matt O'Connor - 25%							44,424	45,416
							48,515	50,885
AFT Grants								
Organizer Grant- Hermanson	53,571	53,571	53,571	0				
Organizer Grant- Borlaug				53,570	53,571	53,570	53,571	53,571
Organizer Grant - Vendredi				100,878	65,268	59,335	32,634	32,634
Statewide Retirees Grant								
Innovation Fund /Solution Driven Unionism Grant								
Scholarship Income	15,000	15,400	15,000	5,000	15,000	5,000	15,000	5,000
Convention Registration	500			15,100		14,100		15,000
Advertising Revenue								
Total Revenue	7,090,716	7,234,461	7,195,324	6,947,248	7,304,966	7,309,280	7,204,845	7,024,504

Description	Projected 2015-2016	Actual 2015-2016	Projected 2016-2017	Actual 2016-2017	Projected 2017-2018	Actual 2017-2018	Projected 2018-2019	Projected 2019-2020
EXPENDITURES								
A. Personnel								
Salaries	2,947,030	2,869,937	2,792,729	2,792,352	2,886,096	2,884,114	2,878,541	2,779,092
Fringe/Pension	1,348,487	1,075,207	1,385,286	1,039,018	1,290,239	1,002,028	1,191,310	1,175,349
Staff Business Expenses	121,800	112,569	119,383	104,658	110,200	108,424	110,200	104,400
Payroll Taxes	240,000	261,238	232,165	237,537	249,350	255,152	250,725	245,440
Auto Expense	271,800	256,281	268,467	246,400	261,800	259,287	261,800	248,000
Severance Pay	21,000	52,327	21,000	24,355	21,000	26,012	21,000	-
Temporary Services	1,000		1,000		1,000		1,000	1,000
Worker's Comp Ins.	20,000	24,659	23,000	21,312	23,000	16,589	23,000	23,000
Total Staff/Officers	4,971,116	4,652,218	4,843,029	4,465,633	4,842,685	4,551,606	4,737,576	4,576,280
B. Communications								
State of the Union Newsletter	40,000							
Calendar	5,000	14,125	12,000	10,880	12,000	9,469	12,000	12,000
Printing	10,000	18,443	43,000	8,493	45,000	17,876	30,000	30,000
Publicity								
Total Communications	55,000	32,568	55,000	19,373	57,000	27,345	42,000	42,000
C. Services to Locals								
Mediation/Arbitration	7,000		7,000	4,000	7,000	275	7,000	7,000
Collective Bargaining-Current Locals' Contract Negotiations	200	6,570	20,000	6,570	20,000		20,000	20,000
Organizing	75,000	113,228	75,000	99,081	95,000	104,232	105,000	105,000
Other Assistance	250,000	294,808	300,000	284,406	300,000	248,812	300,000	300,000
Research	1,000	18,398	1,000	200	1,000	64	1,000	1,000
Subsidies to Locals/Cap	580,000	581,392	580,000	555,306	580,000	542,892	580,000	580,000
Subsidy to Unions								
Total Services to Locals	913,200	1,007,826	963,000	949,564	1,003,000	896,275	1,013,000	1,013,000

Description	Projected 2015-2016	Actual 2015-2016	Projected 2016-2017	Actual 2016-2017	Projected 2017-2018	Actual 2017-2018	Projected 2018-2019	Projected 2019-2020
D. Administration								
Postage	35,000	11,089	35,000	6,625	20,000	13,455	12,000	15,000
Telephone and Internet	12,000	15,246	16,000	12,568	16,000	11,266	15,000	15,000
Supplies	26,000	22,598	26,000	21,172	26,000	24,536	22,000	25,654
Memberships & Publications	13,000	18,414	13,000	10,661	13,000	11,206	11,000	11,000
Equipment Rental/Lease	40,000	42,542	40,000	39,186	40,000	42,249	37,000	45,000
Audit	30,000	29,500	30,000	29,500	30,000	29,500	30,000	30,000
Consulting Services	2,000							
Equipment Purchase	15,000	14,951	36,500	17,888	18,000	14,183	18,000	18,000
Insurance-Building, Equipment, Liability & Fidelity Bond	12,000	11,778	12,000	10,181	12,000	11,161	12,000	12,000
Equipment & Computer Services & Maint	18,000	23,452	18,000	29,342	31,300	23,152	35,500	35,500
Misc.	2,500	9,980	11,000	15,222	11,000	8,564	11,000	11,000
Software					5,250	8,253	7,100	9,000
Convention	15,000	16,243	15,000	19,674	20,000	19,778	20,000	20,000
Legislative Expenses & Lobbyist Fees	800	730	800	750	800	390	800	800
Good and Welfare	7,500	1,435	7,500	2,547	3,000	2,179	3,000	3,000
Contributions	10,000	10,614	18,000	11,425	18,000	19,071	14,000	18,000
Seminars/Conferences	40,000	48,363	55,000	44,687	55,000	20,798	50,000	50,000
Meetings	60,000	51,599	60,000	59,382	60,000	57,852	60,000	60,000
Use Tax	500	457	500	797	500	253	500	500
Total Administration	339,300	328,991	394,300	331,606	379,850	317,846	358,900	379,454
E. Legal Services								
Defense Retainer	5,000	612,248	5,000	612,248	5,000	612,248	5,000	5,000
	594,995		594,995		612,248		612,248	612,248
Total Legal Services	599,995	612,248	599,995	612,248	617,248	612,248	617,248	617,248

Description	Projected 2015-2016	Actual 2015-2016	Projected 2016-2017	Actual 2016-2017	Projected 2017-2018	Actual 2017-2018	Projected 2018-2019	Projected 2019-2020
F. Building Expense								
Utilities	30,000	32,564	30,000	29,670	30,000	41,035	30,000	40,000
Building/Grounds Routine Maint & Repairs	50,000	61,150	50,000	71,433	60,000	62,247	60,000	65,000
Repairs (combined with Bldg Maint)								
Taxes-Property	35,000	28,800	35,000	30,286	35,000	30,755	31,000	33,000
Total Building Services	115,000	122,514	115,000	131,390	125,000	134,037	121,000	138,000
G. Other								
Solidarity Fund Expense	100,000	85,795	140,000	42,001	155,000	94,393	155,000	155,000
Solidarity Fund Income-(recorded in Other Income)								
H. Scholarship Fund-Expense	5,000	5,000	5,000	5,000	5,000	7,000	5,000	5,000
Scholarship Fund-Contributions								
I. Legislative Educ. Fund / LPAC / COPE	80,000	56,495	80,000	70,850	80,000	68,980	80,000	80,000
Innovation Fund/Solution Driven Unionism Expenses		18,265						
J. Capitalized Assets								
Technology					12,100	15,479	12,100	15,000
Building & Grounds								
Total Expenditures	7,178,611	6,903,655	7,195,324	6,627,665	7,276,883	6,725,209	7,141,824	7,020,982
Excess Revenue Over(Under) Expenditures	(87,895)	330,806	(0)	319,584	28,083	584,071	63,021	3,521

AFT CONNECTICUT
FINANCIAL STATEMENTS
AND
REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS
FOR THE FISCAL YEARS ENDED
JUNE 30, 2018 AND 2017

**AFT CONNECTICUT
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Independent Auditor's Report

Executive Board
AFT Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of AFT Connecticut, which comprise the statement of financial position as of June 30, 2018 and 2017 and the related statement of activities and cash flow 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 audits. We conducted our audits 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.

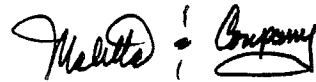
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AFT Connecticut as of June 30, 2018 and 2017, 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.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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
December 5, 2018

**AFT CONNECTICUT
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2018 AND 2017**

	2018	2017
ASSETS		
Current Assets:		
Cash – Operating Accounts	\$ 2,037,647	\$ 1,685,935
Cash – Money Market Account	76,336	41,579
Marketable Securities	1,834,452	1,777,990
Per Capita Taxes Receivable	1,077,733	908,256
Accounts Receivable	129,104	159,011
Prepaid Expenses	-	4,388
Total Current Assets	<u>5,155,272</u>	<u>4,577,159</u>
Property, Plant, & Equipment	1,401,768	1,397,455
Accumulated Depreciation	<u>(811,429)</u>	<u>(783,433)</u>
Net Property, Plant, & Equipment	<u>590,339</u>	<u>614,022</u>
Other Assets:		
Due from (to) Other Funds	-	-
Total Other Assets	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 5,745,611</u>	<u>5,191,181</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable & Accrued Expenses	\$ 216,572	\$ 331,796
Accrued Annual Leave	447,137	422,473
Accrued Wages	-	-
Deferred Revenue	637,903	599,577
Payroll Taxes Payable	869	446
Total Current Liabilities	<u>1,302,481</u>	<u>1,354,292</u>
Net Assets		
Unrestricted	4,443,130	3,836,890
Temporarily Restricted	-	-
Permanently Restricted	-	-
Total Net Assets	<u>4,443,130</u>	<u>3,836,890</u>
Total Liabilities and Net Assets	<u>\$ 5,745,611</u>	<u>\$ 5,191,182</u>

*The accompanying notes are an integral
part of the financial statements.*

**AFT CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
Revenue:		
Per Capita Tax Income	\$ 6,683,270	\$ 6,360,154
Co-Organization	62,640	51,840
Revenue Sharing	62,830	58,993
AFT Grants	112,905	154,448
Interest Income	431	10
Investment Income	44,937	17,511
Rental Income	52,107	50,407
Convention Registration	14,100	15,100
Advertising	-	-
Miscellaneous Income	276,060	238,786
Realized Gain/(Loss)	21,390	138,984
Unrealized Gain/(Loss)	24,462	2,061
Total Revenue	<u>7,355,132</u>	<u>7,088,294</u>
Expenses:		
Staff/Officers	\$ 4,535,027	4,444,321
Membership Services	27,345	19,374
Services to Locals	990,668	991,565
Administration	449,567	467,831
Legal Services	612,248	612,248
Building Expense	134,037	131,389
Total Expenses	<u>6,748,892</u>	<u>6,666,728</u>
Change in Net Assets	606,240	421,566
Net Assets - Beginning of Year	<u>3,836,890</u>	<u>3,415,324</u>
Net Assets- End of Year	<u>\$ 4,443,130</u>	<u>\$ 3,836,890</u>

*The accompanying notes are an integral
part of the financial statements.*

**AFT CONNECTICUT
STATEMENT OF CASH FLOW
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 606,240	\$ 421,566
Adjustments to Reconcile Change in Net Assets to Net Cash Used for Operating Activities:		
Depreciation Expense	39,162	39,064
Unrealized Loss (Gain) on Marketable Securities	(24,462)	(2,061)
Change in Operating Assets and Liabilities:		
<i>Add/(Deduct):</i>		
Decrease/(Increase) Per Capita Taxes Receivable	(169,477)	33,093
Decrease/(Increase) Accounts Receivable	29,907	(119,819)
Decrease/(Increase) Prepaid Expenses	4,388	(4,388)
Increase/(Decrease) Accounts Payable	(115,224)	124,829
Increase/(Decrease) Accrued Annual Leave	24,664	4,407
Increase/(Decrease) Accrued Wages	-	-
Increase/(Decrease) Deferred Revenue	38,326	63,317
Increase/(Decrease) Payroll Taxes Payable	423	195
Net Cash From Operating Activities	<u>433,947</u>	<u>560,203</u>
 Cash Flows from Investing Activities:		
Purchases of Property & Equipment	(15,479)	(4,621)
Purchase/Sale of Marketable Securities	(31,910)	(168,568)
Net Cash Used by Investing Activities	<u>(47,389)</u>	<u>(173,189)</u>
Net Decrease in Cash and Cash Equivalents	386,558	387,014
Cash and Cash Equivalents		
Beginning of Year	<u>1,727,425</u>	<u>1,340,411</u>
Cash and Cash Equivalents		
End of Year	<u>\$ 2,113,983</u>	<u>\$ 1,727,425</u>

Supplemental Cash Flow Disclosures – See Note 7

The accompanying notes are an integral part of the financial statements.

**AFT CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of AFT Connecticut is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, who are 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

AFT Connecticut is a nonprofit labor organization affiliated with the American Federation of Teachers, AFL-CIO. It engages in various activities including political education; legislative action; education and community service programs; improvement of working conditions; and advancement of the social and economic well-being of union members, and assists in organizing and collective bargaining.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of 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 AFT Connecticut and changes therein are classified and reported as follows:

Unrestricted net assets are not subject to donor-imposed stipulations or the restrictions have expired. These assets may be designated for specific purposes by action of AFT Connecticut Officers and Board of Directors.

Temporarily restricted net assets are subject to donor-imposed stipulations that can be fulfilled by actions of AFT Connecticut or that expire by the passage of time.

Permanently restricted net assets contain donor-imposed restrictions that stipulate the resources be maintained permanently, but permit AFT Connecticut to use or expend part or all of the income derived from the related investments for general or specific purposes.

Revenues, including promises to give, are reported as increases in unrestricted net assets unless use of the related asset is limited by donor or grantor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decrease in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (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. As of June 30, 2018 and 2017, all assets of AFT Connecticut were unrestricted.

**AFT CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

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

Use of Estimates

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

Property and Equipment

AFT Connecticut follows the practice of capitalizing, at cost, all expenditures for property and equipment in excess of \$2,500. Depreciation is computed using the straight-line method. When assets are retired or disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized. Depreciation expense was computed for the fiscal years ended as follows:

		<u>2018</u>		
	Life	<u>Cost</u>	<u>Depreciation</u>	<u>Accumulated Depreciation</u>
Land		\$ 167,000	\$ -	\$ -
Building	50 years	600,000	12,000	308,000
Building Improvements	15 years	363,391	18,236	256,354
Computers & Equipment	5 years	159,210	3,792	140,741
Furniture & Fixtures	7-10 years	56,870	247	53,590
Software	10 years	55,297	4,887	52,744
Totals		<u>\$ 1,401,768</u>	<u>\$ 39,162</u>	<u>\$ 811,429</u>

		<u>2017</u>		
	Life	<u>Cost</u>	<u>Depreciation</u>	<u>Accumulated Depreciation</u>
Land		\$ 167,000	\$ -	\$ -
Building	50 years	600,000	12,000	296,000
Building Improvements	15 years	363,391	19,708	238,118
Computers & Equipment	5 years	155,201	2,105	148,115
Furniture & Fixtures	7-10 years	56,870	1,530	53,343
Software	10 years	54,993	3,721	47,857
Totals		<u>\$ 1,397,455</u>	<u>\$ 39,064</u>	<u>\$ 783,433</u>

Income Tax

The AFT Connecticut is exempt from federal income tax under Section 501(c)(5) of the Internal Revenue Code.

Cash and Cash Equivalents

AFT Connecticut'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, AFT Connecticut 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, 2018 and 2017.

**AFT CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

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

Investments

AFT Connecticut 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.

Accrued Annual Leave

Accrued annual leave represents sick and vacation time earned by employees at June 30, 2018 and 2017. Vacation days accrue and carry forward based on collective bargaining agreements with field and office staff. Officers and non-collective bargaining employees accrue and carry forward vacation days based on board adopted policies and number of years of service. The liability for accrued annual leave as of June 30, 2018 was \$447,137 and as of June 30, 2017 was \$422,472.

Advertising

AFT Connecticut expenses the costs of advertising at the time the advertising takes place.

Per Capita Taxes

Per capita taxes are recorded on a basis of amounts paid by affiliated local unions based on their reported memberships. Members paid per month for a full membership as follows:

	<u>9/01/15 thru 8/31/16</u>	<u>9/01/16 thru 8/31/17</u>	<u>9/01/17 thru 8/31/18</u>
Full Membership	\$ 21.63	\$ 21.63	\$ 21.63

NOTE 2 – INVESTMENTS

AFT Connecticut maintains investments in Mutual Funds.

The marketable securities for the fiscal years ended June 30, 2018 and June 30, 2017 were as follows:

	<u>2018</u>	
	<u>Cost</u>	<u>Fair Value</u>
Mutual Funds	<u>\$ 1,728,980</u>	<u>\$ 1,834,452</u>
	<u>\$ 1,728,980</u>	<u>\$ 1,834,452</u>
	<u>2017</u>	
	<u>Cost</u>	<u>Fair Value</u>
Mutual Funds	<u>\$ 1,696,980</u>	<u>\$ 1,777,990</u>
	<u>\$ 1,696,980</u>	<u>\$ 1,777,990</u>

**AFT CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

NOTE 3 – 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 AFT Connecticut 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 table sets forth by level, within the fair value hierarchy, AFT Connecticut's assets at fair value as of June 30, 2018.

		<u>Fair Value Measurements at Reporting Date Using</u>		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		<u>6/30/2018</u>		
Mutual Funds	<u>\$ 1,834,452</u>	<u>\$ 1,834,452</u>	\$ -	\$ -
Total	<u>\$ 1,834,452</u>	<u>\$ 1,834,452</u>	\$ -	\$ -

**AFT CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

NOTE 4 – PENSION PLANS

The AFT Connecticut participates in two pension plans for its employees. The Staff Union of Connecticut Participants has a money purchase pension plan. This is an individual contract plan named Staff Union of Connecticut Pension Plan. Vesting in the plan is 100% and an employee is eligible for participation immediately upon hire. Contributions are based on 12% of salary and were \$267,597 for the fiscal year ended June 30, 2018 and \$257,770 for the fiscal year ended June 30, 2017.

AFT Connecticut maintains pension plans for its officers, non-collective bargaining agreement employees, and OPEIU bargaining unit employees. These are individual contract plans with 100% vesting for which an employee is eligible immediately upon hire. Contributions for officers and non-collective bargaining agreement employees are based on 12% of salary and were \$105,337 for the fiscal year ended June 30, 2018 and \$103,679 for the fiscal year ended June 30, 2017. Employees of the OPEIU bargaining unit contributions are based on 11% of the employee's annual salary. The amount contributed to the plan for the fiscal year ended June 30, 2018 was \$40,234 and \$40,054 for the fiscal year ended June 30, 2017.

NOTE 5 – FLEXIBLE SPENDING ARRANGEMENT

The AFT Connecticut participates in a Flexible Spending Arrangement (FSA) under IRS Code Section 125 for its employees. The FSA allows AFT Connecticut employees to pay for medical costs or dependent care expenses on a tax-free basis. All AFT Connecticut employees are eligible to participate in the FSA.

NOTE 6 – LEASE

AFT Connecticut leases its various office equipment and office space. The minimum annual lease payments are as follows:

2017	\$	31,534
2018		31,533
2019		31,512
2020		31,512
2021		16,802

NOTE 7 – SUPPLEMENTAL DISCLOSURES FOR STATEMENT OF CASH FLOWS

No cash was paid for income taxes or interest for both fiscal years 2018 and 2017.

NOTE 8 – 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 AFT Connecticut through December 5, 2018, 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.

**AFT CONNECTICUT
SCHEDULE OF EXPENSES
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
Staff/Officers:		
Salaries	\$ 2,884,114	\$ 2,792,352
Fringe Benefits	1,002,028	1,039,018
Staff Business Expenses	108,424	104,658
Payroll Taxes	255,152	237,537
Auto Expense	259,297	246,401
Severance Pay	26,012	24,355
Total Staff/Officers	<u>4,535,027</u>	<u>4,444,321</u>
Membership Services:		
State of the Union	-	-
Printing	9,469	10,881
Publicity	17,876	8,493
Total Membership Services	<u>27,345</u>	<u>19,374</u>
Services to Locals:		
Mediation/Arbitration	275	4,000
Organizing	104,232	99,081
Other Assistance	343,205	332,978
Research	64	200
Subsidy to Locals/CAP	542,892	555,306
Total Services to Locals	<u>990,668</u>	<u>991,565</u>
Administration:		
Audit	29,500	29,500
Computer Services	23,152	29,342
Contributions	19,071	11,425
Convention	19,778	19,673
Depreciation Expense	39,162	39,064
Equipment Rental	42,249	39,186
Equipment Maintenance	8,253	-
Equipment	14,183	17,888
Good & Welfare	2,179	2,547
Scholarship	7,000	5,000
Insurance	27,750	31,493
Legislative Expense	69,370	71,600
Meetings	57,852	59,382
Memberships & Publications	11,206	10,661
Miscellaneous	8,554	15,222
Office Supplies	24,536	21,169

**AFT CONNECTICUT
SCHEDULE OF EXPENSES
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
Administration (Cont'd)		
Use Tax	\$ 253	\$ 797
Postage	13,455	6,625
Seminars & Conferences	20,798	44,689
Telephone	11,266	12,568
Total Administration	<u>449,567</u>	<u>467,831</u>
Legal Services:		
Retainer	<u>612,248</u>	<u>612,248</u>
Total Legal Services	<u>612,248</u>	<u>612,248</u>
Building Expense:		
Utilities	41,035	29,670
Property Taxes	30,755	30,286
Repairs & Maintenance	62,247	71,433
Total Building Expense	<u>134,037</u>	<u>131,389</u>
Total Expenses	<u>\$ 6,748,892</u>	<u>\$ 6,666,728</u>