CALIFORNIA TEACHERS ASSOCIATION

ANNUAL REPORT

September 2022–August 2023

WHEN WE ORGANIZE, WE WIN

Our Annual Report for September 2022 through August 2023 showcases our work to strengthen our union, support our students, advance public education, and build a more just and equitable society. These reports illustrate how we utilize our collective resources to achieve these goals and accomplish the incredible work of our union.

Each year, this is also an opportunity to look back and reflect. When I think back to the powerful 2022-23 school year, I feel gratitude and hope for our future. CTA members showed that when educators are willing to put it all on the line together, nothing can stop us. CTA continues to grow stronger as a union as we lead the charge for the public schools all students deserve.

From Calexico to Crescent City, educators are rising together to improve teaching and learning conditions, supporting the academic, social and emotional needs of our students, and building equitable and inclusive school communities where all students feel seen, heard and valued. The historic effort to build Community Schools across the state continues, as CTA members work in their local chapters to organize and bargain for schools that support all students.

The collective efforts and activism of educators are part of the resurgence of a fighting American labor movement. From winning historic funding and resources for public schools and community colleges to defending our schools from extremists seeking to undermine public education and divide our communities, CTA members show that coming together in our union is the answer.

Thank you so much for all you do and let’s continue organizing together to build CTA and advance our vision for public schools.

David B. Goldberg, CTA President

YOUR CTA LEADERSHIP & 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 our union's message about the power and promise 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 statewide actions. We are truly stronger together.

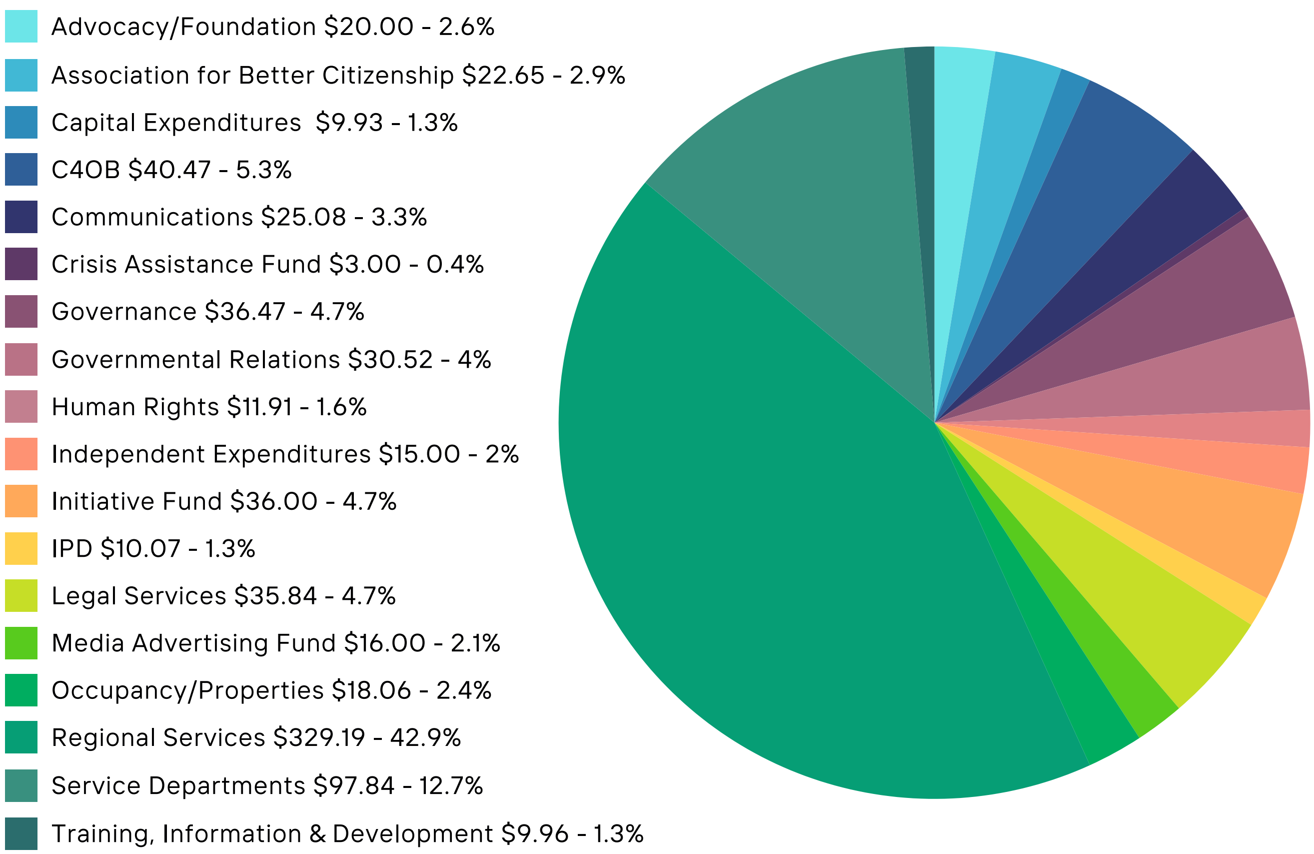
Leslie Littman, CTA Vice President

CTA REMAINS FISCALLY STRONG

As high inflation and supply-chain issues have continued to impact our school districts and broader communities, our extensive and prudent planning has enabled us to continue to organize and build power across CTA. We advocate for the resources and schools our students deserve in the halls of our Capitol and are leading the fight for public education in communities across California. CTA continues to show solid operating results and successful management of expenses, ensuring that our union remains fiscally strong at a time when our advocacy and union strength is needed most. These successes pave the way for historic investment in local chapter organizing and support.

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 are only a part of our union's powerful story. Our positive impact on teaching, learning and advocacy for students and educators, public education, and our labor movement can be felt in our communities each and every day. Many of the stories and examples of our impact can be found at www.cta.org/educator.

Erika Jones, CTA Secretary-Treasurer



PROGRAM EXPENDITURES

MEMBER DUES: $786

OUR UNITY IS UNSTOPPABLE

As executive director, I oversee day-to-day operations and manage our more than 400 CTA employees. We work alongside members to build power in our union and protect and strengthen public education. It is an honor for me to work with our members, leaders and staff, all of whom share the mission of supporting and improving public education, from preschool through community college.

In the past year, CTA members continued the work to ensure that our schools are safe and supportive places for all. Together, we work to organize in our school sites, local chapters, and in the halls of our Capitol. Working with elected leaders and our Governor, we were able to win robust funding for K-12 schools and community colleges: $110.6 billion, a $300-million increase from the previous year's budget.

We bargain strong contracts that ensure that educators can provide for themselves and their families. We are dedicated to winning resources for our students and protecting public education. We are a force for good in our society.

There is no obstacle we can't overcome together. While there are plenty – divisive extremists seeking to erode faith in public education, corporate interests working to dismantle unions, and threats to the continued funding we need for our students – we have proven time and time again that we are the ones we have been waiting for. We are the ones who can organize against attacks and FOR a more just and equitable society for all.

The staff of your union couldn't be more grateful for every single member of CTA and the work we are all able to do together for public education, our labor movement, and each other.

Joe Boyd, CTA Executive Director

California Teachers Association

Combined Financial Statements as of and for the Years Ended August 31, 2023 and 2022, and Independent Auditor's Report

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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, 2023 and 2022, 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, 2023 and 2022, 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 8, 2023

CALIFORNIA TEACHERS ASSOCIATION

COMBINED STATEMENTS OF FINANCIAL POSITION
AS OF AUGUST 31, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$100,081,524	$126,449,884
Short-term investments	261,709,167	243,036,649
Membership dues and accounts receivable—net	4,804,513	4,889,794
Supplies, deposits, and prepaid expenses	2,839,340	1,140,025
Total current assets	369,434,544	375,516,352
NON-CURRENT ASSETS:		
Property and equipment—net	38,028,034	38,220,437
Operating right of use assets	4,073,261	-
Long-term investments	114,543,579	66,372,316
	156,644,874	104,592,753
TOTAL ASSETS	$526,079,418	$480,109,105
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 11,364,645	$ 12,306,149
Accrued payroll and related liabilities	6,047,965	5,926,102
Dues payable to affiliated organizations	22,907,911	22,194,267
Deferred membership dues income	1,158,745	1,086,159
Operating lease liabilities	1,127,620	-
Current portion of long-term obligations	7,293,538	6,528,624
Total current liabilities	49,900,424	48,041,301
LONG-TERM OBLIGATIONS—Less current portion		
Accrued vacation, sick leave, and other related costs	21,042,869	21,222,092
Operating lease liabilities	3,055,626	-
Financing lease liabilities	131,942	-
Total long-term obligations	24,230,437	21,222,092
NET ASSETS:		
Without donor restrictions:		
Undesignated	247,476,025	322,457,714
Designated	203,101,259	86,994,105
Total net assets without donor restrictions	450,577,284	409,451,819
With donor restrictions (Note 13)	1,371,273	1,393,893
Total net assets	451,948,557	410,845,712
TOTAL LIABILITIES AND NET ASSETS	$526,079,418	$480,109,105

See notes to combined financial statements.

CALIFORNIA TEACHERS ASSOCIATION

COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

	2023	2022
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Revenue and gains:		
Membership dues and fees	$ 206,002,164	$ 201,996,287
Investment income (loss)—net	23,459,202	(42,804,405)
Other	7,160,923	5,573,278
Total revenue and gains without donor restrictions	236,622,289	164,765,160
Net assets released from restriction (Note 13)	156,304	206,910
Total revenue, gains, and other support without donor restrictions	236,778,593	164,972,070
Expenses:		
Statewide programs	71,892,822	56,011,658
Local service delivery	90,614,402	88,000,718
Support services	25,269,335	23,529,553
Other	7,876,569	9,117,087
Total expenses (Note 5)	195,653,128	176,659,016
Increase (decrease) in net assets without donor restrictions	41,125,465	(11,686,946)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions	55,641	38,313
Investment income (loss)—net	78,043	(168,208)
Net assets released from restriction (Note 13)	(156,304)	(206,910)
Decrease in net assets with donor restrictions	(22,620)	(336,805)
INCREASE (DECREASE) IN TOTAL NET ASSETS	41,102,845	(12,023,751)
NET ASSETS—Beginning of year	410,845,712	422,869,463
NET ASSETS—End of year	$ 451,948,557	$ 410,845,712

See notes to combined financial statements.

CALIFORNIA TEACHERS ASSOCIATION

COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 41,102,845	$ (12,023,751)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	2,010,338	1,969,488
Net realized and unrealized loss (gain) on investments	(14,876,313)	51,145,579
Loss on disposition of property and equipment	2,961	-
Non-cash operating lease expense	1,225,213	-
Changes in operating assets and liabilities:		
Membership dues and accounts receivable	85,281	(608,512)
Supplies, deposits, and prepaid expenses	(1,699,315)	1,490,141
Accounts payable and accrued expenses	(941,504)	2,655,106
Accrued payroll and related liabilities	121,863	200,922
Dues payable to affiliated organizations	713,644	(452,120)
Deferred membership dues income	72,586	576,447
Operating lease liability	(1,115,229)	-
Accrued vacation, sick leave, and other related costs	545,872	(2,574,769)
Net cash provided by operating activities	27,248,242	42,378,531
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(286,222,549)	(121,020,235)
Sales of investments	234,255,079	122,247,300
Purchase and construction of property and equipment	(1,618,439)	(953,355)
Net cash (used in) provided by investing activities	(53,585,909)	273,710
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payment on finance leases	(30,693)	-
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(26,368,360)	42,652,241
CASH AND CASH EQUIVALENTS—Beginning of year	126,449,884	83,797,643
CASH AND CASH EQUIVALENTS—End of year	$ 100,081,524	$ 126,449,884

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

Leases—On September 1, 2022, Accounting Standards Codification ("ASC") 842, *Leases*, became effective for the Association. The Association elected to apply the provisions of ASC 842 as of September 1, 2022 and not to retrospectively adjust prior periods presented. The Association considers an arrangement to contain a lease if it conveys the right to control the use of an identified asset for a period in time in exchange for compensation. Right-of-use assets represent the right to use an underlying asset for the lease term and lease liabilities represent the present value of the fixed payment obligations. Leases with a term of 12 months or less are not recorded on the balance sheet. The Association uses a risk-free rate as a discount rate at commencement or modification. Operating leases may require fixed payments or variable payments. Variable payments are excluded from the right-of use-assets and lease liabilities and are recognized in the period in which the obligation is incurred. Operating lease expense is recognized on a straight-line basis over the lease term. The Association's lease terms include renewal options that are reasonably certain to be exercised.

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.

Recently Adopted—Accounting Pronouncements—In February 2016, the FASB issued the Accounting Standard Update (ASU) 2016-02, *Leases* (ASC 842). The guidance requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The guidance states that a lessee would recognize a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term. The Association adopted the new guidance effective September 1, 2022, using the optional transition method under the modified retrospective approach under which the results for the comparative prior periods were not restated.

The Association elected the package of three transitional practical expedients which allow the Association not to reassess under the new guidance the Association's prior conclusions about lease identification, lease classification and initial direct costs, for any existing leases on the adoption date. The Association elected to combine the lease and non-lease components for all asset classes. The Association also elected not to record leases that, at the commencement date, have a lease term of 12 months or less. The Association did not elect to apply the hindsight practical expedient when determining lease term and assessing impairment of its ROU assets.

Along with the adoption of ASU No. 2016-02, the Association adopted ASU 2021-09, Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities. The guidance provides lessees that are not public business entities with a practical expedient that allows them to elect, as an accounting policy, to use a risk-free rate as the discount rate for all leases, if the rate implicit in a lease is not readily determinable. In accordance with this guidance, the Association elected to use the risk-free rate as the discount rate for all leases.

The adoption of ASU 2016-02 and ASU2021-09, resulted in the recognition of an operating right-of-use (ROU) assets and lease liabilities of $5,298,000 and financing ROU Assets and lease liabilities of $202,000. See note 11 for more information.

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, 2023 and 2022, 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.

	2023	**2022**
Financial assets:		
Cash and cash equivalents	$ 100,081,524	$ 126,449,884
Investments	376,252,746	309,408,965
Membership dues and accounts receivable—net	4,804,513	4,889,794
Total financial assets	481,138,783	440,748,643
Less financial assets unavailable for general expenditures within one year due to donor-imposed restrictions:		
Restricted for a specified purpose	(1,371,273)	(1,393,893)
Board-designated assets	(203,101,259)	(86,994,105)
Financial assets available within one year	$ 276,666,251	$ 352,360,645

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, 2023 and 2022, under the ASC 820 fair value hierarchy levels:

	Fair Value Measurements at August 31, 2023		
	Level 1	**Level 2**	**Total**
Cash equivalents	$ 6,188,721	$ 4,928,540	$ 11,117,261
Mutual funds	$ 104,559,873	$ 43,650,573	$ 148,210,446
Common stocks	97,578,552	-	97,578,552
Preferred securities	1,108,859	-	1,108,859
Certificates of deposit	-	4,854,092	4,854,092
U.S. government bonds	30,927,786	15,005,003	45,932,789
Corporate bonds	-	46,936,873	46,936,873
Government securities	22,918,501	8,712,634	31,631,135
Total	$ 257,093,571	$ 119,159,175	$ 376,252,746

	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

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, 2023 and 2022, is summarized as follows:

	2023	**2022**
Interest and dividends	$ 9,215,616	$ 8,040,662
Net unrealized gain (loss)	15,812,332	(60,181,141)
Net realized (loss) gain	(1,568,746)	9,336,074
Investment income (loss)—net	$ 23,459,202	$ (42,804,405)

5. STATEMENT OF FUNCTIONAL EXPENSES

The table below presents expenses by both their nature and their function for the fiscal years ended August 31, 2023 and 2022. 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, 2023				
	Statewide Programs	Local Service Delivery	Support Services	Other	Total
Assistance to affiliates	$ -	$33,425,238	$ 130,272	$ 557,987	$ 34,113,497
Conferences, meetings, and events	5,043,395	252,657	1,105,588	42,878	6,444,518
Depreciation and capital expenditures	1,157,288	1,458,657	406,771	178,321	3,201,037
General office administration	342,545	505,005	354,573	-	1,202,123
Occupancy	-	-	-	6,182,175	6,182,175
Personnel travel	3,066,178	2,944,478	861,267	-	6,871,923
Professional services and other expenses	28,199,983	1,544,530	319,890	733,537	30,797,940
Publications, printing, and mailing	3,130,263	-	0	6,201	3,136,464
Salaries and benefits	29,624,822	50,483,837	22,090,974	175,470	102,375,103
Scholarships, grants, and awards	1,328,348	-	-	-	1,328,348
Total expenses	$71,892,822	$90,614,402	$25,269,335	$7,876,569	$195,653,128

	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

6. MEMBERSHIP DUES AND ACCOUNTS RECEIVABLE

Membership dues and accounts receivable as of August 31, 2023 and 2022, consisted of the following:

	2023	2022
Membership dues and fees	$2,946,177	$3,114,849
Accounts receivable	2,463,823	2,514,015
Total membership dues and fees and accounts receivable	5,410,000	5,628,864
Less allowance for doubtful accounts	(605,487)	(739,070)
Membership dues and accounts receivable—net	$4,804,513	$4,889,794

7. PROPERTY AND EQUIPMENT

Property and equipment as of August 31, 2023 and 2022, consisted of the following:

	2023	2022
Property and equipment:		
Land	$ 9,001,419	$ 9,001,419
Buildings and leasehold improvements	63,087,905	63,681,468
Furniture and equipment	12,008,507	10,530,080
Total property and equipment	84,097,831	83,212,967
Work-in-progress	892,251	-
Less accumulated depreciation and amortization	(46,962,048)	(44,992,530)
Property and equipment—net	$ 38,028,034	$ 38,220,437

Total depreciation and amortization expense for the years ended August 31, 2023 and 2022, was $1,973,219 and $1,969,488, 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, 2023 and 2022, is outlined in the following table:

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status for the Years Ended December 31, 2022	2021	Contributions by the Association for the Years Ended August 31, 2023	2022	Surcharge Imposed	Expiration Date of Collective-Bargaining Agreement
California Teachers Association Employees' Retirement Benefits Plan	68-0427229-001	Yellow	Yellow	$28,567,041	$27,896,607	No	August 31, 2026

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, 2023, to August 31, 2026.

The Plan had net assets available for benefits of $366,227,201 and $422,327,444 as of December 31, 2022 and 2021, respectively. The actuarial present value of accumulated Plan benefits as of December 31, 2022 and 2021, was $536,115,860 and $530,131,076, respectively. The Plan received contributions of $32,019,756 and $31,174,266 for the years ended December 31, 2022 and 2021, respectively.

The Association's contributions represent more than 5% of the total contributions to the Plan for Plan years ended December 31, 2022 and 2021. 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% of total employer contributions to the Plan for the years ended December 31, 2022 and 2021. 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. On March 31, 2023, the Plan actuary certified to the U.S. Department of the Treasury and the Board of Trustees that the Plan had emerged from endangered status and the Plan is therefore not in endangered, critical, or critical and declining status for the Plan Year beginning on January 1, 2023.

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 $20,810,289 and $20,328,790 for the years ended August 31, 2023 and 2022, 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 $1,854,245 and $1,839,444 for the years ended August 31, 2023 and 2022, 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 $1,453,928 and $1,478,617 for the years ended August 31, 2023 and 2022, respectively. The total amount due from EBT was $241,032 and $359,494 as of August 31, 2023 and 2022, 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. In December 2022, US Bank acquired Union Bank and no changes were made on the terms of the revolving loan. As of August 31, 2023 and 2022, there was no balance outstanding on the revolving loan. The agreement expires on September 30, 2023.

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, 2023 and 2022, there was no balance outstanding on this line of credit.

11. LEASES

As a lessee, the Association occupies certain premises throughout California under rental agreements expiring at various dates. The lease term includes any multi-year renewal options that are reasonably certain to be exercised are appropriately reflected in the ROU and Lease Liabilities as of 8/31/23. Payments under all lease arrangements are fixed. For the years ended August 31, 2023, and 2022, gross lease expense amounted to approximately $1,380,995 and $1,308,552 respectively.

As a lessor, the Association also has four lease agreements with local chapters. Two are subleases of leased properties and two are leases of owned properties, all are classified as operating leases. As the collection of the rental income related to these leases is probable, the Association will recognize the lease payments as income over the lease term on a straight-line basis. For the years ended August 31, 2023, and 2022, sublease rental income totaled approximately $42,129 and $41,352 respectively.

Other information related to leases as of and for the years ended August 31, 2023 and 2022 is as follows:

	Operating	**Financing**
ROU assets	$ 5,298,474	$ 202,454
Accumulated amortization	(1,225,213)	(37,117)
	$ 4,073,261	$ 165,337
Lease liabilities	$ 4,183,246	$ 171,761
Weighted average remaining lease term (years)	3.9	4.08
Weighted average discount rate	3.42 %	3.39 %

Future minimum rental payments to be paid under the Company's lease agreements, including periods covered by extension options, are as follows:

Years Ending August 31:	**Operating**	**Financing**	**Sublease Income**
2024	$ 1,249,198	$ 44,900	$ 40,836
2025	1,153,577	45,000	5,544
2026	942,170	45,000	1,848
2027	689,275	45,000	-
2028	324,650	3,750	-
Thereafter	113,396	-	-
Total undiscounted lease payments	4,472,266	183,650	48,228
Less: imputed interest	(289,020)	(11,889)	-
Total lease liability	$ 4,183,246	$ 171,761	$ 48,228

Components of lease cost:	
Operating lease cost	$ 1,380,995
Sublease—operating income	(43,475)
	1,337,520
Finance lease cost:	
Amortization of right-of-use assets	37,117
Interest on lease liabilities	5,807
Total finance lease cost	42,924
Total lease cost	$ 1,380,444
Supplemental cash flow information related to leases:	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 1,115,229
Operating cash flows from finance leases	5,807
Financing cash flows from finance leases	30,693

Under ASC 840, prior to the adoption of ASC 842 on September 1, 2022, future minimum rental payments required under the leases as of August 31, 2022 were as follows:

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

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.

Organizing Fund—The purpose of this fund is to support the CTA Organizing Plan. This replaces the One-time Organizing Allotment Fund intended to fund a multi-year plan adopted in October 2021.

Budget Stabilization Fund—The purpose of this fund is to stabilize the CTA operating budget in times of declining revenue. The fund was established in July 2023.

Designated net assets without donor restrictions as of August 31, 2023 and 2022, are summarized as follows:

	Balance at August 31, 2022	Increase (Decrease) in Designated Net Assets During the Year	Balance at August 31, 2023
Debt service fund	$ 6,595,313	$ 202,643	$ 6,797,956
Political allocation fund	947,758	(273,938)	673,820
Media fund	4,092,782	(4,621,342)	(528,560)
Initiative fund	29,215,745	2,878,324	32,094,069
Independent expenditures	1,361,846	(20,610)	1,341,236
Budget stabilization fund	-	58,177,439	58,177,439
Advocacy fund	12,723,146	2,596,378	15,319,524
Organizing fund	32,057,515	57,168,260	89,225,775
Total	$ 86,994,105	$ 116,107,154	$ 203,101,259

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, 2023 and 2022, are summarized as follows:

	2023	2022
Disaster Relief Fund	$ 1,371,273	$ 1,393,893

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, 2023 and 2022, were as follows:

	2023	2022
Purpose restrictions accomplished—Disaster Relief Fund	$ 156,304	$ 206,910

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.

15. SUBSEQUENT EVENTS

In December 2023, the Association increased the line of credit with UBS Bank to $90,000,000. The long-term investments of the Association held at UBS are pledged as collateral under this line of credit. The Association did not renew the revolving loan agreement with US Bank (see Note 10).

Management has evaluated subsequent events during the period from September 1, 2023, to December 8, 2023, the date the combined financial statements were available to be issued.

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