#WeAreCTA

CTA ANNUAL REPORT

September 2020 – August 2021

CALIFORNIA TEACHERS ASSOCIATION

NO MATTER THE CHALLENGE, WE ARE #INTHISTOGETHER

As we endured the most difficult months yet of the pandemic and led the fight for safe and healthy teaching and learning conditions, CTA continued the charge for the resources all students need and the public schools they deserve.

This Annual Report, which begins in September 2020 and carries us through August 2021, showcases CTA's extensive work to teach, support and protect students, further public education, and build a just society.

Across the state, the efforts of CTA educators during unprecedented times are nothing short of inspiring and heroic. From fighting for the resources all students deserve and winning historic funding for public schools and community colleges, to protecting the health and safety of communities during a dangerous pandemic, to continuing the struggle for racial and social justice, CTA is leading the way. Visit **cta.org/cta-year-in-review-2020-2021** to learn more about all that we accomplished. Thank you for all your work to make these victories a reality—we did it together and #WeAreCTA.

E. Toby Boyd, CTA President

YOUR BOARD OF DIRECTORS

Your CTA Board members hail from districts large and small, in rural, urban and suburban areas. They represent the K-12 classroom teachers, community college faculty, education support professionals, school counselors, school nurses, school psychologists, credentialed school librarians and others who power our public schools and community colleges.

Click here to find your Board member.

Your CTA Board of Directors is composed of 23 educators, 16 of whom are elected from geographically drawn districts with 10,000 or more members. Two Board members serve as statewide at-large directors representing Black, Indigenous and People of Color (BIPOC); one seat represents community college faculty and students; and one seat is reserved for a California member serving on the NEA Board of Directors. CTA's president, vice president and secretary-treasurer fill out the remaining seats.

Board members are involved in every aspect of CTA and carry your message about the power of public education to the far reaches of the state. They approve contracts, testify at legislative hearings, and provide direction to CTA's executive director.

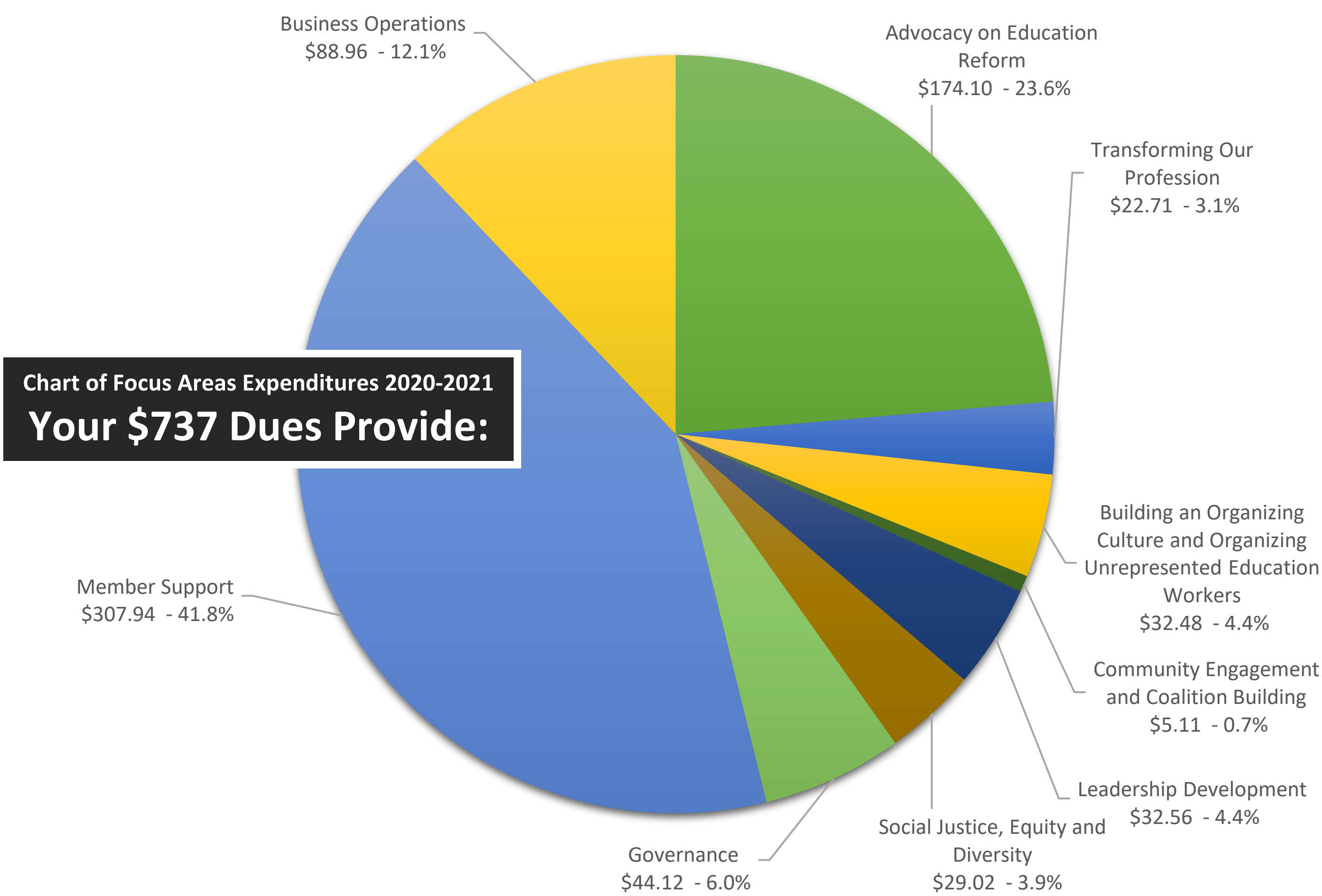
David B. Goldberg, CTA Vice President

KEEPING CTA STRONG TO POWER OUR ADVOCACY

Amid another chaotic year that was difficult financially for many, extensive and prudent planning enables CTA to continue serving our members, advocating for all students, and working for the public schools all communities deserve. CTA continues to show solid operating results and successful management of expenses, ensuring that our union remains fiscally sound, vibrant and strong at a time when our advocacy is needed most.

The financial statements in this report represent the official document prepared by independent auditors for our members and the financial community. In addition to showing that our books are balanced, the report summarizes the work of our staff and departments. These financial statements do not begin to tell the real and more complete story of CTA's positive impact on teaching, learning and advocacy for public education, students and educators. You can read that story online at **cta.org/cta-year-in-review-2020-2021**.

Leslie Littman,
CTA Secretary-Treasurer



LEADING FOR OUR STUDENTS, BELIEVING IN BETTER

As we collectively endured a second year of the COVID-19 pandemic, we continued to organize to force school districts to follow proper health precautions to protect our school communities and ensure schools can safely remain open for in-person instruction.

As executive director, I oversee day-to-day operations and manage the 400+ CTA employees who help turn members' visions and dreams into reality. It is an honor for me to work with our members, leaders and staff who are committed through and through to supporting and improving quality public education, from pre-K through community college.

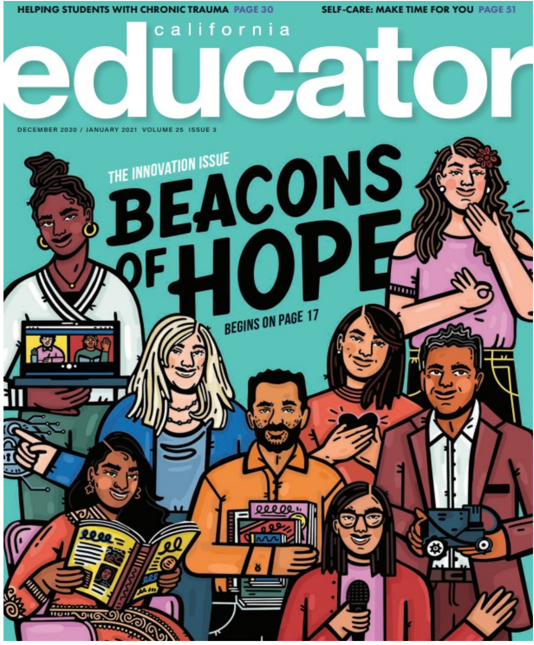
In the past year, CTA continued our work to ensure that America is a safe home for all of us, rising together to stop Asian hate and fighting against an ugly rising tide of racism in our communities. Our nation also elected a new president, charting a fresh course to help our country emerge from the difficult pandemic and build back better than ever.

Working together with leaders in the Capitol and our governor, we were able to win record funding for K-12 schools and community colleges: $93.7 billion, a $23 billion increase over last year's budget.

All the while, educators never stopped working to ensure that students felt supported, seen and heard—whether virtually during distance learning or in person when it was safe enough to return to classrooms. And CTA staff has been there for leaders and members in this ever-evolving landscape, providing resources, bargaining and legal advice, training, and communications support.

Joe Boyd, Executive Director

To read, watch and explore some highlights of accomplishments during 2020-2021, go to **cta.org/cta-year-in-review-2020-2021**. There's no way we could capture all the work done on behalf of CTA's 310,000 members and the 9 million students of California, but we've included some of the accomplishments that make us most proud. We hope they make you proud, too.



THE YEAR OF THE

california educator

California Teachers Association

Combined Financial Statements as of and for the Years Ended August 31, 2021 and 2020, and Independent Auditors' Report

Deloitte.

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USA

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
California Teachers Association:

We have audited the accompanying combined financial statements of the California Teachers Association and related companies (collectively, the "Association"), which comprise the combined statements of financial position as of August 31, 2021 and 2020, and the related combined statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the combined financial statements. The combined financial statements include accounts of the California Teachers Association and four related companies, the California Teachers Association Disaster Relief Fund, the California Teachers Association Foundation for Teaching and Learning, the California Teachers Association Institute for Teaching, and the California Teachers Association Voluntary Retirement Plans Educators, LLC. These companies are under common ownership and common management.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Association's preparation and fair presentation of the combined 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 Association'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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of the California Teachers Association and related companies as of August 31, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

December 20, 2021

CALIFORNIA TEACHERS ASSOCIATION

COMBINED STATEMENTS OF FINANCIAL POSITION
AS OF AUGUST 31, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 83,797,643	$ 103,817,339
Short-term investments	287,291,708	205,040,522
Membership dues and accounts receivable—net	4,281,282	5,416,147
Supplies, deposits, and prepaid expenses	2,630,166	972,468
Total current assets	378,000,799	315,246,476
PROPERTY AND EQUIPMENT—Net	39,236,570	40,923,644
LONG-TERM INVESTMENTS	74,489,901	62,822,896
TOTAL ASSETS	$ 491,727,270	$ 418,993,016
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 9,651,043	$ 8,928,210
Accrued payroll and related liabilities	5,725,180	8,110,502
Dues payable to affiliated organizations	22,646,387	21,445,607
Deferred membership dues income	509,712	1,550,903
Current portion of long-term obligations	7,222,772	7,208,747
Total current liabilities	45,755,094	47,243,969
LONG-TERM OBLIGATIONS—Less current portion—accrued vacation, sick leave, and other related costs	23,102,713	22,493,997
NET ASSETS:		
Without donor restrictions:		
Undesignated	376,255,469	299,912,790
Designated	44,883,296	47,556,642
Total net assets without donor restrictions	421,138,765	347,469,432
With donor restrictions (Note 13)	1,730,698	1,785,618
Total net assets	422,869,463	349,255,050
TOTAL LIABILITIES AND NET ASSETS	$ 491,727,270	$ 418,993,016

See notes to combined financial statements.

CALIFORNIA TEACHERS ASSOCIATION

COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020

	2021	2020
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Revenue and gains:		
Membership dues and fees	$ 198,825,421	$ 198,744,084
Investment income—net	51,155,689	25,769,958
Other	5,503,496	5,954,963
Total revenue and gains without donor restrictions	255,484,606	230,469,005
Net assets released from restriction (Note 13)	251,053	110,242
Total revenue, gains, and other support without donor restrictions	255,735,659	230,579,247
Expenses:		
Statewide programs	60,784,762	63,129,917
Local service delivery	87,436,056	82,833,982
Support services	22,967,134	22,615,890
Other	10,878,373	11,602,253
Total expenses (Note 5)	182,066,325	180,182,042
Increase in net assets without donor restrictions	73,669,334	50,397,205
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions	75,917	53,427
Interest and investment income—net	120,215	87,289
Net assets released from restriction (Note 13)	(251,053)	(110,242)
Increase (decrease) in net assets with donor restrictions	(54,921)	30,474
INCREASE IN TOTAL NET ASSETS	73,614,413	50,427,679
NET ASSETS—Beginning of year	349,255,050	298,827,371
NET ASSETS—End of year	$ 422,869,463	$ 349,255,050

See notes to combined financial statements.

CALIFORNIA TEACHERS ASSOCIATION

COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 73,614,413	$ 50,427,679
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	2,049,548	2,046,973
Net realized and unrealized gain on investments	(45,955,343)	(20,081,092)
Changes in operating assets and liabilities:		
Membership dues and accounts receivable	1,134,865	(41,851)
Supplies, deposits, and prepaid expenses	(1,657,698)	267,925
Accounts payable and accrued expenses	722,833	(513,352)
Accrued payroll and related liabilities	(2,385,322)	5,484,250
Dues payable to affiliated organizations	1,200,780	766,652
Deferred membership dues income	(1,041,191)	594,062
Accrued vacation, sick leave, and other related costs	622,741	(1,428,001)
Net cash provided by operating activities	28,305,626	37,523,245
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(182,212,035)	(92,967,948)
Sales of investments	134,249,187	69,569,209
Purchase and construction of property and equipment	(362,474)	(553,084)
Net cash used in investing activities	(48,325,322)	(23,951,823)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(20,019,696)	13,571,422
CASH AND CASH EQUIVALENTS—Beginning of year	103,817,339	90,245,917
CASH AND CASH EQUIVALENTS—End of year	$ 83,797,643	$ 103,817,339

See notes to combined financial statements.

1. ORGANIZATION

The California Teachers Association (the "Association" or CTA) is a California not-for-profit corporation organized to advance the interests of the teaching profession and to promote and improve public education in the state. The Association has common governance and management over the California Teachers Association Institute for Teaching (the "Institute"), an affiliate created in 1968 that provides educational programs. The Association also has common governance and management over the California Teachers Association Disaster Relief Fund (the "Fund"), which was created in 2002 to provide disaster relief assistance for members affected by natural and other disasters, and the California Teachers Association Foundation for Teaching and Learning (the "Foundation"), which was created in 2008 to support high-quality teaching and high-quality public schools in the state of California, make grants of scholarships to qualified students, provide disaster relief, and perform all things incidental to or appropriate for the achievement of specific purposes. The Association is the sole member of the California Teachers Association Voluntary Retirement Plans for Educators LLC (the "LLC"), a limited liability company created in 2012 to provide retirement savings plan services to CTA members.

The accompanying combined financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("generally accepted accounting principles" or GAAP). Management has evaluated subsequent events during the period from September 1, 2021, to December 20, 2021, the date the combined financial statements were available to be issued.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Combination—The accompanying combined financial statements include the accounts of the Association and its affiliates, the Institute, the Fund, the Foundation, and the LLC.

Use of Estimates—The preparation of combined financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Revenue and Expenses—Membership dues are recognized as earned on the accrual basis of accounting and as services are rendered over time. Dues received prior to being earned are reported as deferred income until they are earned. Investment income—net consists principally of interest, dividends, and both realized and unrealized gains and losses on investments. Other revenue consists of payments from affiliates, rental income fees, advertising, and other reimbursements.

Expenses are recognized when incurred on the accrual basis of accounting.

Cash and Cash Equivalents—The Association considers all highly liquid investments with maturities of three months or less at the time of purchase to be cash equivalents.

Fair Value of Financial Instruments—The carrying amounts of the Association's financial instruments, including cash and certain cash equivalents, membership dues, accounts receivable, supplies, deposits, prepaid expenses, accounts payable, accrued liabilities, and other current liabilities, approximate fair value due to their relatively short maturities.

Investments—All debt and equity securities with readily determinable fair values are stated at estimated fair value based on quoted market prices. Management estimates are based on information provided by the fund managers or the general partners. Because of the inherent uncertainty of valuation of nonmarketable and restricted investments, those estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material. Realized gains and losses from investment transactions are calculated using the weighted-average method. Investments in fixed-income securities that mature over one year from the date of the combined statements of financial position are classified as long-term investments.

Concentrations of Credit Risk—The financial instruments that potentially expose the Association to concentrations of credit risk consist primarily of cash and cash equivalents and investments. The Association maintains cash and cash equivalents and investments with various major financial institutions. At times, such amounts might exceed Federal Deposit Insurance Corporation insured limits. The Association manages credit risk by establishing minimum credit standards for financial institutions and limiting the amount of credit exposure with any one institution. The Association's investments have been placed with high-quality counterparties. The Association closely monitors these investments and has not experienced any credit losses.

Membership dues and accounts receivable expose the Association to certain credit risks. The Association manages its risk by regularly reviewing its accounts and contracts and providing allowances for uncollectible accounts.

Membership Dues—The Association collects membership dues and fees on behalf of the National Education Association and others and periodically remits these dues and fees to these organizations. Such dues and fees are not recognized as membership revenue, but instead reported as dues payable to affiliated organizations.

Property and Equipment—Property and equipment are carried at cost, net of accumulated depreciation and amortization. Provisions for depreciation and amortization of property and equipment are computed using the straight-line method over estimated useful lives as follows:

Buildings	15–40 years
Furniture and equipment	3–10 years
Leasehold improvements	Life of lease or estimated useful life, whichever is shorter

Accrued Vacation, Sick Leave, and Other Related Costs—Accrued vacation, sick leave, and other related costs are accrued as earned. Such costs are allocated between current and long-term liabilities based on estimates of settlement dates. Upon termination, employees are entitled to compensation for accrued vacation. All employees are allowed to carry over balances of unused sick leave to the following years. Upon termination, unused sick leave is generally forfeited. If an employee retires, accrued sick leave is credited to years of service for purposes of determining retirement benefits. Eligible employees and directors accrue postemployment benefits paid upon termination. Such accruals are estimated based on employment agreement terms, years of service, estimated forfeitures, and estimated salary increases. The Association participates in a multiemployer defined benefit retirement plan (the "Plan"). The Association is contractually obligated to make lump-sum payments to the Plan for additional service credits for employees who retire with unused earned sick days. The additional service credits are based on formulas in the respective employment contracts.

Income Taxes—The Association, the Institute, the Fund, and the Foundation are entities described in Internal Revenue Code (IRC) Section 501(c). Consequently, these entities are generally exempt from federal and state income taxes under IRC Section 501(a) and the corresponding California statute whereby only unrelated business income, as defined by Section 512(a)(1) of the IRC, is subject to federal income tax. The LLC is classified as a single-member disregarded entity, and its activities are included in the Association's federal tax return. The Association has no liability for uncertain tax positions.

Net Assets—The Association classifies its net assets as without donor restrictions and with donor restrictions.

With Donor Restrictions—Net assets subject to externally imposed restrictions that can be fulfilled by the actions of the Association or by the passage of time.

Without Donor Restrictions—Net assets that are not subject to externally imposed restrictions. Unrestricted net assets may be designated for use by the board of directors of the Association. Such designations limit the area of the Association's operations for which expenditures of designated net assets may be made.

Recent Accounting Pronouncements—The Association evaluates the pronouncements of various authoritative accounting organizations to determine the impact of new GAAP accounting pronouncements on the Association's combined financial statements.

In April 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, which mandates using a five-step model to recognize revenue from customer contracts in an effort to increase consistency and comparability throughout global capital markets and across industries. Under the model, a company will identify the contract, identify any separate performance obligations in the contract, determine the transaction price, allocate the transaction price, and recognize revenue when the performance obligation is satisfied. The Association adopted the new revenue on September 1, 2020 and such adoption did not have a material impact on its combined financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. ASU No. 2016-02 requires all lessees to record a lease liability at lease inception, with a corresponding right-of-use asset, except for short-term leases. Lessor accounting will not be fundamentally changed. On June 3, 2020, the FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*; the amendment grants a one-year effective date delay for certain companies and organizations applying the revenue recognition and leases guidance. ASU No. 2020-05 amends the effective dates of the board's standards on revenue (ASC 606) and leasing (ASC 842) to give immediate relief to certain entities as a result of the widespread adverse economic effects and business disruptions caused by the COVID-19 pandemic. Early application continues to be permitted. The new lease standard becomes effective for the Association on September 1, 2022. The Association is currently evaluating the impact the adoption of the new lease standard will have on its combined financial statements.

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958)—Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU No. 2020-07 enhances the presentation and disclosure requirements to increase the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities. NFP entities will now be required to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial contributions. NFPs will also be required to disclose various information related to contributed nonfinancial assets. The amendments in this ASU are required to be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021. Early adoption is permitted. The Association is currently evaluating the impact the adoption of the ASU will have on its combined financial statements.

3. INFORMATION REGARDING LIQUIDITY AND FUNDS AVAILABLE

As part of the Association's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Association invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, the Association has committed lines of credit in the amount of $41,000,000, which it could draw upon, and a revolving loan agreement in the amount of $30,000,000 (Note 10).

The following table reflects the financial assets as of August 31, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the combined statements of financial position date because of contractual restrictions.

	2021	2020
Financial assets:		
Cash and cash equivalents	$ 83,797,643	$ 103,817,339
Investments	361,781,609	267,863,418
Membership dues and accounts receivable—net	4,281,282	5,416,147
Total financial assets	449,860,534	377,096,904
Less financial assets unavailable for general expenditures within one year due to donor-imposed restrictions:		
Restricted for a specified purpose	(1,730,698)	(1,785,618)
Board-designated assets	(44,883,296)	(47,556,642)
Financial assets available within one year	$ 403,246,540	$ 327,754,644

4. INVESTMENTS

FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurement and Disclosures*, provides a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and enhances disclosure requirements for fair value measurements. The three-level fair value hierarchy gives the highest valuation priority to quoted prices in active markets for identical assets or liabilities (Level 1); securities not traded on active markets, but for which observable market inputs are readily available (Level 2); and the lowest priority to unobservable inputs (Level 3).

The following table summarizes the Association's investments as of August 31, 2021 and 2020, under the ASC 820 fair value hierarchy levels:

	Fair Value Measurements at August 31, 2021		
	Level 1	Level 2	Total
Cash equivalents	$ 3,295,332	$ 2,015,695	$ 5,311,027
Mutual funds	$ 170,271,711	$ 19,464,088	$ 189,735,799
Common stocks	89,587,295	-	89,587,295
Preferred securities	4,358,395	-	4,358,395
U.S. government bonds	14,652,883	17,476,340	32,129,223
Corporate bonds	-	34,887,455	34,887,455
Government securities	5,750,260	5,333,182	11,083,442
Total	$ 284,620,544	$ 77,161,065	$ 361,781,609

	Fair Value Measurements at August 31, 2020		
	Level 1	Level 2	Total
Cash equivalents	$ 5,957,295	$ 2,052,598	$ 8,009,893
Mutual funds	$ 132,487,675	$ 2,481,093	$ 134,968,768
Common stocks	60,919,375	-	60,919,375
Preferred securities	7,358,517	-	7,358,517
U.S. government bonds	4,105,952	17,151,247	21,257,199
Corporate bonds	-	32,510,937	32,510,937
Government securities	6,083,060	4,765,562	10,848,622
Total	$ 210,954,579	$ 56,908,839	$ 267,863,418

Level 1 valuations are based on quoted prices in active markets for identical assets or liabilities that the Association has the ability to access. Level 2 valuations are based on quoted prices in markets that are not active for which all significant inputs are observable, either directly or indirectly.

Investment Income—Net—In the accompanying combined statements of activities and changes in net assets, investment income—net for the years ended August 31, 2021 and 2020, is summarized as follows:

	2021	2020
Interest and dividends	$ 5,373,633	$ 5,745,513
Net unrealized gain	33,165,877	18,055,616
Net realized gain	12,616,179	1,968,829
Investment income—net	$ 51,155,689	$ 25,769,958

5. STATEMENT OF FUNCTIONAL EXPENSES

The table below presents expenses by both their nature and their function for the fiscal years ended August 31, 2021 and 2020. Expenses directly attributable to specific functional areas of the Association are reported as expenses of those functional areas. The significant expenses that are allocated are salaries and benefits, which are allocated based on department and job classification for actual time and effort.

	Statement of Functional Expenses for the Fiscal Year Ended August 31, 2021				
	Statewide Programs	Local Service Delivery	Support Services	Other	Total
Assistance to affiliates	$ -	$ 33,353,741	$ 22,961	$ 482,287	$ 33,858,989
Conferences, meetings, and events	1,038,709	87,916	288,873	11,038	1,426,536
Depreciation and capital expenditures	942,746	1,356,130	356,219	213,210	2,868,305
General office administration	236,215	296,395	142,279	-	674,889
Occupancy	-	-	-	5,204,337	5,204,337
Personnel travel	1,478,408	1,836,758	517,065	-	3,832,231
Professional services and other expenses	24,167,569	1,340,092	208,055	4,885,783	30,601,499
Publications, printing, and mailing	2,670,079	-	-	2,991	2,673,070
Salaries and benefits	29,128,918	49,165,024	21,431,682	78,727	99,804,351
Scholarships, grants, and awards	1,122,118	-	-	-	1,122,118
Total expenses	$ 60,784,762	$ 87,436,056	$ 22,967,134	$ 10,878,373	$ 182,066,325

	Statement of Functional Expenses for the Fiscal Year Ended August 31, 2020				
	Statewide Programs	Local Service Delivery	Support Services	Other	Total
Assistance to affiliates	$ 50,343	$ 31,645,360	$ 46,332	$ 557,056	$ 32,299,091
Conferences, meetings, and events	2,572,480	262,286	688,253	28,683	3,551,702
Depreciation and capital expenditures	1,008,074	1,322,715	361,136	231,957	2,923,882
General office administration	288,959	492,645	208,844	-	990,448
Occupancy	-	-	-	4,852,250	4,852,250
Personnel travel	1,087,287	-	43,963	-	1,131,250
Professional services and other expenses	28,126,181	4,568,015	1,643,887	5,716,132	40,054,215
Publications, printing, and mailing	1,844,975	-	-	12,264	1,857,239
Salaries and benefits	27,016,519	44,542,961	19,623,475	203,911	91,386,866
Scholarships, grants, and awards	1,135,099	-	-	-	1,135,099
Total expenses	$ 63,129,917	$ 82,833,982	$ 22,615,890	$ 11,602,253	$ 180,182,042

6. MEMBERSHIP DUES AND ACCOUNTS RECEIVABLE

Membership dues and accounts receivable as of August 31, 2021 and 2020, consisted of the following:

	2021	2020
Membership dues and fees	$ 3,137,210	$ 4,037,318
Accounts receivable	1,837,927	2,085,624
Total membership dues and fees and accounts receivable	4,975,137	6,122,942
Less allowance for doubtful accounts	(693,855)	(706,795)
Membership dues and accounts receivable—net	$ 4,281,282	$ 5,416,147

7. PROPERTY AND EQUIPMENT

Property and equipment as of August 31, 2021 and 2020, consisted of the following:

	2021	2020
Property and equipment:		
Land	$ 8,869,525	$ 8,869,525
Buildings and leasehold improvements	63,137,230	62,912,542
Furniture and equipment	10,297,258	10,564,603
Total property and equipment	82,304,013	82,346,670
Less accumulated depreciation and amortization	(43,067,443)	(41,423,026)
Property and equipment—net	$ 39,236,570	$ 40,923,644

Total depreciation and amortization expense for the years ended August 31, 2021 and 2020, was $2,049,548 and $2,046,973, respectively.

8. EMPLOYEE BENEFIT PLANS

The Association provides retirement benefits to substantially all employees through participation in a multiemployer defined benefit retirement plan. In addition, under a multiemployer health and welfare plan, the Association provides health insurance benefits to substantially all employees on a defined contribution basis and to certain retired employees on a defined benefit basis. Each plan is administered by a joint board of trustees. Contributions to these plans are determined by provisions of negotiated labor contracts.

The Association's participation in the multiemployer defined benefit retirement plan (the "Plan") for the years ended August 31, 2021 and 2020, is outlined in the following table:

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status for the Years Ended December 31,		Contributions by the Association for the Years Ended August 31,		Surcharge Imposed	Expiration Date of Collective-Bargaining Agreement
		2020	2019	2021	2020		
California Teachers Association Employees' Retirement Benefits Plan	68-0427229-001	Yellow	Yellow	$27,375,375	$21,404,014	No	August 31, 2023

The Plan was established on January 1, 1999, to provide retirement, death, and disability benefits for eligible participants.

The Association subsequently entered into a new collective bargaining agreement with staff unions for the period from September 1, 2020, to August 31, 2023.

The Plan had net assets available for benefits of $386,119,141 and $352,082,542 as of December 31, 2020 and 2019, respectively. The actuarial present value of accumulated Plan benefits as of December 31, 2020 and 2019, was $518,099,390 and $482,194,923, respectively. The Plan received contributions of $30,178,428 and $24,333,851 for the years ended December 31, 2020 and 2019, respectively.

The Association's contributions represent more than 5% of the total contributions to the Plan for Plan years ended December 31, 2020 and 2019. The Pension Protection Act Zone Status is based on information that the Association received from the Plan and is certified by the Plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. The Association accounted for approximately 88% and 86% of total employer contributions to the Plan for the years ended December 31, 2020 and 2019 respectively. For the 2020 Plan year, the Plan actuary certified to the U.S. Department of the Treasury, and also to the Plan sponsor (the Board of Trustees), that the Plan was in critical status. In an effort to improve the Plan's funding situation, the Trustees adopted a rehabilitation plan on March 12, 2020. The Board of Trustees amended the rehabilitation plan on September 20, 2020 to include an alternate schedule of an increase from age 55 to age 60 for the unreduced early retirement benefit for benefits earned from January 1, 2021 onwards and an increased contribution rate of 49.75% of gross payroll. The bargaining parties adopted the optional schedule, effective September 1, 2020. On March 31, 2021, the Plan actuary certified to the U.S. Department of the Treasury and the Board of Trustees that the Plan is in endangered status for the Plan Year beginning on January 1, 2021 and is no longer in critical status. Therefore, the rehabilitation plan no longer applies, and the Board will need to adopt a funding improvement plan instead. However, changes made to the benefits and the contribution rate to comply with the rehabilitation plan remain permanent unless changed in the future by the bargaining parties. Because the current contribution rate will meet the requirements of the funding improvement plan, no other action with respect to benefits or contributions needs to be taken by the Board to address the Plan's funding status.

The Association participates in a multiemployer health and welfare plan that provides hospital, medical, dental, prescription drug, vision, and psychiatric care to all eligible participants. The Association's contributions to the health and welfare plan were $19,947,299 and $20,063,606 for the years ended August 31, 2021 and 2020, respectively.

The Association maintains a 401(k) retirement plan (the "401(k) Plan") covering substantially all full-time employees. The Association contributes annually to the 401(k) Plan based on the 401(k) Plan's provisions in accordance with employment agreements. The Association's contributions to the 401(k) Plan were $1,798,518 and $1,807,479 for the years ended August 31, 2021 and 2020, respectively.

9. RELATED-PARTY TRANSACTION

The Association is the Plan's sponsor for the Economic Benefits Trust (EBT), which provides certain welfare benefits to members of the Association. The senior management of the Association serves as the trustees of EBT. The Association and EBT have entered into an expense reimbursement agreement in which the Association provides certain administrative services and EBT reimburses the Association for its direct expenses. The expenses incurred on behalf of EBT were $1,423,865 and $1,533,028 for the years ended August 31, 2021 and 2020, respectively. The total amount due to EBT was $98,047 and $136,664 as of August 31, 2021 and 2020, respectively.

10. DEBT FACILITIES

The Association has a revolving loan agreement with Union Bank in the amount of $30,000,000. Interest is payable monthly at the London InterBank Offered Rate (LIBOR), plus 1.15%. The agreement also provides for a standby letter of credit for $1,000,000. As of August 31, 2021 and 2020, there was no balance outstanding on the revolving loan. The agreement expires on October 1, 2024.

The Association is in compliance with the financial covenants of its revolving loan agreements as of the date the combined financial statements were available to be issued.

The Association obtained a line of credit from UBS Bank in the amount of $40,000,000 in December 2011. Interest is payable monthly at LIBOR, plus 1.00%. At August 31, 2021 and 2020, there was no balance outstanding on this line of credit.

11. LEASES

The Association occupies certain premises throughout California under rental agreements expiring at various dates through fiscal year 2021. Substantially all leases provide for minimum annual rentals with escalation clauses for specified cost increases.

For the years ended August 31, 2021 and 2020, gross rent expense amounted to approximately $1,284,232 and $1,232,602, respectively, and sublease rental income totaled approximately $39,384 and $39,834, respectively. The future minimum rental commitments for all noncancelable operating leases having initial terms in excess of one year as of August 31, 2021, are as follows:

	Rental Commitments	Sublease Income	Net Rental Commitments
2022	$ 1,351,885	$ 10,032	$ 1,341,853
2023	1,205,551	-	1,205,551
2024	738,822	-	738,822
2025	131,404	-	131,404
2026	10,977	-	10,977
Total	$ 3,438,639	$ 10,032	$ 3,428,607

12. DESIGNATED NET ASSETS

The following funds have been designated by the Association's board of directors for specific purposes:

Debt Service Fund—This fund was established for the purpose of debt servicing and reduction.

Political Allocation Fund—This fund serves as a funding structure through which the Association's members may give support for certain state and local issues and candidates for office.

Public Information Program Fund ("Media Fund")—The purpose of this fund is to provide funding for advertisements to educate the public about the achievements, problems, and needs of public education from preschool through graduate school.

Initiative Fund—This fund was established for the purpose of participating in the support of, or opposition to, certain ballot measures.

Independent Expenditures—This fund provides independent expenditures for candidates that align with CTA's values and advocacy agenda.

Advocacy Fund—The purpose of this fund is to promote policies to improve and fight back against attacks on public education.

Designated net assets without donor restrictions as of August 31, 2021 and 2020, are summarized as follows:

	Balance at August 31, 2020	Increase (Decrease) in Designated Net Assets During the Year	Balance at August 31, 2021
Debt service fund	$ 6,338,684	$ 106,285	$ 6,444,969
Political allocation fund	366,479	272,684	639,163
Media fund	8,418,858	(4,570,201)	3,848,657
Initiative fund	17,833,946	3,595,695	21,429,641
Independent expenditures	2,605,277	(1,229,115)	1,376,162
Advocacy fund	11,993,398	(848,694)	11,144,704
Total	$ 47,556,642	$ (2,673,346)	$ 44,883,296

13. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes:

Disaster Relief Fund—provides financial assistance to the Association members who have experienced losses due to disasters in California.

Net assets with donor restrictions as of August 31, 2021 and 2020, are summarized as follows:

	2021	2020
Disaster Relief Fund	$ 1,730,698	$ 1,785,618

Net assets that were released from donor restrictions by incurring expenses that satisfy their restricted purposes or by the occurrence of other events that satisfy donor restrictions during the years ended August 31, 2021 and 2020, were as follows:

	2021	2020
Purpose restrictions accomplished—Disaster Relief Fund	$ 251,053	$ 110,242

14. COMMITMENTS AND CONTINGENCIES

In the ordinary course of business, the Association is a party to claims and legal actions by members, vendors, and others. The Association’s policy is to accrue for amounts related to these claims and legal actions if it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated. The combined financial statements reflect any liabilities that meet the policy described above. After consulting with legal counsel, the Association’s management is of the opinion that any liability that may ultimately result from claims or legal actions will not have a material effect on the combined financial position or results of operations of the Association.

COVID-19 Pandemic

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The extent of the impact of COVID-19 on CTA's operational and financial performance will depend on certain developments and cannot be determined at this time. Accordingly, the extent to which COVID-19 may impact CTA's financial position and changes in net assets and cash flows in the future is uncertain.

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