



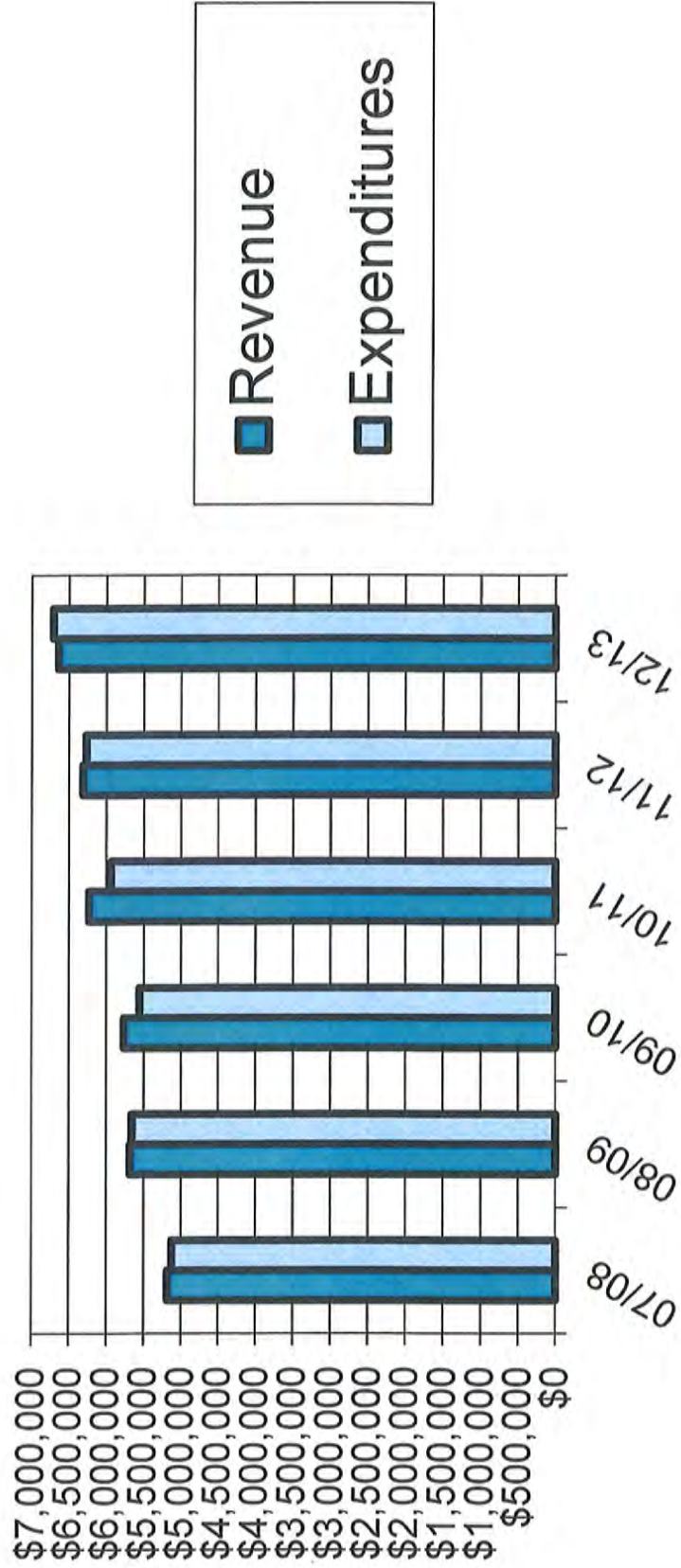
Annual Business Convention

May 17, 2014

Aqua Turf Club
Plantsville, Connecticut

FINANCE

AFT Connecticut Revenue vs. Expenditures



AFT Connecticut Budget

What does this budget support?

- research capability
- 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?

- 66% Personnel
- 2% Communications
- 14% Services to Locals
- 5% Administration
- 9% Legal Services
- 2% Building
- 2% COPE

AFT Connecticut Dues History and Increases Per member/per month

| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | Proposed 2014 | Proposed 2015 |
|---------|---------|---------|---------|---------|---------|---------|---------|------------------|------------------|
| \$15.88 | \$16.63 | \$17.63 | \$18.63 | \$19.63 | \$19.63 | \$20.13 | \$20.63 | \$21.13 | \$21.13 |
| +.75 | +.75 | + 1.00 | + 1.00 | + 1.00 | + .00 | +.50 | +.50 | +.50 | +.50 |

opeiu376,afl-cio

AFT Connecticut Budget Process

September - March

- Ad Hoc Budget Committee Formed
- (volunteers from Executive Committee)
- Discussions with
 - Executive Committee
 - Executive Council
 - Local Leaders
- Executive Committee votes recommendation (open to all members)
- Executive Council votes recommendation (delegate assembly open to all members)

May

- AFT Connecticut Convention action on per capita (dues)

Post-Convention

- Executive Council votes on final budget

Budget Categories

Personnel Support

- | | |
|--------------------------------------------------------|---------------------------------------------|
| 3 Full-time Officers | 1 Member & Community Solidarity Coordinator |
| 24 Part-time Officers | 1 Communications Coordinator |
| 7 Field Representatives | 1 Professional Issues Coordinator |
| 1 Legislative Advocate | 1 Office Operations Administrator |
| 1 Legislative Advocate Associate & Member Mobilization | 5 Support Staff/Videographer |
| 1 Member Mobilization Coordinator | 1 Researcher |
| 4 Organizers | |

Membership Services

- | | |
|--------------------|------------------------------------------------------------|
| State of the Union | Pamphlets, Brochures |
| Calendars | Publicity, Advertising & Public Relations |
| Media Relations | Website - www.aftct.org |
| Facebook & Twitter | Weekly E-Newsletter - <i>Inside AFT CT</i> |

Services to Locals

- | | |
|-------------------------------------|----------------------------|
| Local Mediation/Arbitration Support | Local Assistance/CAP |
| Internal & External Organizing | Assistance to Other Unions |
| Research | Workshops |
| | Conferences including |
| | Legislative Conference |

Administration

- | | |
|---------------------------------------------|---------------------------------|
| Postage, Telephone, Supplies | Legislative Expenses |
| Publications and Memberships | Seminars/Conferences |
| Computer, Equipment & Equipment Maintenance | AFT Connecticut Meetings |
| Insurance, Audit | Good and Welfare, Contributions |
| | Convention |

Legal Services

- 1 Attorney Firm on Retainer

Legislative Education Fund

- All LPAC (Legislative Political Action Committee) activities

EvolvinA Needs

AFT Connecticut Budget

| Description | Projected 2011-2012 | Actual 2011-2012 | Projected 2012-2013 | Actual 2012-2013 | Projected 2013-2014 | Projected 2014-2015 | Projected 2015-2016 |
|--------------------------------------------------------|------------------------|---------------------|------------------------|---------------------|------------------------|------------------------|------------------------|
| REVENUE | | | | | | | |
| 40000 Per Capita | Zero | Zero | .50 cents | | .50 cents | .50 cents | .50 cents |
| 40800 Rental | Dues Increase | Dues Increase | Dues Increase | | Dues Increase | Dues Increase | Dues Increase |
| 40100 Co-Org | 5,714,779 | 5,790,027 | 5,982,809 | 6,082,261 | 6,195,520 | 6,368,036 | 6,514,865 |
| 40200 Revenue Sharing | 86,243 | 88,455 | 46,108 | 47,576 | 47,880 | 47,380 | 49,007 |
| 40300 Interest | 60,480 | 56,160 | 60,480 | 52,560 | 60,480 | 56,160 | 56,160 |
| Investment Income-Dividends | 57,000 | 65,809 | 57,000 | 59,467 | 57,000 | 57,000 | 57,000 |
| 40400 Other Income | 15,000 | 16,981 | 15,000 | 73 | 15,000 | 15,000 | 15,000 |
| COPE Voluntary Contributions | 10,000 | 21,601 | 10,000 | 13,108 | 10,000 | 10,000 | 10,000 |
| | 318,294 | 257,840 | 4,798 | 905 | 4,798 | 4,798 | 4,798 |
| Solidarity Fund-Non payroll (to offset expense) | | | 200,000 | 159,375 | 140,000 | 140,000 | 140,000 |
| Solidarity Fund-Internal Organizer (to offset expense) | | | 154,931 | 157,254 | 162,101 | 167,741 | 174,815 |
| <u>AFT Grants</u> | | | 53,571 | 53,571 | 53,571 | 53,571 | 53,571 |
| Organizer Grant- Hermanson | | | | | | | |
| 40500 Convention Registration | 10,000 | 10,497 | 10,000 | 14,960 | 10,000 | 15,000 | 15,000 |
| 40600 Advertising Revenue | 500 | 420 | 500 | | 500 | 500 | 500 |
| Total Revenue | 6,272,296 | 6,307,790 | 6,595,197 | 6,644,302 | 6,756,650 | 6,935,186 | 7,090,716 |
| EXPENDITURES | | | | | | | |
| A. Personnel | | | | | | | |
| 50000 Salaries | 2,499,481 | 2,526,593 | 2,509,683 | 2,660,120 | 2,626,343 | 2,821,949 | 2,947,030 |
| 50100 Fringe/Pension | 1,043,936 | 933,766 | 1,084,721 | 1,012,493 | 1,182,203 | 1,272,785 | 1,348,487 |
| 50200 Staff Business Expenses | 80,000 | 115,999 | 116,000 | 115,935 | 116,000 | 121,800 | 121,800 |
| 50300 Payroll Taxes | 206,000 | 223,750 | 214,000 | 232,348 | 216,000 | 235,000 | 240,000 |
| 50400 Auto Expense | 220,000 | 257,420 | 257,500 | 258,823 | 257,500 | 271,800 | 271,800 |
| 50500 Severance Pay | 21,000 | | 21,000 | 11,212 | 21,000 | 21,000 | 21,000 |
| 50560 Temporary Services | 1,000 | 5,000 | 1,000 | 20,103 | 1,000 | 1,000 | 1,000 |
| 50600 Worker's Comp Ins. | 12,000 | 16,731 | 15,000 | 16,853 | 16,000 | 19,000 | 20,000 |
| Total Staff/Officers | 4,083,417 | 4,079,259 | 4,218,904 | 4,327,887 | 4,436,046 | 4,764,334 | 4,971,116 |

AFT Connecticut Budget

| Description | | Projected 2011-2012 | Actual 2011-2012 | Projected 2012-2013 | Actual 2012-2013 | Projected 2013-2014 | Projected 2014-2015 | Projected 2015-2016 |
|---------------------------------|-------------------------------|------------------------|---------------------|------------------------|---------------------|------------------------|------------------------|------------------------|
| B. Communications | | | | | | | | |
| 51000 | State of the Union Newsletter | 50,000 | 62,345 | 50,000 | 63,756 | 50,000 | 40,000 | 40,000 |
| 51200 | Calendar | 10,000 | 16,946 | 10,000 | 19,719 | 10,000 | 0 | 0 |
| 51100 | Printing | 5,000 | 13,296 | 5,000 | 17,410 | 5,000 | 5,000 | 5,000 |
| 51300 | Publicity | 10,000 | 12,809 | 10,000 | 13,714 | 10,000 | 10,000 | 10,000 |
| Total Communications | | 75,000 | 105,396 | 75,000 | 114,599 | 75,000 | 55,000 | 55,000 |
| C. Services to Locals | | | | | | | | |
| 52000 | Mediation/Arbitration | 10,300 | 150 | 7,000 | 2,553 | 7,000 | 7,000 | 7,000 |
| 52100 | Collective Bargaining | 200 | | 200 | | 200 | 200 | 200 |
| 52200 | Organizing | 153,000 | 130,222 | 100,000 | 48,759 | 100,000 | 75,000 | 75,000 |
| 52300 | Other Assistance | 250,000 | 299,326 | 250,000 | 385,508 | 250,000 | 250,000 | 250,000 |
| 52400 | Research | 1,000 | 260 | 1,000 | 147 | 1,000 | 1,000 | 1,000 |
| 52600 | Subsidies to Locals/Cap | 555,450 | 564,969 | 580,000 | 565,710 | 580,000 | 580,000 | 580,000 |
| 52500 | Subsidy to Unions | 0 | | 0 | | 0 | 0 | 0 |
| Total Services to Locals | | 969,950 | 994,927 | 938,200 | 1,002,677 | 938,200 | 913,200 | 913,200 |

AFT Connecticut Budget

| Description | Projected 2011-2012 | Actual 2011-2012 | Projected 2012-2013 | Actual 2012-2013 | Projected 2013-2014 | Projected 2014-2015 | Projected 2015-2016 |
|----------------------------------------------------------------|------------------------|---------------------|------------------------|---------------------|------------------------|------------------------|------------------------|
| D. Administration | | | | | | | |
| 53000 Postage | 42,000 | 32,781 | 35,000 | 36,791 | 35,000 | 35,000 | 35,000 |
| 53100 Telephone and Internet | 8,000 | 10,580 | 8,000 | 13,086 | 8,000 | 12,000 | 12,000 |
| 53200 Supplies | 28,000 | 22,638 | 26,000 | 26,752 | 26,000 | 26,000 | 26,000 |
| 53400 Memberships & Publications | 13,000 | 14,233 | 13,000 | 13,957 | 13,000 | 13,000 | 13,000 |
| 53500 Equipment Rental/Lease | 32,262 | 38,615 | 40,000 | 41,645 | 40,000 | 40,000 | 40,000 |
| 53600 Audit | 28,000 | 26,000 | 28,000 | 29,500 | 28,000 | 30,000 | 30,000 |
| 53700 Consulting Services | 2,000 | 7,882 | 2,000 | 7,882 | 2,000 | 2,000 | 2,000 |
| 53800 Equipment Purchase | 11,000 | 3,334 | 11,000 | 17,360 | 11,000 | 15,000 | 15,000 |
| 53900 Insurance-Building, Equipment, Liability & Fidelity Bond | 8,000 | 7,981 | 9,000 | 10,431 | 9,000 | 11,000 | 12,000 |
| 54000 Equipment & Computer Services & Maint | 12,000 | 23,352 | 18,000 | 26,060 | 18,000 | 18,000 | 18,000 |
| 54100 Misc. | 2,500 | 594 | 2,500 | 6,869 | 2,500 | 2,500 | 2,500 |
| 54300 Convention | 10,000 | 16,517 | 10,000 | 19,741 | 10,000 | 15,000 | 15,000 |
| 54400 Legislative Expenses & Lobbyist Fees | 500 | 1,015 | 800 | 1,140 | 800 | 800 | 800 |
| 54500 Good and Welfare | 2,500 | 7,498 | 5,000 | 3,670 | 5,000 | 7,500 | 7,500 |
| 54600 Contributions | 7,000 | 12,295 | 10,000 | 16,860 | 10,000 | 10,000 | 10,000 |
| 55000 Seminars/Conferences | 57,000 | 41,230 | 40,000 | 51,903 | 40,000 | 40,000 | 40,000 |
| 56000 Meetings | 65,000 | 48,987 | 50,000 | 54,492 | 50,000 | 60,000 | 60,000 |
| 54800 Use Tax | 500 | 452 | 500 | 902 | 500 | 500 | 500 |
| Total Administration | 329,262 | 315,984 | 308,800 | 371,159 | 308,800 | 338,300 | 339,300 |
| E. Legal Services | | | | | | | |
| 57000 Defense | 5,000 | | 5,000 | | 5,000 | 5,000 | 5,000 |
| 57100 Retainer | 533,720 | 539,866 | 562,034 | 562,999 | 582,074 | 574,874 | 594,995 |
| Total Legal Services | 538,720 | 539,866 | 567,034 | 562,999 | 587,074 | 579,874 | 599,995 |

AFT Connecticut Budget

| Description | Projected 2011-2012 | Actual 2011-2012 | Projected 2012-2013 | Actual 2012-2013 | Projected 2013-2014 | Projected 2014-2015 | Projected 2015-2016 |
|----------------------------------------------------|------------------------|---------------------|------------------------|---------------------|------------------------|------------------------|------------------------|
| F. Building Expense | | | | | | | |
| 58000 Utilities | 38,000 | 25,213 | 30,000 | 26,290 | 30,000 | 30,000 | 30,000 |
| 58100 Building/Grounds Maint & Repairs | 50,000 | 50,149 | 50,000 | 50,337 | 50,000 | 50,000 | 50,000 |
| 58300 Repairs (combined with Bldg Maint) | | | | | | | |
| 58400 Taxes | 30,000 | 29,273 | 30,000 | 30,988 | 30,000 | 33,000 | 35,000 |
| Total Building Services | 118,000 | 104,635 | 110,000 | 107,615 | 110,000 | 113,000 | 115,000 |
| G. Other | | | | | | | |
| Solidarity Fund Expense | 200,000 | 58,867 | 100,000 | 99,375 | 100,000 | 100,000 | 100,000 |
| Solidarity Fund Income-(recorded in Other Income) | | | | | | | |
| 19400 H. Scholarship Fund-Expense | 3,000 | 3,000 | 3,000 | 4,000 | 3,000 | 5,000 | 5,000 |
| Scholarship Fund-Contributions | | | | | | | |
| 10000 I. Legislative Educ. Fund | 50,000 | 63,600 | 80,000 | 117,610 | 80,000 | 80,000 | 80,000 |
| Total Expenditures | 6,367,350 | 6,265,534 | 6,400,938 | 6,707,922 | 6,638,120 | 6,948,708 | 7,178,611 |
| Excess Revenue Over(Under) Expenditures | (95,054) | 42,256 | 194,259 | (63,620) | 118,530 | (13,523) | (87,895) |

AFT CONNECTICUT
FINANCIAL STATEMENTS
AND
REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

FOR THE FISCAL YEARS ENDED
JUNE 30, 2013 AND 2012

**AFT CONNECTICUT
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FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

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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

Board of Directors
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, 2013, and the related statements of activities and cash flows for the year 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 and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; 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 AFT Connecticut as of June 30, 2013, and the changes in its net assets and its cash flows for the year 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, 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 1, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 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 29, 2013

**AFT CONNECTICUT
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2013 AND 2012**

| | 2013 | | 2012 | |
|----------------------------------|--------------|------------------|--------------|------------------|
| | GENERAL FUND | SCHOLARSHIP FUND | GENERAL FUND | SCHOLARSHIP FUND |
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash – Operating Accounts | \$ 1,251,433 | \$ - | \$ 1,387,751 | \$ - |
| Cash – Money Market Account | 34,006 | - | 520,107 | - |
| Certificates of Deposit | - | - | - | - |
| Marketable Securities | 1,509,014 | - | 906,548 | - |
| Per Capita Taxes Receivable | 852,214 | - | 838,286 | - |
| Accounts Receivable | 97,968 | - | 109,907 | - |
| Accrued Interest Receivable | - | - | - | - |
| Prepaid Expenses | - | - | - | - |
| Total Current Assets | 3,744,635 | - | 3,762,599 | - |
| Property, Plant, & Equipment | 1,390,990 | - | 1,385,365 | - |
| Accumulated Depreciation | (630,117) | - | (579,517) | - |
| Net Property, Plant, & Equipment | 760,873 | - | 805,848 | - |
| Other Assets: | | | | |
| Due from (to) Other Funds | (172) | 172 | (4,173) | 4,173 |
| Total Other Assets | (172) | 172 | (4,173) | 4,173 |
| Total Assets | \$ 4,505,336 | \$ 172 | \$ 4,564,274 | \$ 4,173 |
| LIABILITIES AND NET ASSETS | | | | |
| Current Liabilities: | | | | |
| Accounts Payable | \$ 174,713 | \$ - | \$ 157,521 | \$ - |
| Accrued Annual Leave | 418,969 | - | 420,600 | - |
| Due to AFT | 130,000 | - | 200,000 | - |
| Accrued Wages | - | - | - | - |
| Deferred Revenue | 474,079 | - | 571,405 | - |
| Payroll Taxes Payable | 1,500 | - | 1,013 | - |
| Total Current Liabilities | 1,199,261 | - | 1,350,539 | - |
| Net Assets | | | | |
| Unrestricted | 3,306,075 | 172 | 3,213,735 | 4,172 |
| Temporarily Restricted | - | - | - | - |
| Permanently Restricted | - | - | - | - |
| Total Net Assets | 3,306,075 | 172 | 3,213,735 | 4,172 |
| Total Liabilities and Net Assets | \$ 4,505,336 | \$ 172 | \$ 4,564,274 | \$ 4,172 |

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

**AFT CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

| | 2013 | | | 2012 | | |
|--------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | GENERAL FUND | SCHOLARSHIP FUND | TOTAL | GENERAL FUND | SCHOLARSHIP FUND | TOTAL |
| Revenue: | | | | | | |
| Per Capita Taxes | \$ 6,082,261 | \$ - | \$ 6,082,261 | \$ 5,790,027 | \$ - | \$ 5,790,027 |
| Co-Organization | 52,560 | | 52,560 | 56,160 | | 56,160 |
| Revenue Sharing | 59,467 | | 59,467 | 65,809 | | 65,809 |
| AFT Grants | 53,571 | | 53,571 | 53,571 | | 53,571 |
| Interest Income | 73 | | 73 | 12,904 | 324 | 13,228 |
| Investment Income | 13,108 | | 13,108 | 21,601 | | 21,601 |
| Rental Income | 47,576 | | 47,576 | 88,455 | | 88,455 |
| Convention Registration | 14,960 | | 14,960 | 10,497 | | 10,497 |
| Advertising | - | | - | 420 | | 420 |
| Miscellaneous Income | 320,726 | | 320,726 | 204,269 | | 204,269 |
| Realized Gain/(Loss) | 92,417 | | 92,417 | 127,531 | | 127,531 |
| Unrealized Gain/(Loss) | 10,768 | | 10,768 | (121,327) | | (121,327) |
| Total Revenue | <u>6,747,487</u> | <u>-</u> | <u>6,747,487</u> | <u>6,309,917</u> | <u>324</u> | <u>6,310,241</u> |
| Expenses: | | | | | | |
| Staff/Officers | 4,311,034 | | 4,311,034 | 4,052,108 | | 4,052,108 |
| Membership Services | 114,599 | | 114,599 | 105,396 | | 105,396 |
| Services to Locals | 1,002,677 | | 1,002,677 | 994,927 | | 994,927 |
| Administration | 556,223 | | 556,223 | 451,672 | | 451,672 |
| Legal Services | 562,999 | | 562,999 | 539,886 | | 539,886 |
| Building Expense | 107,615 | | 107,615 | 104,635 | | 104,635 |
| Scholarship Expense | - | 4,000 | 4,000 | - | 3,000 | 3,000 |
| Total Expenses | <u>6,655,147</u> | <u>4,000</u> | <u>6,659,147</u> | <u>6,248,624</u> | <u>3,000</u> | <u>6,251,624</u> |
| Change in Net Assets | 92,340 | (4,000) | 88,340 | 61,293 | (2,676) | 58,617 |
| Net Assets - Beginning of Year | 3,213,735 | 4,172 | 3,217,907 | 3,352,442 | 6,848 | 3,359,290 |
| Prior Period Adjustment | - | - | - | (200,000) | - | (200,000) |
| Net Assets- End of Year | <u>\$ 3,306,075</u> | <u>\$ 172</u> | <u>\$ 3,306,247</u> | <u>\$ 3,213,735</u> | <u>\$ 4,172</u> | <u>\$ 3,217,907</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, 2013 AND 2012

| | 2013 | | | 2012 | | |
|-----------------------------------------------------------------------------------------------------|--------------------|---------------------|--------------------|-------------------|---------------------|-------------------|
| | GENERAL FUND | SCHOLARSHIP FUND | TOTAL | GENERAL FUND | SCHOLARSHIP FUND | TOTAL |
| Cash Flows from Operating Activities: | | | | | | |
| Change in Net Assets | \$ 92,340 | \$ (4,000) | \$ 88,340 | \$ 61,293 | \$ (2,676) | \$ 58,617 |
| Adjustments to Reconcile Change in Net Assets to Net Cash Used for Operating Activities: | | | | | | |
| Depreciation Expense | 50,600 | | 50,600 | 51,938 | | 51,938 |
| Unrealized Loss (Gain) on Marketable Securities | (10,768) | | (10,768) | 121,327 | | 121,327 |
| Prior Period Adjustment | - | | - | (200,000) | | (200,000) |
| Change in Operating Assets and Liabilities: | | | | | | |
| Add/(Deduct): | | | | | | |
| Decrease/(Increase) Per Capita Taxes Receivable | (13,928) | | (13,928) | 11,056 | | 11,056 |
| Decrease/(Increase) Accounts Receivable | 11,939 | | 11,939 | (26,964) | | (26,964) |
| Decrease/(Increase) Prepaid Expenses | - | | - | - | | - |
| Increase/(Decrease) Accounts Payable | 17,193 | | 17,193 | (53,286) | | (53,286) |
| Increase/(Decrease) Accrued Annual Leave | (1,631) | | (1,631) | 2,381 | | 2,381 |
| Increase/(Decrease) Due to AFT | (70,000) | | (70,000) | 200,000 | | 200,000 |
| Increase/(Decrease) Accrued Wages | - | | - | (11,461) | | (11,461) |
| Increase/(Decrease) Deferred Revenue | (97,326) | | (97,326) | 27,698 | | 27,698 |
| Increase/(Decrease) Payroll Taxes Payable | 487 | | 487 | 155 | | 155 |
| Net Cash From Operating Activities | \$ (21,094) | \$ (4,000) | \$ (25,094) | \$ 184,137 | \$ (2,676) | \$ 181,461 |

*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, 2013 AND 2012

| | 2013 | | 2012 | |
|----------------------------------------------|-----------------|---------------------|-----------------|---------------------|
| | GENERAL FUND | SCHOLARSHIP FUND | GENERAL FUND | SCHOLARSHIP FUND |
| | TOTAL | | TOTAL | |
| Cash Flows from Investing Activities: | | | | |
| Purchases of Property & Equipment | \$ (5,625) | \$ - | \$ (5,625) | \$ - |
| Purchase/Sale of Marketable Securities | (591,699) | - | (591,699) | - |
| Net Cash Used by Investing Activities | (597,324) | - | (597,324) | - |
| Net Decrease in Cash and Cash Equivalents | (618,418) | (4,000) | (622,418) | (2,676) |
| Cash and Cash Equivalents | | | | |
| Beginning of Year | 1,913,971 | (6,114) | 1,907,857 | (3,438) |
| Cash and Cash Equivalents | | | | |
| End of Year | \$ 1,295,553 | \$ (10,114) | \$ 1,285,439 | \$ (6,114) |

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, 2013 AND 2012**

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, 2013 and 2012, all assets of AFT Connecticut were unrestricted.

AFT CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012

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, 2013, was \$5,625. Depreciation expense was computed for the fiscal years ended as follows:

| | | <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> |

| | | <u>2012</u> | | |
|-----------------------|------------|---------------------|---------------------|---------------------------------|
| | Life | <u>Cost</u> | <u>Depreciation</u> | <u>Accumulated Depreciation</u> |
| Land | | \$ 167,000 | \$ - | \$ - |
| Building | 50 years | 600,000 | 12,000 | 236,000 |
| Building Improvements | 15 years | 351,518 | 19,542 | 143,606 |
| Computers & Equipment | 5 years | 169,353 | 14,552 | 124,137 |
| Furniture & Fixtures | 7-10 years | 51,245 | 1,292 | 43,685 |
| Software | 10 years | 46,249 | 4,552 | 32,089 |
| Totals | | <u>\$ 1,385,365</u> | <u>\$ 51,938</u> | <u>\$ 579,517</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, 2013 AND 2012**

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, 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 unsecured. As of June 30, 2012, total carrying amount on deposit was \$1,907,857, the bank and depository account balance was \$1,981,294, of which \$270,257 was unsecured.

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, 2013 and 2012. 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, 2013 was \$418,969 and as of June 30, 2012 was \$420,600.

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:

| | 9/01/10 thru 8/31/11 | 9/01/11 thru 8/31/12 | 9/01/12 thru 8/31/13 |
|-----------------|----------------------|----------------------|----------------------|
| Full Membership | \$ 19.63 | \$ 19.63 | \$ 20.13 |

AFT CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012

NOTE 2 – INVESTMENTS

AFT Connecticut maintains investments in Mutual Funds.

The marketable securities for the fiscal years ended June 30, 2013 and June 30, 2012 were as follows:

| | | <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> |

| | | <u>2012</u> |
|-----------------------------------------------|-------------------|-------------------|
| | Cost | Fair Value |
| Merrill Lynch Mutual Funds and Defined Assets | \$ 907,196 | \$ 906,548 |
| | <u>\$ 907,196</u> | <u>\$ 906,548</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, 2013 AND 2012**

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, 2013.

| | | Fair Value Measurements at Reporting Date Using | | |
|----------------------------|--------------|-------------------------------------------------------------------------|--------------------------------------------------------|----------------------------------------------------|
| | 06/30/13 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Merrill Lynch Mutual Funds | \$ 1,509,014 | \$ 1,509,014 | \$ - | \$ - |
| Total | \$ 1,509,014 | \$ 1,509,014 | \$ - | \$ - |

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 \$218,069 for the fiscal year ended June 30, 2013 and \$207,458 for the fiscal year ended June 30, 2012.

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 \$61,826 for the fiscal year ended June 30, 2013 and \$61,801 for the fiscal year ended June 30, 2012. 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, 2013 was \$25,472 and \$30,190 for the fiscal year ended June 30, 2012.

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, 2013 AND 2012**

NOTE 6 – LEASE

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

| | | |
|------|----|--------|
| 2012 | \$ | 42,670 |
| 2013 | | 40,325 |
| 2014 | | 13,495 |
| 2015 | | - |
| 2016 | | - |

NOTE 7 – SUPPLEMENTAL DISCLOSURES FOR STATEMENT OF CASH FLOWS

No cash was paid for income taxes or interest for both fiscal years 2013 and 2012.

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 29, 2013, 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, 2013 AND 2012**

| | 2013 | 2012 |
|----------------------------|------------------|------------------|
| Staff/Officers: | | |
| Salaries | \$ 2,680,223 | \$ 2,526,593 |
| Fringe Benefits | 1,012,493 | 928,346 |
| Staff Business Expenses | 115,935 | 115,999 |
| Payroll Taxes | 232,348 | 223,750 |
| Auto Expense | 258,823 | 257,420 |
| Severance Pay | 11,212 | - |
| Total Staff/Officers | <u>4,311,034</u> | <u>4,052,108</u> |
| Membership Services: | | |
| State of the Union | 63,756 | 62,345 |
| Printing | 17,410 | 13,296 |
| Calendar | 19,719 | 16,946 |
| Publicity | 13,714 | 12,809 |
| Total Membership Services | <u>114,599</u> | <u>105,396</u> |
| Services to Locals: | | |
| Mediation/Arbitration | 2,553 | 150 |
| Collective Bargaining | - | - |
| Organizing | 48,759 | 130,222 |
| Other Assistance | 385,508 | 299,326 |
| Research | 147 | 260 |
| Subsidy to Locals/CAP | 565,710 | 564,969 |
| Total Services to Locals | <u>1,002,677</u> | <u>994,927</u> |
| Administration: | | |
| Audit | 29,500 | 26,000 |
| Computer Services | 25,587 | 23,352 |
| Consulting Services | - | 7,882 |
| Contributions | 16,860 | 12,295 |
| Convention | 19,741 | 16,518 |
| Depreciation Expense | 50,600 | 51,938 |
| Equipment Rental | 41,645 | 38,615 |
| Equipment Maintenance | 473 | - |
| Equipment | 17,360 | 3,334 |
| Good & Welfare | 3,670 | 7,498 |
| Insurance | 27,285 | 24,712 |
| Legislative Expense | 118,750 | 62,615 |
| Meetings | 54,492 | 48,987 |
| Memberships & Publications | 13,957 | 14,233 |
| Miscellaneous | 6,869 | 6,013 |
| Office Supplies | 26,752 | 22,638 |

**AFT CONNECTICUT
SCHEDULE OF EXPENSES - GENERAL FUND (CONT'D)
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

| | 2013 | 2012 |
|-------------------------|---------------------|---------------------|
| Administration (Cont'd) | | |
| Use Tax | \$ 902 | \$ 452 |
| Postage | 36,791 | 32,781 |
| Seminars & Conferences | 51,903 | 41,230 |
| Telephone | 13,086 | 10,580 |
| Total Administration | <u>556,223</u> | <u>451,673</u> |
| Legal Services: | | |
| Retainer | 562,999 | 539,886 |
| Total Legal Services | <u>562,999</u> | <u>539,886</u> |
| Building Expense: | | |
| Utilities | 26,290 | 25,213 |
| Repairs | - | - |
| Property Taxes | 30,988 | 29,273 |
| Maintenance | 50,337 | 50,149 |
| Total Building Expense | <u>107,615</u> | <u>104,635</u> |
| Total Expenses | <u>\$ 6,655,147</u> | <u>\$ 6,248,625</u> |