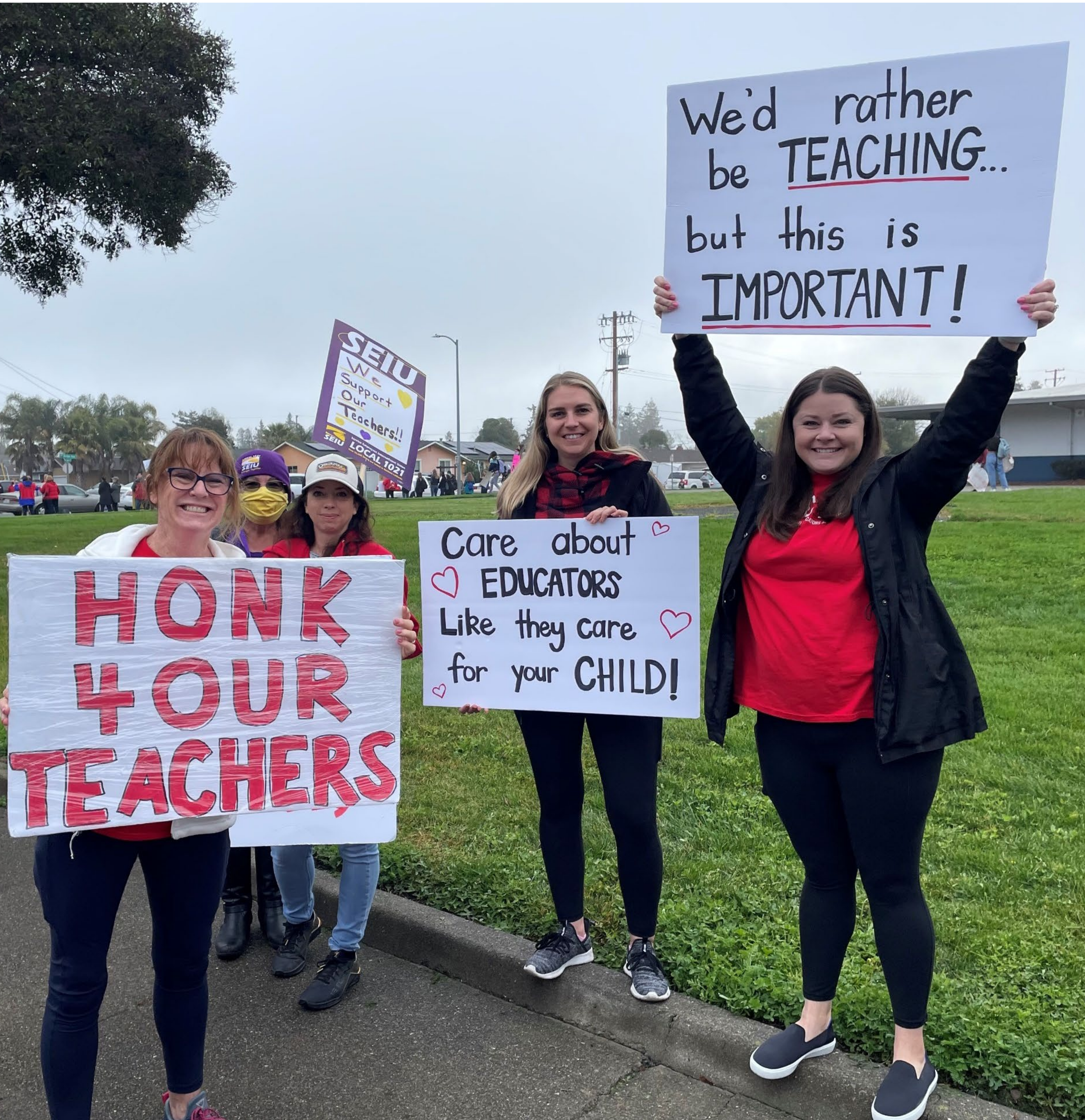
CALIFORNIA TEACHERS ASSOCIATION

CTA ANNUAL REPORT

September 2021 – August 2022



President Boyd

Vice President Goldberg

Secretary-Treasurer Littman

Executive Director Boyd

WHEN WE FIGHT, WE WIN

As we continued to protect ourselves and our communities while emerging from the most difficult months of the pandemic, CTA led the charge for the resources our communities need and the public schools our students deserve. United by our dedication to our students, communities and the belief the education is the cornerstone of our democracy, CTA members showed that when we rise together, we are unstoppable.

This Annual Report, which begins in September 2021 and carries us through August 2022, showcases CTA's extensive work to reach, teach, support and protect students, further public education, and build a just society.

In school districts across the state, educators are fighting to improve teaching and learning conditions, supporting the academic, social and emotional needs of students, and building equitable and inclusive school communities where all students feel they belong and know they are valued. And our historic effort to build community schools continues across the state, as we work to build schools that support our students' wide array of needs that impact their ability to learn and thrive.

The efforts of CTA members during a time when educators are asked to do so much for so many are nothing short of inspiring and heroic. From winning historic funding and resources for public schools and community colleges, to creating safe, supportive and equitable schools where all students feel seen and heard, to fighting for social justice and human and civil rights in schools and communities across the state, CTA is leading the way.

Visit **cta.org/cta-year-in-review-2021-2022** to learn more about all that we accomplished for our students, communities and the craft. Thank you for all your time and effort to make these victories a reality — together, we are strong, and together, #WeAreCTA.

E. Toby Boyd, CTA President

CTA BOARD OF DIRECTORS

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

Click here to find your Board member.

Your CTA Board of Directors is comprised of 23 educators – 16 elected from geographic districts with 10,000 or more members; two elected to serve as statewide at-large directors representing members who are Black, Indigenous and People of Color (BIPOC); one representing community college faculty; and one seat is reserved for a California educator 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 every part of the state. They approve contracts, testify at legislative hearings, and provide direction to CTA's executive director. And when the need arises, Board members bring the strength and solidarity of CTA's 310,000 members with them to local rallies and actions.

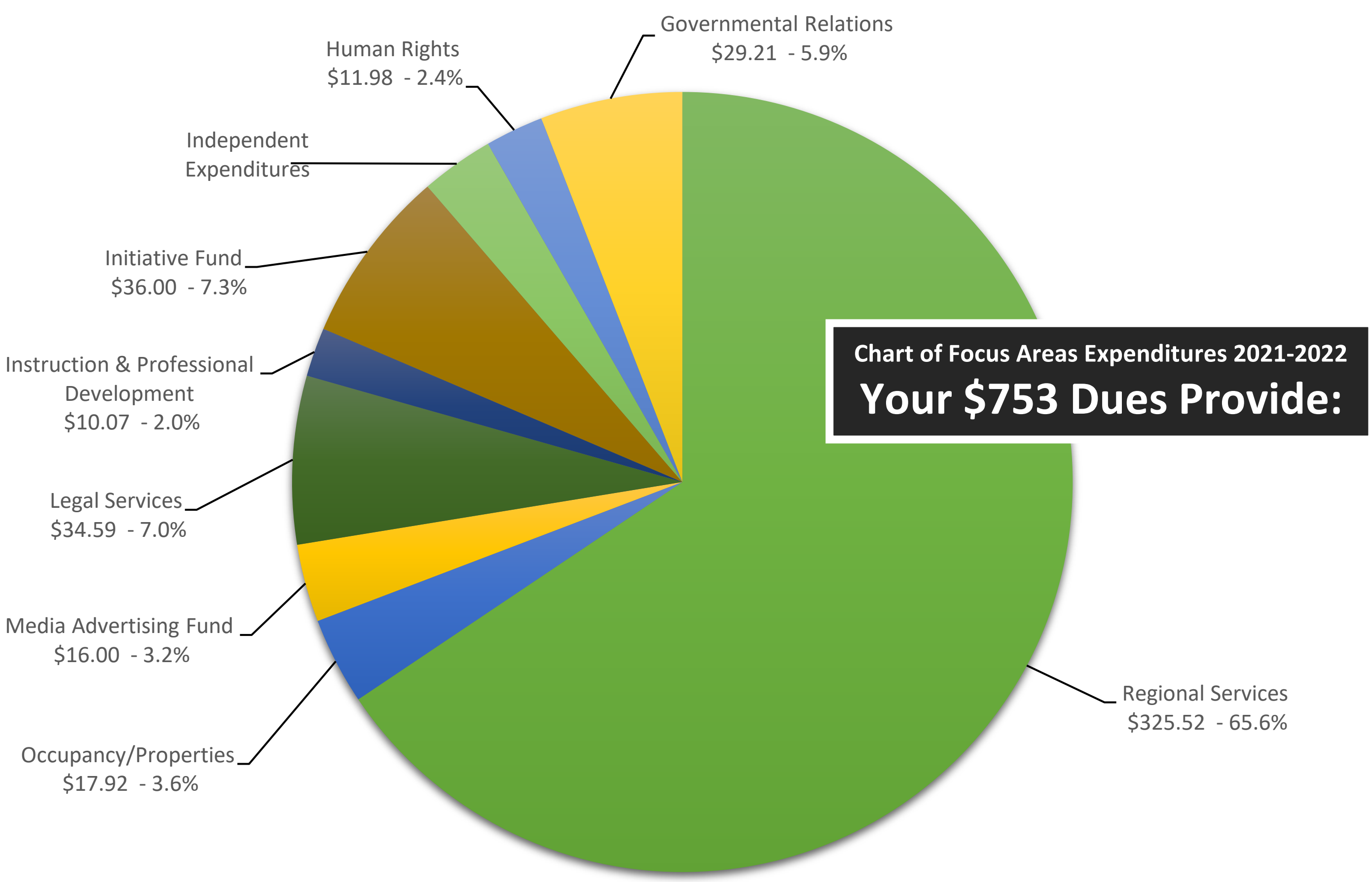
David B. Goldberg, CTA Vice President

IN UNCERTAIN TIMES CTA IS STRONG

Following two years that were difficult financially for many, increased costs due to high inflation and supply-chain issues have impacted everyone. Our extensive and prudent planning enables CTA to continue providing the best support and services to our members, advocating for the resources our public schools and students need and deserve, and leading the fight for public education in communities across California and in the halls of our state Capitol. 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 students and educators, and public education. You can read that story online at cta.org/cta-year-in-review-2021-2022.

Leslie Littman, CTA Secretary-Treasurer



ORGANIZING TO WIN A BETTER TOMORROW

As we emerged from the darkest days of the pandemic, CTA continued organizing to fight for the resources our students, schools and communities need, winning the highest education funding in California history and improving teaching and learning conditions in classrooms statewide.

As executive director, I oversee day-to-day operations and manage the 400-plus CTA employees who help turn members' vision and dreams into reality. It is an honor for me to work with our members, leaders and staff, all of who share the mission of supporting and improving public education, from preschool through community college.

In the past year, CTA continued our work to ensure that America is a safe and supportive home for all of us, rising together to defend LGBTQ+ youth and fighting against extremists seeking to bring culture wars into our classrooms. We also defeated a power grab masquerading as a recall election, worked to make our schools safer and healthier amid the ongoing pandemic, and organized to build transformative community schools that support our students' needs that go far beyond the classroom.

Working together with leaders in the Capitol and our governor, we were able to win record Prop. 98 funding for K-12 schools and community colleges: $110.3 billion, a $16.6-billion increase from last year's budget.

All year, educators continued to work tirelessly to ensure their students felt seen, heard and supported, while lifting their voices together to fight for the California we all deserve. And CTA staff has been an ever-present constant during this time, providing resources and expertise, bargaining and legal advice, training and communications support to all 310,000 members. Together, we are making a difference.

Joe Boyd, CTA Executive Director

To explore highlights of our accomplishments during 2021-2022, go to **cta.org/cta-year-in-review-2021-2022**. While it's not possible to capture all the work we did together, it's a review of some of CTA's best, brightest and most important moments of the year. Check it out and see what we can accomplish when we work together. We hope you find it as inspiring as we do. #WeAreCTA

California Teachers Association

Combined Financial Statements as of and for the Years Ended August 31, 2022 and 2021, and Independent Auditor’s Report

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
California Teachers Association:

Opinion

We have audited the combined financial statements 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 (collectively, the "Association"), all of which are under common ownership and common management, which comprise the combined statements of financial position as of August 31, 2022 and 2021, 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 (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as of August 31, 2022 and 2021, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Deloitte & Touche LLP

December 9, 2022

CALIFORNIA TEACHERS ASSOCIATION

COMBINED STATEMENTS OF FINANCIAL POSITION
AS OF AUGUST 31, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 126,449,884	$ 83,797,643
Short-term investments	243,036,649	287,291,708
Membership dues and accounts receivable—net	4,889,794	4,281,282
Supplies, deposits, and prepaid expenses	1,140,025	2,630,166
Total current assets	375,516,352	378,000,799
PROPERTY AND EQUIPMENT—Net	38,220,437	39,236,570
LONG-TERM INVESTMENTS	66,372,316	74,489,901
TOTAL ASSETS	$ 480,109,105	$ 491,727,270
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 12,306,149	$ 9,651,043
Accrued payroll and related liabilities	5,926,102	5,725,180
Dues payable to affiliated organizations	22,194,267	22,646,387
Deferred membership dues income	1,086,159	509,712
Current portion of long-term obligations	6,528,624	7,222,772
Total current liabilities	48,041,301	45,755,094
LONG-TERM OBLIGATIONS—Less current portion—accrued vacation, sick leave, and other related costs	21,222,092	23,102,713
NET ASSETS:		
Without donor restrictions:		
Undesignated	322,457,714	376,255,469
Designated	86,994,105	44,883,296
Total net assets without donor restrictions	409,451,819	421,138,765
With donor restrictions (Note 13)	1,393,893	1,730,698
Total net assets	410,845,712	422,869,463
TOTAL LIABILITIES AND NET ASSETS	$ 480,109,105	$ 491,727,270

See notes to combined financial statements.

CALIFORNIA TEACHERS ASSOCIATION

COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021

	2022	2021
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Revenue and gains:		
Membership dues and fees	$ 201,996,287	$ 198,825,421
Investment income (loss)—net	(42,804,405)	51,155,689
Other	5,573,278	5,503,496
Total revenue and gains without donor restrictions	164,765,160	255,484,606
Net assets released from restriction (Note 13)	206,910	251,053
Total revenue, gains, and other support without donor restrictions	164,972,070	255,735,659
Expenses:		
Statewide programs	56,011,658	60,784,762
Local service delivery	88,000,718	87,436,056
Support services	23,529,553	22,967,134
Other	9,117,087	10,878,373
Total expenses (Note 5)	176,659,016	182,066,325
Increase (decrease) in net assets without donor restrictio	(11,686,946)	73,669,334
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions	38,313	75,917
Investment income (loss)—net	(168,208)	120,215
Net assets released from restriction (Note 13)	(206,910)	(251,053)
Decrease in net assets with donor restrictions	(336,805)	(54,921)
INCREASE (DECREASE) IN TOTAL NET ASSETS	(12,023,751)	73,614,413
NET ASSETS—Beginning of year	422,869,463	349,255,050
NET ASSETS—End of year	$ 410,845,712	$ 422,869,463

See notes to combined financial statements.

CALIFORNIA TEACHERS ASSOCIATION

COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (12,023,751)	$ 73,614,413
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,969,488	2,049,548
Net realized and unrealized loss (gain) on investments	51,145,579	(45,955,343)
Changes in operating assets and liabilities:		
Membership dues and accounts receivable	(608,512)	1,134,865
Supplies, deposits, and prepaid expenses	1,490,141	(1,657,698)
Accounts payable and accrued expenses	2,655,106	722,833
Accrued payroll and related liabilities	200,922	(2,385,322)
Dues payable to affiliated organizations	(452,120)	1,200,780
Deferred membership dues income	576,447	(1,041,191)
Accrued vacation, sick leave, and other related costs	(2,574,769)	622,741
Net cash provided by operating activities	42,378,531	28,305,626
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(121,020,235)	(182,212,035)
Sales of investments	122,247,300	134,249,187
Purchase and construction of property and equipment	(953,355)	(362,474)
Net cash provided by (used in) investing activities	273,710	(48,325,322)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	42,652,241	(20,019,696)
CASH AND CASH EQUIVALENTS—Beginning of year	83,797,643	103,817,339
CASH AND CASH EQUIVALENTS—End of year	$ 126,449,884	$ 83,797,643

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).

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 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 adopted the ASU on September 1, 2021 and such adoption did not have a material impact on its 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, 2022 and 2021, 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.

	2022	2021
Financial assets:		
Cash and cash equivalents	$ 126,449,884	$ 83,797,643
Investments	309,408,965	361,781,609
Membership dues and accounts receivable—net	4,889,794	4,281,282
Total financial assets	440,748,643	449,860,534
Less financial assets unavailable for general expenditures within one year due to donor-imposed restrictions:		
Restricted for a specified purpose	(1,393,893)	(1,730,698)
Board-designated assets	(86,994,105)	(44,883,296)
Financial assets available within one year	$ 352,360,645	$ 403,246,540

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, 2022 and 2021, under the ASC 820 fair value hierarchy levels:

	Fair Value Measurements at August 31, 2022		
	Level 1	Level 2	Total
Cash equivalents	$ 11,618,411	$ 3,029,582	$ 14,647,993
Mutual funds	$ 132,599,207	$ 17,257,261	$ 149,856,468
Common stocks	77,497,045	-	77,497,045
Preferred securities	3,030,352	-	3,030,352
Certificates of deposit	-	4,396,920	4,396,920
U.S. government bonds	14,218,817	14,632,995	28,851,812
Corporate bonds	-	32,328,867	32,328,867
Government securities	8,016,608	5,430,893	13,447,501
Total	$ 235,362,029	$ 74,046,936	$ 309,408,965

	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

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 (Loss)—Net—In the accompanying combined statements of activities and changes in net assets, investment income (loss)—net for the years ended August 31, 2022 and 2021, is summarized as follows:

	2022	2021
Interest and dividends	$ 8,040,662	$ 5,373,633
Net unrealized gain (loss)	(60,181,141)	33,165,877
Net realized gain	9,336,074	12,616,179
Investment income (loss)—net	$(42,804,405)	$ 51,155,689

5. STATEMENT OF FUNCTIONAL EXPENSES

The table below presents expenses by both their nature and their function for the fiscal years ended August 31, 2022 and 2021. 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, 2022				
	Statewide Programs	Local Service Delivery	Support Services	Other	Total
Assistance to affiliates	$ -	$33,509,234	$ 66,636	$ 603,658	$ 34,179,528
Conferences, meetings, and events	3,407,164	253,207	913,914	22,025	4,596,310
Depreciation and capital expenditures	1,244,522	1,955,271	522,800	291,766	4,014,359
General office administration	329,818	402,492	156,959	-	889,269
Occupancy	-	-	-	5,633,824	5,633,824
Personnel travel	2,379,023	2,460,320	703,786	-	5,543,129
Professional services and other expenses	16,987,620	1,424,725	145,596	2,426,997	20,984,938
Publications, printing, and mailing	1,765,076	-	-	4,342	1,769,418
Salaries and benefits	28,786,147	47,995,469	21,019,862	134,475	97,935,953
Scholarships, grants, and awards	1,112,288	-	-	-	1,112,288
Total expenses	$56,011,658	$88,000,718	$23,529,553	$9,117,087	$176,659,016

	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

6. MEMBERSHIP DUES AND ACCOUNTS RECEIVABLE

Membership dues and accounts receivable as of August 31, 2022 and 2021, consisted of the following:

	2022	2021
Membership dues and fees	$3,114,849	$3,137,210
Accounts receivable	2,514,015	1,837,927
Total membership dues and fees and accounts receivable	5,628,864	4,975,137
Less allowance for doubtful accounts	(739,070)	(693,855)
Membership dues and accounts receivable—net	$4,889,794	$4,281,282

7. PROPERTY AND EQUIPMENT

Property and equipment as of August 31, 2022 and 2021, consisted of the following:

	2022	2021
Property and equipment:		
Land	$ 9,001,419	$ 8,869,525
Buildings and leasehold improvements	63,681,468	63,137,230
Furniture and equipment	10,530,080	10,297,258
Total property and equipment	83,212,967	82,304,013
Less accumulated depreciation and amortization	(44,992,530)	(43,067,443)
Property and equipment—net	$ 38,220,437	$ 39,236,570

Total depreciation and amortization expense for the years ended August 31, 2022 and 2021, was $1,969,488 and $2,049,548, 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, 2022 and 2021, is outlined in the following table:

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status for the Years Ended December 31, 2021	2020	Contributions by the Association for the Years Ended August 31, 2022	2021	Surcharge Imposed	Expiration Date of Collective-Bargaining Agreement
California Teachers Association Employees' Retirement Benefits Plan	68-0427229-001	Yellow	Yellow	$27,896,607	$27,375,375	No	August 31, 2023

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

The current collective bargaining agreement with staff unions covers the period from September 1, 2020, to August 31, 2023.

The Plan had net assets available for benefits of $422,327,444 and $386,119,141 as of December 31, 2021 and 2020, respectively. The actuarial present value of accumulated Plan benefits as of December 31, 2021 and 2020, was $530,131,076 and $518,099,390, respectively. The Plan received contributions of $31,174,266 and $30,178,428 for the years ended December 31, 2021 and 2020, respectively.

The Association's contributions represent more than 5% of the total contributions to the Plan for Plan years ended December 31, 2021 and 2020. 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 88% of total employer contributions to the Plan for the years ended December 31, 2021 and 2020, respectively. For the 2021 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 endangered status. On June 10, 2021, the trustees adopted a "no action" funding improvement plan. Because the current contribution rate meets the requirements of the funding improvement plan, no other action with respect to benefits or contributions needed to be taken by the Board to address the Plan's funding status. On March 31, 2022, the Plan actuary certified to the U.S. Department of the Treasurer and the Board of Trustees that the Plan continues to be in endangered status for the Plan Year beginning on January 1, 2022.

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 $20,328,790 and $19,947,299 for the years ended August 31, 2022 and 2021, 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 $1,839,444 and $1,798,518 for the years ended August 31, 2022 and 2021, 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 $1,478,617 and $1,423,865 for the years ended August 31, 2022 and 2021, respectively. The total amount due from EBT was $359,494 as of August 31, 2022 and total amount due to EBT was $98,047 as of 2021, 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%. As the global financial services industry transitions from LIBOR to alternate interest rate benchmarks, as of January 1, 2022, Union Bank uses the Secured Overnight Financing Rate (SOFR) plus 1.15%, plus a benchmark spread adjustment that could vary depending on the interest period. The agreement also provides for a standby letter of credit for $1,000,000. As of August 31, 2022 and 2021, 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%. As of January 1, 2022, UBS Bank uses the UBS Variable Rate (UBSVR), which is comprised of the compounded 30-day average of SOFR plus 0.110%, plus the current spread over LIBOR. At August 31, 2022 and 2021, 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, 2022 and 2021, gross rent expense amounted to approximately $1,308,552 and $1,284,232, respectively, and sublease rental income totaled approximately $41,352 and $39,384, respectively. The future minimum rental commitments for all noncancelable operating leases having initial terms in excess of one year as of August 31, 2022, are as follows:

	Rental Commitments	Sublease Income	Net Rental Commitments
2023	$ 1,339,837	$ 10,356	$ 1,329,481
2024	902,716	-	902,716
2025	322,468	-	322,468
2026	55,977	-	55,977
2027	45,000	-	45,000
Thereafter	3,750	-	3,750
Total	$ 2,669,748	$ 10,356	$ 2,659,392

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.

One-time Organizing Allotment Fund – The purpose of this fund is to support the multi-year Organizing Plan, which was adopted in October 2021.

Designated net assets without donor restrictions as of August 31, 2022 and 2021, are summarized as follows:

	Balance at August 31, 2021	Increase (Decrease) in Designated Net Assets During the Year	Balance at August 31, 2022
Debt service fund	$ 6,444,969	$ 150,344	$ 6,595,313
Political allocation fund	639,163	308,595	947,758
Media fund	3,848,657	244,125	4,092,782
Initiative fund	21,429,641	7,786,104	29,215,745
Independent expenditures	1,376,162	(14,316)	1,361,846
Advocacy fund	11,144,704	1,578,442	12,723,146
One-time organizing allotment	-	32,057,515	32,057,515
Total	$ 44,883,296	$ 42,110,809	$ 86,994,105

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, 2022 and 2021, are summarized as follows:

	2022	2021
Disaster Relief Fund	$ 1,393,893	$ 1,730,698

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, 2022 and 2021, were as follows:

	2022	2021
Purpose restrictions accomplished—Disaster Relief Fund	$206,910	$251,053

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.

15. SUBSEQUENT EVENTS

Management has evaluated subsequent events during the period from September 1, 2022, to December 9, 2022, the date the combined financial statements were available to be issued. There have been no events that have occurred that would require adjustments to our disclosures in the consolidated financial statements.

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