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PAST • PRESENT • FUTURE

Annual Business Convention

May 16, 2015

Aqua Turf Club
Plantsville, Connecticut

FINANCE

TREASURER'S REPORT
MONTH OF MARCH 2015
FOR PERIOD JULY 1, 2014 to DATE
75% OF YEAR

**** includes FYE 6/30/14 Accruals and Adjustments

	BUDGETED	MONTHLY	TO DATE	% TO DATE	REMAINING BALANCE
REVENUE					
40000 Per Capita	\$6,368,036.00	\$526,885.35	\$3,370,337.39	52.93%	2,997,698.61
40100 Co-org	56,160.00	4,680.00	37,440.00	66.67%	18,720.00
40200 Revenue Sharing	57,000.00	14,956.67	27,197.24	47.71%	29,802.76
40300 Interest Income	15,000.00				15,000.00
Investment Income-Dividends	10,000.00				10,000.00
40400 Other Income	366,110.00		174,189.15	47.58%	191,920.85
40500 Convention Registration	15,000.00				15,000.00
40600 Advertising Revenue	500.00				500.00
40800 Rental	47,380.00	3,799.33	34,193.97	72.17%	13,186.03
TOTAL	\$6,935,186.00	\$550,321.35	\$3,643,357.75	52.53%	\$3,291,828.25
EXPENDITURES					
A.					
50000 Salaries	2,821,949.00	235,983.55	2,131,515.32	75.53%	690,433.68
50100 Fringe Benefits	1,272,785.00	73,174.79	789,731.70	62.05%	483,053.30
50200 Staff Business Expenses	121,800.00	10,149.93	91,349.37	75.00%	30,450.63
50300 Employer Payroll Taxes	235,000.00	20,566.20	176,716.60	75.20%	58,283.40
50400 Auto Expense	271,800.00	20,732.89	193,774.04	71.29%	78,025.96
50500 Severance Pay	21,000.00				21,000.00
50560 Temporary Services	1,000.00				1,000.00
50600 Workers Comp Insurance	19,000.00	1,671.97	18,811.03	99.01%	188.97
TOTAL	\$4,764,334.00	\$362,279.33	\$3,401,898.06	71.40%	\$1,362,435.94
B. COMMUNICATIONS					
51000 State of the Union Newsletter	40,000.00	420.00	18,719.43	46.80%	21,280.57
51100 Printing	5,000.00	531.02	1,681.74	33.63%	3,318.26
51200 Calendar					
51300 Publicity	10,000.00	840.78	34,964.10	349.64%	(24,964.10)
TOTAL	\$55,000.00	\$1,791.80	\$55,365.27	100.66%	(\$365.27)
C. SERVICES TO LOCALS					
52000 Mediation/Arbitration	7,000.00		6,556.55	93.67%	443.45
52100 Collective Bargaining	200.00				200.00
52200 Organizing	75,000.00	(43,534.50)	67,410.27	89.88%	7,589.73
52300 Other Assistance	250,000.00	7,654.83	146,369.81	58.55%	103,630.19
52400 Research	1,000.00	18.00	148.00	14.80%	852.00
52500 Subsidy to Unions (Non-affiliated)					
52600 Subsidy to Locals/CAP	580,000.00	68,722.31	294,867.40	50.84%	285,132.60
TOTAL	\$913,200.00	\$32,860.64	\$515,352.03	56.43%	\$397,847.97

	BUDGETED	MONTHLY	TO DATE	% TO DATE	REMAINING BALANCE
ADMINISTRATION					
53000 Postage	35,000.00	1,500.00	25,299.05	72.28%	9,700.95
53100 Telephone and Internet	12,000.00	324.62	10,852.06	90.43%	1,147.94
53200 Supplies	26,000.00	1,835.66	17,274.19	66.44%	8,725.81
53400 Publications & Memberships	13,000.00	6,688.91	8,865.06	68.19%	4,134.94
53500 Equipment Rental/Lease	40,000.00	2,832.10	34,595.93	86.49%	5,404.07
53600 Audit	30,000.00		22,500.00	75.00%	7,500.00
53700 Consulting Services	2,000.00				2,000.00
53800 Equipment Purchase	15,000.00	342.97	3,961.22	26.41%	11,038.78
53900 Insurance-Building,Equip,Liability and Fidelity Bond	11,000.00	799.56	9,440.44	85.82%	1,559.56
54000 Computer and Equip Services and Maint	18,000.00	1,613.96	20,619.78	114.55%	(2,619.78)
54100 Misc	2,500.00		(47.89)	-1.92%	2,547.89
54300 Convention-Annual AFTCT	15,000.00		500.00	3.33%	14,500.00
54400 Legislative Expenses	800.00		930.00	116.25%	(130.00)
54500 Good & Welfare	7,500.00	250.00	2,094.58	27.93%	5,405.42
54600 Contributions	10,000.00	2,300.00	24,621.39	246.21%	(14,621.39)
55000 Seminars/Conferences	40,000.00	1,408.73	50,556.19	126.39%	(10,556.19)
56000 Meetings	60,000.00	8,289.22	60,875.58	101.46%	(875.58)
54800 Use Tax	500.00		634.00	126.80%	(134.00)
TOTAL	\$338,300.00	\$28,185.73	\$293,571.58	86.78%	\$44,728.42
LEGAL SERVICES					
57000 Defense	5,000.00				5,000.00
57100 Retainer	574,874.00	49,295.33	443,657.97	77.17%	131,216.03
TOTAL	\$579,874.00	\$49,295.33	\$443,657.97	76.51%	\$136,216.03
BUILDING					
58000 Utilities	30,000.00	3,078.10	19,312.64	64.38%	10,687.36
58100 Building/Grounds Maint/Repairs	50,000.00	6,485.58	42,183.01	84.37%	7,816.99
58200 Capital Improvements					
58400 Taxes-Real Estate and Personal Property	33,000.00		29,064.35	88.07%	3,935.65
TOTAL	\$113,000.00	\$9,563.68	\$90,560.00	80.14%	\$22,440.00
DEFENSE FUND					
SCHOLARSHIP FUND EXPENSE	5,000.00				5,000.00
SCHOLARSHIP INCOME					
LPAC/COPE	80,000.00		70,000.00	87.50%	10,000.00
SOLIDARITY FUND EXPENSE	100,000.00		13,000.00	13.00%	
SOLIDARITY FUND INCOME-Recorded in Other Income					
TOTAL EXPENDITURES	\$6,948,709.00	\$483,976.51	\$4,883,404.91	70.28%	\$2,065,304.09
EXCESS REVENUE OVER (UNDER) EXPENDITURES	(\$13,523.00)	\$66,344.84	(\$1,240,047.16)		
AFT INNOVATION GRANT EXPENSE					
AFT INNOVATION GRANT		3,885.00	4,276.06		
			26,464.00		

AFT CONNECTICUT
FINANCIAL STATEMENTS
AND
REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS
FOR THE FISCAL YEARS ENDED
JUNE 30, 2014 AND 2013

AFT CONNECTICUT
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CERTIFIED PUBLIC ACCOUNTANTS

43 Enterprise Drive • Bristol, CT 06010-3990 • 860/582-6715 • Fax 860/585-6339

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 statements of financial position as of June 30, 2014, 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 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, 2014, 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.

Report on Summarized Comparative Information

We have previously audited the AFT Connecticut's June 30, 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 29, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink, appearing to read "Maletta & Company", with a stylized flourish at the end.

Maletta & Company
Certified Public Accountants

Bristol, Connecticut
October 22, 2014

**AFT CONNECTICUT
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2014 AND 2013**

	2014		2013	
	GENERAL FUND	SCHOLARSHIP FUND	GENERAL FUND	SCHOLARSHIP FUND
ASSETS				
Current Assets:				
Cash – Operating Accounts	\$ 996,078	\$ -	\$ 1,251,433	\$ -
Cash – Money Market Account	21,961	-	34,006	-
Certificates of Deposit	-	-	-	-
Marketable Securities	1,779,977	-	1,509,014	-
Per Capita Taxes Receivable	800,825	-	852,214	-
Accounts Receivable	183,821	-	97,968	-
Accrued Interest Receivable	-	-	-	-
Prepaid Expenses	-	-	-	-
Total Current Assets	<u>3,782,662</u>	<u>-</u>	<u>3,744,635</u>	<u>-</u>
Property, Plant, & Equipment	1,417,994	-	1,390,990	-
Accumulated Depreciation	(679,880)	-	(630,117)	-
Net Property, Plant, & Equipment	<u>738,114</u>	<u>-</u>	<u>760,873</u>	<u>-</u>
Other Assets:				
Due from (to) Other Funds	4,578	(4,578)	(172)	172
Total Other Assets	<u>4,578</u>	<u>(4,578)</u>	<u>(172)</u>	<u>172</u>
Total Assets	<u>\$ 4,525,354</u>	<u>\$ (4,578)</u>	<u>\$ 4,505,336</u>	<u>\$ 172</u>
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts Payable & Accrued Expenses	\$ 197,634	\$ -	\$ 174,713	\$ -
Accrued Annual Leave	453,182	-	418,969	-
Due to AFT	10,000	-	130,000	-
Accrued Wages	0	-	-	-
Deferred Revenue	442,443	-	474,079	-
Payroll Taxes Payable	447	-	1,500	-
Total Current Liabilities	<u>1,103,706</u>	<u>-</u>	<u>1,199,261</u>	<u>-</u>
Net Assets				
Unrestricted	3,421,648	(4,578)	3,306,075	172
Temporarily Restricted	-	-	-	-
Permanently Restricted	-	-	-	-
Total Net Assets	<u>3,421,648</u>	<u>(4,578)</u>	<u>3,306,075</u>	<u>172</u>
Total Liabilities and Net Assets	<u>\$ 4,525,354</u>	<u>\$ (4,578)</u>	<u>\$ 4,505,336</u>	<u>\$ 172</u>

The accompanying notes are an integral
Part of these financial statements.

**AFT CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

	2014		2013	
	GENERAL FUND	SCHOLARSHIP FUND	GENERAL FUND	SCHOLARSHIP FUND
		TOTAL		TOTAL
Revenue:				
Per Capita Taxes	\$ 6,153,893	\$ 6,153,893	\$ 6,082,261	\$ 6,082,261
Co-Organization	55,440	55,440	52,560	52,560
Revenue Sharing	61,972	61,972	59,467	59,467
AFT Grants	53,571	53,571	53,571	53,571
Interest Income	16	16	73	73
Investment Income	17,309	17,309	13,108	13,108
Rental Income	46,175	46,175	47,576	47,576
Convention Registration	18,945	18,945	14,960	14,960
Advertising	-	-	-	-
Miscellaneous Income	317,700	317,950	320,726	320,726
Realized Gain/(Loss)	60,217	60,217	92,417	92,417
Unrealized Gain/(Loss)	181,375	181,375	10,768	10,768
Total Revenue	<u>6,966,613</u>	<u>6,966,863</u>	<u>6,747,487</u>	<u>6,747,487</u>
Expenses:				
Staff/Officers	4,511,125	4,511,125	4,311,034	4,311,034
Membership Services	74,402	74,402	114,599	114,599
Services to Locals	1,032,359	1,032,359	1,002,677	1,002,677
Administration	537,727	537,727	556,223	556,223
Legal Services	579,674	579,674	562,999	562,999
Building Expense	115,753	115,753	107,615	107,615
Scholarship Expense	-	5,000	-	4,000
Total Expenses	<u>6,851,040</u>	<u>6,856,040</u>	<u>6,655,147</u>	<u>6,659,147</u>
Change in Net Assets	115,573	110,823	92,340	88,340
Net Assets - Beginning of Year	3,306,075	3,306,247	3,213,735	3,217,907
Prior Period Adjustment	-	-	-	-
Net Assets- End of Year	<u>\$ 3,421,648</u>	<u>\$ 3,417,070</u>	<u>\$ 3,306,075</u>	<u>\$ 3,306,247</u>

*The accompanying notes are an integral
Part of these financial statements.*

AFT CONNECTICUT
STATEMENT OF CASH FLOWS
FOR THE FISCALS YEAR ENDED JUNE 30, 2014 AND 2013

	2014			2013		
	GENERAL FUND	SCHOLARSHIP FUND	TOTAL	GENERAL FUND	SCHOLARSHIP FUND	TOTAL
Cash Flows from Operating Activities:						
Change in Net Assets	\$ 115,573	\$ (4,750)	\$ 110,823	\$ 92,340	\$ (4,000)	\$ 88,340
Adjustments to Reconcile Change in Net Assets to Net Cash Used for Operating Activities:						
Depreciation Expense	49,763		49,763	50,600		50,600
Unrealized Loss (Gain) on Marketable Securities	(181,375)		(181,375)	(10,768)		(10,768)
Prior Period Adjustment	-		-	-		-
Change in Operating Assets and Liabilities:						
Add/(Deduct):						
Decrease/(Increase) Per Capita Taxes Receivable	51,389		51,389	(13,928)		(13,928)
Decrease/(Increase) Accounts Receivable	(85,853)		(85,853)	11,939		11,939
Decrease/(Increase) Prepaid Expenses	-		-	-		-
Increase/(Decrease) Accounts Payable	22,921		22,921	17,193		17,193
Increase/(Decrease) Accrued Annual Leave	34,213		34,213	(1,631)		(1,631)
Increase/(Decrease) Due to AFT	(120,000)		(120,000)	(70,000)		(70,000)
Increase/(Decrease) Accrued Wages	-		-	-		-
Increase/(Decrease) Deferred Revenue	(31,636)		(31,636)	(97,326)		(97,326)
Increase/(Decrease) Payroll Taxes Payable	(1,053)		(1,053)	487		487
Net Cash From Operating Activities	\$ (146,058)	\$ (4,750)	\$ (150,808)	\$ (21,094)	\$ (4,000)	\$ (25,094)

*The accompanying notes are an integral
Part of these financial statements.*

**AFT CONNECTICUT
STATEMENT OF CASH FLOWS (CONT'D)
FOR THE FISCALS YEAR ENDED JUNE 30, 2014 AND 2013**

	2014		2013	
	GENERAL FUND	SCHOLARSHIP FUND	GENERAL FUND	SCHOLARSHIP FUND
	TOTAL		TOTAL	
Cash Flows from Investing Activities:				
Purchases of Property & Equipment	\$ (27,004)	\$ -	\$ (27,004)	\$ -
Purchase/Sale of Marketable Securities	(89,588)	-	(89,588)	-
Net Cash Used by Investing Activities	(116,592)	-	(116,592)	-
Net Decrease in Cash and Cash Equivalents	(262,650)	(4,750)	(267,400)	(4,000)
Cash and Cash Equivalents				
Beginning of Year	1,295,553	(10,114)	1,285,439	(6,114)
Cash and Cash Equivalents				
End of Year	\$ 1,032,903	\$ (14,864)	\$ 1,018,039	\$ (10,114)

Supplemental Cash Flow Disclosures – See Note 7

*The accompanying notes are an integral
Part of these financial statements.*

**AFT CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

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, 2014 and 2013, all assets of AFT Connecticut were unrestricted.

AFT CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013

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. Addition of assets for the year ended June 30, 2014, was \$27,004. Depreciation expense was computed for the fiscal years ended as follows:

		<u>2014</u>		
	Life	<u>Cost</u>	<u>Depreciation</u>	<u>Accumulated Depreciation</u>
Land		\$ 167,000	\$ -	\$ -
Building	50 years	600,000	12,000	260,000
Building Improvements	15 years	369,778	19,967	182,780
Computers & Equipment	5 years	169,353	12,671	152,033
Furniture & Fixtures	7-10 years	56,870	1,855	47,207
Software	10 years	54,993	3,270	37,860
Totals		<u>\$ 1,417,994</u>	<u>\$ 49,763</u>	<u>\$ 679,880</u>

		<u>2013</u>		
	Life	<u>Cost</u>	<u>Depreciation</u>	<u>Accumulated Depreciation</u>
Land		\$ 167,000	\$ -	\$ -
Building	50 years	600,000	12,000	248,000
Building Improvements	15 years	351,518	19,207	162,813
Computers & Equipment	5 years	169,353	15,225	139,362
Furniture & Fixtures	7-10 years	56,870	1,667	45,352
Software	10 years	46,249	2,501	34,590
Totals		<u>\$ 1,390,990</u>	<u>\$ 50,600</u>	<u>\$ 630,117</u>

Income Tax

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

**AFT CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, AFT Connecticut considers all highly liquid monetary instruments purchased with a maturity of three months or less to be cash equivalents. AFT Connecticut maintains some cash with depository banks of which \$250,000 was covered by federal depository insurance (FDIC) and some cash in a money market fund which is not covered by FDIC. At June 30, 2014, total carrying amount on deposit was \$1,018,039, the bank and depository account balance was \$1,269,421, of which \$620,085 was uninsured. As of June 30, 2013, total carrying amount on deposit was \$1,285,444, the bank and depository account balance was \$1,463,959, of which \$818,310 was uninsured.

Custodial Credit Risk for Deposits and Investments

Custodial credit risk has been calculated based on the FDIC limit of \$250,000.

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, 2014 and 2013. 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, 2014 was \$453,182 and as of June 30, 2013 was \$418,969.

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:

	9/01/11 thru 8/31/12	9/01/12 thru 8/31/13	9/01/13 thru 8/31/14
Full Membership	\$ 19.63	\$ 20.13	\$ 20.63

**AFT CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 2 – INVESTMENTS

AFT Connecticut maintains investments in Mutual Funds.

The marketable securities for the fiscal years ended June 30, 2014 and June 30, 2013 were as follows:

	<u>2014</u>	
	Cost	Fair Value
Merrill Lynch Mutual Funds and Defined Assets	\$ 1,588,482	\$ 1,779,977
	<u>\$ 1,588,482</u>	<u>\$ 1,779,977</u>

	<u>2013</u>	
	Cost	Fair Value
Merrill Lynch Mutual Funds and Defined Assets	\$ 1,498,895	\$ 1,509,014
	<u>\$ 1,498,895</u>	<u>\$ 1,509,014</u>

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.

**AFT CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 3 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

The following table sets forth by level, within the fair value hierarchy, AFT Connecticut's assets at fair value as of June 30, 2014.

<u>Fair Value Measurements at Reporting Date Using</u>				
	<u>6/30/2014</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>
Merrill Lynch Mutual Funds	\$ 1,779,977	\$ 1,779,977	\$ -	\$ -
Total	<u>\$ 1,779,977</u>	<u>\$ 1,779,977</u>	<u>\$ -</u>	<u>\$ -</u>

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 11% of salary and were \$272,257 for the fiscal year ended June 30, 2014 and \$218,458 for the fiscal year ended June 30, 2013.

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 \$70,960 for the fiscal year ended June 30, 2014 and \$61,826 for the fiscal year ended June 30, 2013. 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, 2014 was \$32,237 and \$25,472 for the fiscal year ended June 30, 2013.

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 participant in the FSA.

**AFT CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 6 – LEASE

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

2013	\$	31,956
2014		33,717
2015		34,069
2016		31,406
2017		2,113

NOTE 7 – SUPPLEMENTAL DISCLOSURES FOR STATEMENT OF CASH FLOWS

No cash was paid for income taxes or interest for both fiscal years 2014 and 2013.

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 October 22, 2014, 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 – GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

	2014	2013
Staff/Officers:		
Salaries	\$ 2,791,601	\$ 2,680,223
Fringe Benefits	1,070,588	1,012,493
Staff Business Expenses	122,282	115,935
Payroll Taxes	244,799	232,348
Auto Expense	258,402	258,823
Severance Pay	23,453	11,212
Total Staff/Officers	<u>4,511,125</u>	<u>4,311,034</u>
Membership Services:		
State of the Union	21,455	63,756
Printing	9,638	17,410
Calendar	14,887	19,719
Publicity	28,422	13,714
Total Membership Services	<u>74,402</u>	<u>114,599</u>
Services to Locals:		
Mediation/Arbitration	5,067	2,553
Collective Bargaining	-	-
Organizing	63,064	48,759
Other Assistance	395,112	385,507
Research	476	147
Subsidy to Locals/CAP	568,640	565,710
Total Services to Locals	<u>1,032,359</u>	<u>1,002,676</u>
Administration:		
Audit	29,500	29,500
Computer Services	17,074	25,587
Consulting Services	-	-
Contributions	22,264	16,860
Convention	15,563	19,742
Depreciation Expense	49,763	50,600
Equipment Rental	40,966	41,645
Equipment Maintenance	-	473
Equipment	16,938	17,360
Good & Welfare	4,914	3,670
Insurance	33,630	27,285
Legislative Expense	94,780	118,750
Meetings	70,070	54,492
Memberships & Publications	17,058	13,957
Miscellaneous	6,908	6,869
Office Supplies	26,495	26,752

**AFT CONNECTICUT
SCHEDULE OF EXPENSES - GENERAL FUND (CONT'D)
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
Administration (Cont'd)		
Use Tax	\$ 581	\$ 902
Postage	18,954	36,791
Seminars & Conferences	58,965	51,901
Telephone	13,304	13,086
Total Administration	<u>537,727</u>	<u>556,222</u>
Legal Services:		
Retainer	579,674	562,999
Total Legal Services	<u>579,674</u>	<u>562,999</u>
Building Expense:		
Utilities	26,065	26,290
Repairs	-	-
Property Taxes	31,701	30,988
Maintenance	57,987	50,337
Total Building Expense	<u>115,753</u>	<u>107,615</u>
Total Expenses	<u>\$ 6,851,040</u>	<u>\$ 6,655,145</u>