

CALIFORNIA FEDERATION OF TEACHERS

FINANCIAL STATEMENTS

DECEMBER 31, 2019, 2018 AND 2017



INDEPENDENT AUDITORS' REPORT

Executive Council
California Federation of Teachers
2550 Hollywood Way, Suite 400
Burbank, California 91505

Members of the Council:

Report on the Financial Statements

We have audited the accompanying financial statements of California Federation of Teachers (the "CFT"), which comprise the statements of financial position as of December 31, 2019, 2018 and 2017, and the related statements of activities, cash flows and schedules in support of statements of activities for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the CFT as of December 31, 2019, 2018 and 2017, and the changes in its net assets, cash flows and schedules in support of statements of activities for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Miller Kaplan Arase LLP

MILLER KAPLAN ARASE LLP

North Hollywood, California

June 26, 2020

CALIFORNIA FEDERATION OF TEACHERS
STATEMENTS OF FINANCIAL POSITION
ALL FUNDS
DECEMBER 31, 2019

| | Total | General Fund | Raoul Teilhet Scholarship Fund |
|---|----------------------|----------------------|--------------------------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash - Note 2-C | \$ 19,372,691 | \$ 9,272,045 | \$ 263,714 |
| Per Capita Taxes Receivable | 5,581,943 | 5,581,943 | - |
| Other Receivables | 186,273 | 140,694 | - |
| Interfunds | - | (1,148,649) | 30,738 |
| TOTAL CURRENT ASSETS | 25,140,907 | 13,846,033 | 294,452 |
| Office Furniture and Equipment, Net of Accumulated Depreciation of \$372,726- Note 2-D | 34,611 | 34,611 | - |
| Investments - CAL Mesa Office Building - Note 5 | 235,326 | 235,326 | - |
| Deposits | 63,987 | 63,987 | - |
| Prepaid Expenses | 22,356 | 22,356 | - |
| Pension Benefits Assets - Management/F.R.U. - Overfunded Portion - Note 7 | 13,139 | 13,139 | - |
| Pension Benefits Assets - Management/F.R.U. - Note 7 | 31,825,641 | 31,825,641 | - |
| TOTAL ASSETS | \$ 57,335,967 | \$ 46,041,093 | \$ 294,452 |
| LIABILITIES AND NET ASSETS | | | |
| CURRENT LIABILITIES | | | |
| Expenses Payable | \$ 264,446 | \$ 259,446 | \$ - |
| Accrued Vacation and Sick Time - Note 2-F | 550,256 | 482,058 | - |
| Financial Assistance Payable | 423,087 | 423,087 | - |
| Financial Assistance Accrual | 1,325,280 | 1,325,280 | - |
| Due to Affiliates | 33,498 | - | - |
| TOTAL CURRENT LIABILITIES | 2,596,567 | 2,489,871 | - |
| Postretirement Medical Benefits Liability - Management/F.R.U. - Note 6 | 2,753,521 | 2,753,521 | - |
| Pension Benefits Liability - Management/F.R.U. - Funded - Note 7 | 31,825,641 | 31,825,641 | - |
| O.P.E.I.U. Postretirement Medical Benefits Liability - Note 8 | 1,093,101 | 1,093,101 | - |
| TOTAL LIABILITIES | 38,268,830 | 38,162,134 | - |
| NET ASSETS (LIABILITIES) WITHOUT RESTRICTIONS | | | |
| Balances, January 1, 2019 | 7,637,886 | (1,051,012) | 308,355 |
| Net Increase (Decrease) for the Year | 11,429,251 | 8,929,971 | (13,903) |
| NET ASSETS WITHOUT RESTRICTIONS, DECEMBER 31, 2019 | 19,067,137 | 7,878,959 | 294,452 |
| TOTAL LIABILITIES AND NET ASSETS WITHOUT RESTRICTIONS | \$ 57,335,967 | \$ 46,041,093 | \$ 294,452 |

(Attached notes are an integral part of this statement)

| Legal Defense Fund | Western States Insurance Trust | Dues Collection Fund | Proposition and Ballot Initiatives COPE Committee | COPE Candidate Committee | Militancy Fund | Disaster Relief Fund | Strategic Organizing Fund |
|--------------------------|---|----------------------------|---|--------------------------------|-------------------|----------------------------|---------------------------------|
| \$ 2,078,762 | \$ 1,514 | \$ 35,705 | \$ 4,745,014 | \$ 1,104,376 | \$ 538,763 | \$ 8,148 | \$ 1,324,650 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | 45,579 | - | - | - |
| 225,478 | - | - | 486,646 | 203,357 | 15,369 | - | 187,061 |
| 2,304,240 | 1,514 | 35,705 | 5,231,660 | 1,353,312 | 554,132 | 8,148 | 1,511,711 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>\$ 2,304,240</u> | <u>\$ 1,514</u> | <u>\$ 35,705</u> | <u>\$ 5,231,660</u> | <u>\$ 1,353,312</u> | <u>\$ 554,132</u> | <u>\$ 8,148</u> | <u>\$ 1,511,711</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,000 |
| - | - | - | 68,198 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | 33,498 | - | - | - | - | - |
| - | - | 33,498 | 68,198 | - | - | - | 5,000 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | 33,498 | 68,198 | - | - | - | 5,000 |
| 1,850,340 | 1,514 | 2,207 | 4,126,714 | 979,352 | 518,835 | 6,433 | 895,148 |
| 453,900 | - | - | 1,036,748 | 373,960 | 35,297 | 1,715 | 611,563 |
| 2,304,240 | 1,514 | 2,207 | 5,163,462 | 1,353,312 | 554,132 | 8,148 | 1,506,711 |
| <u>\$ 2,304,240</u> | <u>\$ 1,514</u> | <u>\$ 35,705</u> | <u>\$ 5,231,660</u> | <u>\$ 1,353,312</u> | <u>\$ 554,132</u> | <u>\$ 8,148</u> | <u>\$ 1,511,711</u> |

CALIFORNIA FEDERATION OF TEACHERS
STATEMENTS OF FINANCIAL POSITION
ALL FUNDS
DECEMBER 31, 2018

| | Total | General Fund | Raoul Teilhet Scholarship Fund |
|--|----------------------|----------------------|--------------------------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash - Note 2-C | \$ 14,080,302 | \$ 6,708,587 | \$ 277,169 |
| Per Capita Taxes Receivable | 5,761,620 | 5,761,620 | - |
| Other Receivables | 191,539 | 122,827 | - |
| Interfunds | - | (1,355,141) | 31,186 |
| TOTAL CURRENT ASSETS | 20,033,461 | 11,237,893 | 308,355 |
| Office Furniture and Equipment, Net of Accumulated Depreciation of \$392,324 - Note 2-D | 15,004 | 15,004 | - |
| Investments - CAL Mesa Office Building - Note 5 | 217,492 | 217,492 | - |
| Deposits | 67,487 | 67,487 | - |
| Prepaid Expenses | 13,805 | 13,805 | - |
| Pension Benefits Assets - Management/F.R.U. - Note 7 | 26,157,407 | 26,157,407 | - |
| TOTAL ASSETS | \$ 46,504,656 | \$ 37,709,088 | \$ 308,355 |
| LIABILITIES AND NET ASSETS | | | |
| CURRENT LIABILITIES | | | |
| Expenses Payable | \$ 170,903 | \$ 170,903 | \$ - |
| Accrued Vacation and Sick Time - Note 2-F | 586,395 | 510,810 | - |
| Financial Assistance Payable | 770,147 | 770,147 | - |
| Financial Assistance Accrual | 1,637,972 | 1,637,972 | - |
| Due to Affiliates | 31,085 | - | - |
| TOTAL CURRENT LIABILITIES | 3,196,502 | 3,089,832 | - |
| Postretirement Medical Benefits Liability - Management/F.R.U. - Note 6 | 2,733,977 | 2,733,977 | - |
| Pension Benefits Liability - Management/F.R.U. - Funded - Note 7 | 26,157,407 | 26,157,407 | - |
| Pension Benefits Liability - Management/F.R.U. - Unfunded - Note 7 | 5,677,209 | 5,677,209 | - |
| O.P.E.I.U. Postretirement Medical Benefits Liability - Note 8 | 1,101,675 | 1,101,675 | - |
| TOTAL LIABILITIES | 38,866,770 | 38,760,100 | - |
| NET ASSETS (LIABILITIES) WITHOUT RESTRICTIONS | | | |
| Balances, January 1, 2018 | 6,294,233 | (1,928,499) | 306,654 |
| Net Increase (Decrease) for the Year | 1,343,653 | 1,479,343 | 1,701 |
| Transfers | - | (601,856) | - |
| NET ASSETS (LIABILITIES) WITHOUT RESTRICTIONS, DECEMBER 31, 2018 | 7,637,886 | (1,051,012) | 308,355 |
| TOTAL LIABILITIES AND NET ASSETS (LIABILITIES) WITHOUT RESTRICTIONS | \$ 46,504,656 | \$ 37,709,088 | \$ 308,355 |

(Attached notes are an integral part of this statement)

| Legal Defense Fund | Western States Insurance Trust | Dues Collection Fund | Proposition and Ballot Initiatives COPE Committee | COPE Candidate Committee | Militancy Fund | Disaster Relief Fund | Strategic Organizing Fund |
|--------------------------|---|----------------------------|---|--------------------------------|-------------------|----------------------------|---------------------------------|
| \$ 1,625,190 | \$ 1,514 | \$ 33,292 | \$ 3,719,160 | \$ 518,361 | \$ 503,242 | \$ 6,433 | \$ 687,354 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | 68,712 | - | - | - |
| 225,150 | - | - | 483,139 | 392,279 | 15,593 | - | 207,794 |
| 1,850,340 | 1,514 | 33,292 | 4,202,299 | 979,352 | 518,835 | 6,433 | 895,148 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>\$ 1,850,340</u> | <u>\$ 1,514</u> | <u>\$ 33,292</u> | <u>\$ 4,202,299</u> | <u>\$ 979,352</u> | <u>\$ 518,835</u> | <u>\$ 6,433</u> | <u>\$ 895,148</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | 75,585 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | 31,085 | - | - | - | - | - |
| - | - | 31,085 | 75,585 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | 31,085 | 75,585 | - | - | - | - |
| 1,063,791 | 1,514 | 2,207 | 4,259,576 | 2,108,132 | 473,990 | 6,868 | - |
| 786,549 | - | - | (132,862) | (1,128,780) | 44,845 | (435) | 293,292 |
| - | - | - | - | - | - | - | 601,856 |
| 1,850,340 | 1,514 | 2,207 | 4,126,714 | 979,352 | 518,835 | 6,433 | 895,148 |
| <u>\$ 1,850,340</u> | <u>\$ 1,514</u> | <u>\$ 33,292</u> | <u>\$ 4,202,299</u> | <u>\$ 979,352</u> | <u>\$ 518,835</u> | <u>\$ 6,433</u> | <u>\$ 895,148</u> |

CALIFORNIA FEDERATION OF TEACHERS
STATEMENTS OF FINANCIAL POSITION
ALL FUNDS
DECEMBER 31, 2017

| | Total | General Fund | Raoul Teilhet Scholarship Fund |
|--|----------------------|----------------------|--------------------------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash - Note 2-C | \$ 10,657,185 | \$ 3,567,062 | \$ 276,287 |
| Per Capita Taxes Receivable | 6,046,903 | 6,046,903 | - |
| Other Receivables | 166,551 | 117,966 | - |
| Interfunds | - | (1,123,063) | 30,367 |
| TOTAL CURRENT ASSETS | 16,870,639 | 8,608,868 | 306,654 |
| Office Furniture and Equipment, Net of Accumulated Depreciation of \$496,783 - Note 2-D | 28,975 | 28,975 | - |
| Investments - CAL Mesa Office Building - Note 5 | 218,232 | 218,232 | - |
| Deposits | 76,426 | 76,426 | - |
| Prepaid Expenses | 73,561 | 73,561 | - |
| Pension Benefits Assets - Management/F.R.U. - Note 7 | 28,203,979 | 28,203,979 | - |
| TOTAL ASSETS | \$ 45,471,812 | \$ 37,210,041 | \$ 306,654 |
| LIABILITIES AND NET ASSETS | | | |
| CURRENT LIABILITIES | | | |
| Expenses Payable | \$ 242,015 | \$ 235,015 | \$ - |
| Accrued Vacation and Sick Time - Note 2-F | 612,873 | 612,873 | - |
| Financial Assistance Payable | 718,121 | 718,121 | - |
| Financial Assistance Accrual | 1,317,329 | 1,317,329 | - |
| Due to Affiliates | 32,039 | - | - |
| TOTAL CURRENT LIABILITIES | 2,922,377 | 2,883,338 | - |
| Postretirement Medical Benefits Liability - Management/F.R.U. - Note 6 | 2,729,762 | 2,729,762 | - |
| Pension Benefits Liability - Management/F.R.U. - Funded - Note 7 | 28,203,979 | 28,203,979 | - |
| Pension Benefits Liability - Management/F.R.U. - Unfunded - Note 7 | 3,933,164 | 3,933,164 | - |
| O.P.E.I.U. Postretirement Medical Benefits Liability - Note 8 | 1,388,297 | 1,388,297 | - |
| TOTAL LIABILITIES | 39,177,579 | 39,138,540 | - |
| NET ASSETS (LIABILITIES) | | | |
| Balances, January 1, 2017 | (376,117) | (5,159,921) | 303,507 |
| Net Increase (Decrease) for the Year | 6,670,350 | 3,231,422 | 3,147 |
| NET ASSETS (LIABILITIES), DECEMBER 31, 2017* - NOTE 16 | 6,294,233 | (1,928,499) | 306,654 |
| TOTAL LIABILITIES AND NET ASSETS (LIABILITIES) | \$ 45,471,812 | \$ 37,210,041 | \$ 306,654 |

* Includes \$601,856 of Net Assets with Restrictions for the General Fund. See Note 16.

(Attached notes are an integral part of this statement)

| Legal Defense Fund | Western States Insurance Trust | Dues Collection Fund | Proposition and Ballot Initiatives COPE Committee | COPE Candidate Committee | Militancy Fund | Disaster Relief Fund | Strategic Organizing Fund |
|--------------------------|---|----------------------------|---|--------------------------------|-------------------|----------------------------|---------------------------------|
| \$ 779,352 | \$ 1,514 | \$ 34,246 | \$ 3,896,459 | \$ 1,624,421 | \$ 458,807 | \$ 19,037 | \$ - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | 48,585 | - | - | - |
| 284,439 | - | - | 363,117 | 435,126 | 15,183 | (5,169) | - |
| 1,063,791 | 1,514 | 34,246 | 4,259,576 | 2,108,132 | 473,990 | 13,868 | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>\$ 1,063,791</u> | <u>\$ 1,514</u> | <u>\$ 34,246</u> | <u>\$ 4,259,576</u> | <u>\$ 2,108,132</u> | <u>\$ 473,990</u> | <u>\$ 13,868</u> | <u>\$ -</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 7,000 | \$ - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | 32,039 | - | - | - | - | - |
| - | - | 32,039 | - | - | - | 7,000 | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | 32,039 | - | - | - | 7,000 | - |
| 48,223 | 1,094 | 2,306 | 2,960,865 | 1,044,892 | 422,917 | - | - |
| 1,015,568 | 420 | (99) | 1,298,711 | 1,063,240 | 51,073 | 6,868 | - |
| 1,063,791 | 1,514 | 2,207 | 4,259,576 | 2,108,132 | 473,990 | 6,868 | - |
| <u>\$ 1,063,791</u> | <u>\$ 1,514</u> | <u>\$ 34,246</u> | <u>\$ 4,259,576</u> | <u>\$ 2,108,132</u> | <u>\$ 473,990</u> | <u>\$ 13,868</u> | <u>\$ -</u> |

CALIFORNIA FEDERATION OF TEACHERS
STATEMENTS OF ACTIVITIES
ALL FUNDS

| | January 1, 2019 to December 31, 2019 | January 1, 2018 to December 31, 2018 | January 1, 2017 to December 31, 2017 |
|---|---|---|---|
| REVENUE | | | |
| Per Capita Taxes | \$ 24,736,672 | \$ 24,653,662 | \$ 25,273,598 |
| AFT Financial Assistance | 432,369 | 405,316 | 450,767 |
| Other Revenue | 198,841 | 95,217 | 243,474 |
| Reimbursements | 79,324 | 449,209 | 298,724 |
| Other Contributions: | | | |
| Proposition and Ballot Initiatives | | | |
| COPE Committee | 614,638 | 425,024 | 535,116 |
| COPE Candidate Committee | 273,826 | 279,405 | 340,808 |
| TOTAL REVENUE | \$ 26,335,670 | \$ 26,307,833 | \$ 27,142,487 |
| EXPENSES | | | |
| Personnel Expenses: | | | |
| Management | 1,060,106 | 1,055,182 | 1,069,754 |
| F.R.U. | 3,387,928 | 3,482,428 | 3,782,777 |
| O.P.E.I.U. | 1,268,563 | 1,523,782 | 1,792,040 |
| Other Personnel-Related Expenses | 1,615,863 | 1,154,382 | 1,617,007 |
| Operating Expenses | 1,278,177 | 1,287,234 | 1,397,122 |
| Financial Assistance to Locals | 8,034,886 | 7,919,772 | 8,257,975 |
| Departments: | | | |
| Communications and Publications | 79,681 | 223,625 | 345,297 |
| Governmental Relations | 14,485 | 10,817 | 47,476 |
| Information Technology | 13,706 | 14,616 | 7,686 |
| Leadership Development and Training | 8,105 | 154,863 | 220,407 |
| Research | 8,500 | 9,603 | 10,810 |
| Organizing | 385,000 | 396,970 | 351,586 |
| Councils: | | | |
| Community College Council | 104,600 | 150,206 | 162,507 |
| Council of Classified Employees | 182,646 | 154,754 | 148,131 |
| EC/K-12 Council | 221,649 | 166,225 | 226,916 |
| Retiree Council | 5,126 | 3,549 | 4,735 |
| Governance | 596,816 | 420,657 | 468,905 |
| Committees and Task Forces | 18,337 | 7,973 | 12,982 |
| Professional Services | 212,064 | 179,035 | 257,749 |
| Miscellaneous | 64,009 | 75,886 | 209,455 |
| Raoul Teillet Scholarship Fund Expenses | 100,300 | 88,000 | 99,000 |
| Legal Defense Fund Expenses | 188,663 | 64,188 | 462,748 |
| Dues Collection Fund Expenses | - | - | 99 |
| Proposition and Ballot Initiatives | | | |
| COPE Committee Expenses | 779,828 | 1,294,950 | 454,691 |
| COPE Candidate Committee Expenses | 635,734 | 2,641,954 | 334,330 |
| Militancy Fund Expenses | 10,000 | - | - |
| Disaster Relief Fund Expenses | 35 | 435 | 15,682 |
| Strategic Organizing Fund Expenses | 45,550 | 158,946 | - |
| TOTAL EXPENSES | 20,320,357 | 22,640,032 | 21,757,867 |
| NET OPERATING INCREASE FOR THE YEAR PRIOR TO NET ADJUSTMENT FOR IMPLEMENTATION OF EMPLOYERS' ACCOUNTING FOR BENEFIT PENSION AND OTHER POSTRETIREMENT PLANS | 6,015,313 | 3,667,801 | 5,384,620 |
| NET ADJUSTMENT FOR IMPLEMENTATION OF EMPLOYERS' ACCOUNTING FOR BENEFIT PENSION AND OTHER POSTRETIREMENT PLANS | | | |
| Postretirement Medical Benefits - | | | |
| Management/F.R.U. - Note 6 | (33,218) | 11,339 | (381,055) |
| Pension Benefits - Management/ | | | |
| F.R.U. - Note 7 | 5,233,106 | (2,458,331) | 1,944,941 |
| O.P.E.I.U. Postretirement Medical | | | |
| Benefits - Note 8 | 214,050 | 122,844 | (278,156) |
| NET ADJUSTMENT FOR IMPLEMENTATION OF EMPLOYERS' ACCOUNTING FOR BENEFIT PENSION AND OTHER POSTRETIREMENT PLANS | 5,413,938 | (2,324,148) | 1,285,730 |
| NET INCREASE FOR THE YEAR | \$ 11,429,251 | \$ 1,343,653 | \$ 6,670,350 |

(Attached notes are an integral part of this statement)

CALIFORNIA FEDERATION OF TEACHERS
STATEMENTS OF ACTIVITIES
GENERAL FUND

| | January 1, 2019 to December 31, 2019 | January 1, 2018 to December 31, 2018 | January 1, 2017 to December 31, 2017 |
|---|--|--|--|
| REVENUE | | | |
| Per Capita Taxes - Schedule C-1 | \$ 24,736,672 | \$ 24,653,662 | \$ 25,273,598 |
| AFT Financial Assistance - Schedule C-2 | 432,369 | 405,316 | 450,767 |
| Other Revenue - Schedule C-3 | 141,093 | 60,085 | 200,830 |
| Reimbursements - Schedule C-4 | <u>768,570</u> | <u>901,178</u> | <u>857,090</u> |
| TOTAL REVENUE | \$ 26,078,704 | \$ 26,020,241 | \$ 26,782,285 |
| EXPENSES | | | |
| Personnel Expenses: | | | |
| Management - Schedule C-5 | 1,060,106 | 1,055,182 | 1,069,754 |
| F.R.U. - Schedule C-6 | 3,387,928 | 3,482,428 | 3,782,777 |
| O.P.E.I.U. - Schedule C-7 | 1,268,563 | 1,523,782 | 1,792,040 |
| Other Personnel-Related Expenses - Schedule C-8 | 1,615,863 | 1,154,382 | 1,617,007 |
| Operating Expenses - Schedule C-9 | 1,278,177 | 1,287,234 | 1,397,122 |
| Financial Assistance to Locals - Schedule C-10 | 8,034,886 | 7,919,772 | 8,257,975 |
| Departments: | | | |
| Communications and Publications - Schedule C-11 | 79,681 | 223,625 | 345,297 |
| Governmental Relations - Schedule C-12 | 14,485 | 10,817 | 47,476 |
| Information Technology | 13,706 | 14,616 | 7,686 |
| Leadership Development and Training - Schedule - C-13 | 8,105 | 154,863 | 220,407 |
| Research | 8,500 | 9,603 | 10,810 |
| Organizing - Schedule C-14 | 385,000 | 396,970 | 351,586 |
| Councils: | | | |
| Community College Council - Schedule C-15 | 104,600 | 150,206 | 162,507 |
| Council of Classified Employees - Schedule C-16 | 182,646 | 154,754 | 148,131 |
| EC/K-12 Council - Schedule C-17 | 221,649 | 166,225 | 226,916 |
| Retiree Council - Schedule C-18 | 5,126 | 3,549 | 4,735 |
| Transfers - Schedule C-19 | 4,002,424 | 3,825,191 | 4,445,276 |
| Governance - Schedule C-20 | 596,816 | 420,657 | 468,905 |
| Committees and Task Forces - Schedule C-21 | 18,337 | 7,973 | 12,982 |
| Professional Services - Schedule C-22 | 212,064 | 179,035 | 257,749 |
| Miscellaneous - Schedule C-23 | <u>64,009</u> | <u>75,886</u> | <u>209,455</u> |
| TOTAL EXPENSES | <u>22,562,671</u> | <u>22,216,750</u> | <u>24,836,593</u> |
| NET OPERATING INCREASE FOR THE YEAR PRIOR TO NET ADJUSTMENT FOR IMPLEMENTATION OF EMPLOYERS' ACCOUNTING FOR BENEFIT PENSION AND OTHER POSTRETIREMENT PLANS | 3,516,033 | 3,803,491 | 1,945,692 |
| NET ADJUSTMENT FOR IMPLEMENTATION OF EMPLOYERS' ACCOUNTING FOR BENEFIT PENSION AND OTHER POSTRETIREMENT PLANS | | | |
| Postretirement Medical Benefits - Management/F.R.U. - Note 6 | (33,218) | 11,339 | (381,055) |
| Pension Benefits - Management/F.R.U. - Note 7 | 5,233,106 | (2,458,331) | 1,944,941 |
| O.P.E.I.U. Postretirement Medical Benefits - Note 8 | <u>214,050</u> | <u>122,844</u> | <u>(278,156)</u> |
| NET ADJUSTMENT FOR IMPLEMENTATION OF EMPLOYERS' ACCOUNTING FOR BENEFIT PENSION AND OTHER POSTRETIREMENT PLANS | <u>5,413,938</u> | <u>(2,324,148)</u> | <u>1,285,730</u> |
| NET INCREASE FOR THE YEAR | <u>\$ 8,929,971</u> | <u>\$ 1,479,343</u> | <u>\$ 3,231,422</u> |

(Attached notes are an integral part of this statement)

CALIFORNIA FEDERATION OF TEACHERS
SCHEDULES IN SUPPORT OF EXHIBIT C
GENERAL FUND

| | January 1, 2019 to December 31, 2019 | January 1, 2018 to December 31, 2018 | January 1, 2017 to December 31, 2017 |
|--|--|--|--|
| PER CAPITA TAXES - SCHEDULE C-1 | | | |
| Bargaining Agent | \$ 18,060,235 | \$ 17,501,797 | \$ 16,825,583 |
| Non-Bargaining Agent | 17,903 | 22,024 | 28,617 |
| UESF Local 61 | 1,679,555 | 1,600,247 | 1,541,194 |
| UTLA Agency Fee and Fair Share | - | 157,784 | 482,267 |
| UTLA | 4,939,899 | 4,696,485 | 4,417,085 |
| Agency Fee | 39,080 | 675,325 | 1,978,852 |
| TOTALS | \$ 24,736,672 | \$ 24,653,662 | \$ 25,273,598 |
| AFT FINANCIAL ASSISTANCE - SCHEDULE C-2 | | | |
| AFT (20c) State Rebate | \$ 109,078 | \$ 107,536 | \$ 115,163 |
| AFT Retiree Organizing Grant | - | - | 5,000 |
| AFT Service Formula | 149,760 | 125,280 | 106,560 |
| AFT Staff Funding | 173,531 | 172,500 | 224,044 |
| TOTALS | \$ 432,369 | \$ 405,316 | \$ 450,767 |
| OTHER REVENUE - SCHEDULE C-3 | | | |
| Building Power Campaign - AFT | \$ - | \$ - | \$ 98,110 |
| 10% Dues Collection Fee | 1,099 | 1,322 | 1,137 |
| CFT Calendar Sales | - | - | 67 |
| CFT Convention and Conferences | 62,134 | 19,927 | 25,173 |
| Other Revenue | 25,977 | 4,172 | 30,183 |
| Interest Income | 51,883 | 5,664 | - |
| Donations | - | 7,400 | - |
| Attendance for Summer ULI | - | 21,600 | 46,160 |
| TOTALS | \$ 141,093 | \$ 60,085 | \$ 200,830 |
| REIMBURSEMENTS - SCHEDULE C-4 | | | |
| ABC Clerical | \$ - | \$ - | \$ 8,041 |
| COPE Reimbursement | 651,628 | 695,933 | 472,182 |
| Newport-Mesa Clerical | - | - | 16,723 |
| Postage Reimbursement | 619 | 159 | 1,633 |
| Rent Reimbursement | 29,762 | 29,768 | 27,281 |
| Building Power Campaign | - | - | 275,000 |
| Other Reimbursements | 86,561 | 175,318 | 56,230 |
| TOTALS | \$ 768,570 | \$ 901,178 | \$ 857,090 |
| PERSONNEL EXPENSES: | | | |
| MANAGEMENT - SCHEDULE C-5 | | | |
| Management Salaries | \$ 914,337 | \$ 925,245 | \$ 939,971 |
| Benefits | 145,769 | 129,937 | 129,783 |
| TOTALS | \$ 1,060,106 | \$ 1,055,182 | \$ 1,069,754 |
| F.R.U. - SCHEDULE C-6 | | | |
| F.R.U. Salaries | \$ 2,852,592 | \$ 2,908,172 | \$ 3,150,137 |
| Sunday Pay | 2,172 | 473 | 2,567 |
| Benefits | 533,164 | 573,783 | 630,073 |
| TOTALS | \$ 3,387,928 | \$ 3,482,428 | \$ 3,782,777 |

CALIFORNIA FEDERATION OF TEACHERS
SCHEDULES IN SUPPORT OF EXHIBIT C
GENERAL FUND

| | January 1, 2019 to December 31, 2019 | January 1, 2018 to December 31, 2018 | January 1, 2017 to December 31, 2017 |
|---|--|--|--|
| PERSONNEL EXPENSES: (Continued) | | | |
| O.P.E.I.U. - SCHEDULE C-7 | | | |
| O.P.E.I.U. Salaries | \$ 969,159 | \$ 1,160,398 | \$ 1,366,520 |
| Overtime | 16,054 | 14,163 | 24,906 |
| Benefits | 283,350 | 349,221 | 400,614 |
| TOTALS | <u>\$ 1,268,563</u> | <u>\$ 1,523,782</u> | <u>\$ 1,792,040</u> |
| OTHER PERSONNEL-RELATED EXPENSES - SCHEDULE C-8 | | | |
| Administrative Fees | \$ 444 | \$ 444 | \$ 540 |
| Retiree Benefits | 221,310 | 185,342 | 139,049 |
| Retirement Plan Fees | 48,383 | 52,397 | 53,513 |
| Payroll Taxes | 357,802 | 392,833 | 426,537 |
| Workers' Compensation Insurance | 51,761 | 53,809 | 56,299 |
| Change in Accrued Vacation Payable | (27,709) | (97,078) | (8,329) |
| Change in Accrued Sick Time Payable | (1,043) | (4,985) | (7,881) |
| Pension Benefits - Management/F.R.U. | 635,958 | 549,541 | 688,899 |
| Postretirement Medical Benefits - Management/F.R.U. | (13,674) | 15,554 | 39,615 |
| O.P.E.I.U. Postretirement Medical Benefits | 205,476 | (163,778) | 15,717 |
| O.P.E.I.U. Employer Retirement Contribution | 135,670 | 167,583 | 212,058 |
| Staff Development | 1,485 | 2,720 | 990 |
| TOTALS | <u>\$ 1,615,863</u> | <u>\$ 1,154,382</u> | <u>\$ 1,617,007</u> |
| OPERATING EXPENSES - SCHEDULE C-9 | | | |
| Travel and Lodging | \$ 238,186 | \$ 239,619 | \$ 260,026 |
| Mileage Reimbursement | 93,182 | 98,838 | 97,432 |
| O.P.E.I.U. Travel Reimbursement | 3,756 | 1,636 | 5,842 |
| Building Occupancy | 685,980 | 684,961 | 692,894 |
| Building Repairs and Maintenance | 2,100 | 4,618 | 6,228 |
| Furniture and Equipment Acquisition | 82,690 | 85,816 | 123,703 |
| Furniture and Equipment Repairs and Maintenance | 1,080 | 1,790 | 1,286 |
| Office Supplies | 36,256 | 33,149 | 44,032 |
| Postage and Shipping | 15,314 | 26,615 | 29,557 |
| Printing | 10,034 | 2,066 | 10,678 |
| Subscriptions | 3,569 | 3,398 | 6,430 |
| Telecommunications | 81,474 | 74,994 | 86,522 |
| Depreciation | 10,631 | 18,059 | 20,024 |
| Bank Charges | 3,896 | 1,518 | 3,609 |
| Property Insurance | 9,016 | 9,250 | 6,784 |
| Property Taxes | 1,013 | 907 | 2,075 |
| TOTALS | <u>\$ 1,278,177</u> | <u>\$ 1,287,234</u> | <u>\$ 1,397,122</u> |
| FINANCIAL ASSISTANCE TO LOCALS - SCHEDULE C-10 | | | |
| UTLA - Staff Funding | \$ 3,652,727 | \$ 3,386,085 | \$ 3,246,587 |
| UTLA - Agency Fee Funding | - | 116,760 | 356,877 |
| UESF Local 61 | 477,170 | 418,224 | 439,827 |
| Funding - Bargaining | 3,501,638 | 3,694,105 | 3,671,239 |
| Funding - Agency Fee | - | 153,395 | 410,715 |
| University Council Grant | 403,351 | 151,203 | 107,730 |
| Local 1475 Grant | - | - | 25,000 |
| TOTALS | <u>\$ 8,034,886</u> | <u>\$ 7,919,772</u> | <u>\$ 8,257,975</u> |

CALIFORNIA FEDERATION OF TEACHERS
SCHEDULES IN SUPPORT OF EXHIBIT C
GENERAL FUND

| | January 1, 2019 to December 31, 2019 | January 1, 2018 to December 31, 2018 | January 1, 2017 to December 31, 2017 |
|--|--|--|--|
| DEPARTMENTS: | | | |
| COMMUNICATIONS AND PUBLICATIONS - SCHEDULE C-11 | | | |
| Cartoons and Graphics | \$ 1,551 | \$ 464 | \$ 2,625 |
| Design and Layout | - | 15,300 | 26,605 |
| Photography | 8,698 | 7,330 | 5,505 |
| Video Productions | - | 169 | 2,231 |
| CFT Website | 14,522 | 38,872 | 9 |
| California Teacher Mailing | - | 39,552 | 75,468 |
| California Teacher Printing | - | 69,739 | 126,489 |
| California Teacher Reporter | 20,656 | 16,093 | 18,023 |
| Labor Communications Organization | 1,280 | 500 | 625 |
| Software Updates | 719 | 355 | 664 |
| Printing | - | 1,115 | 3,970 |
| Subscriptions | - | 530 | 951 |
| Public Relations | 15,340 | 24,180 | 78,800 |
| Paid Media | 2,601 | 5,223 | 550 |
| Media Consulting Services | 350 | 614 | - |
| CFT Communication Awards | 1,744 | 2,909 | 1,789 |
| Part Timer Newsletter | 5,650 | - | - |
| Classified Newsletter | 5,893 | - | - |
| Unanticipated Publications | 677 | 680 | 993 |
| TOTALS | \$ 79,681 | \$ 223,625 | \$ 345,297 |
| GOVERNMENTAL RELATIONS - SCHEDULE C-12 | | | |
| California For Retirement Security | \$ - | \$ - | \$ 10,000 |
| California Tax Reform Association | - | - | 6,000 |
| California Consumer Federation | - | - | 1,100 |
| Education Coalition | - | - | 6,856 |
| Grassroots Lobbying | 6,869 | 3,942 | 6,623 |
| Health Access | - | - | 5,000 |
| Legislative Bill Service | 4,877 | 4,842 | 4,801 |
| TV Cable Subscription | 2,739 | 2,033 | 2,096 |
| California Alliance for Retired Americans | - | - | 5,000 |
| TOTALS | \$ 14,485 | \$ 10,817 | \$ 47,476 |
| LEADERSHIP DEVELOPMENT AND TRAINING - SCHEDULE C-13 | | | |
| CFT Leadership Institute/Summer School | \$ - | \$ 135,195 | \$ 145,708 |
| Leadership Conference | - | - | 51,622 |
| Local Training Assistance | - | 1,444 | 1,586 |
| General Trainings | 8,105 | 659 | - |
| Training for Trainers | - | 17,565 | 21,491 |
| TOTALS | \$ 8,105 | \$ 154,863 | \$ 220,407 |

CALIFORNIA FEDERATION OF TEACHERS
SCHEDULES IN SUPPORT OF EXHIBIT C
GENERAL FUND

| | January 1, 2019 to December 31, 2019 | January 1, 2018 to December 31, 2018 | January 1, 2017 to December 31, 2017 |
|---|--|--|--|
| DEPARTMENTS: (Continued) | | | |
| ORGANIZING - SCHEDULE C-14 | | | |
| Travel and Lodging | \$ - | \$ - | \$ 209 |
| Legal Services | - | 250 | 10,022 |
| Organizing Expenses | - | 2,880 | 2,430 |
| Assistance to Locals | - | 4,884 | - |
| AFT Organizing Grant | 290,000 | 290,000 | 335,000 |
| Charter School Organizing | 95,000 | 95,000 | - |
| New Member Materials | - | 3,956 | 3,925 |
| TOTALS | <u>\$ 385,000</u> | <u>\$ 396,970</u> | <u>\$ 351,586</u> |
| COUNCILS: | | | |
| COMMUNITY COLLEGE COUNCIL - SCHEDULE C-15 | | | |
| President's Release Time | \$ 80,000 | \$ 80,000 | \$ 80,000 |
| President's Travel and Lodging | 4,405 | 7,177 | 8,922 |
| Officer's Travel and Lodging | 1,789 | 387 | 1,076 |
| Governance Meetings | 2,531 | 3,599 | 9,848 |
| Part Timer Newsletter | - | 5,250 | - |
| Council Representative Stipends | 15,875 | 16,079 | 15,737 |
| CCC Perspective | - | 37,714 | 46,832 |
| ACCJC Informational Panel | - | - | 92 |
| TOTALS | <u>\$ 104,600</u> | <u>\$ 150,206</u> | <u>\$ 162,507</u> |
| COUNCIL OF CLASSIFIED EMPLOYEES - SCHEDULE C-16 | | | |
| President's Release Time | \$ 64,823 | \$ 29,798 | \$ 21,251 |
| President's Travel and Lodging | 6,100 | 2,278 | 603 |
| Officer's Release Time and Stipends | 32,300 | 25,986 | 20,068 |
| Officer's Travel and Lodging | 12,555 | 6,450 | 10,701 |
| Governance Meetings | 4,068 | 3,028 | 8,757 |
| Classified Newsletter | - | 12,410 | 17,926 |
| CCE Conference | 61,639 | 71,144 | 65,794 |
| CCE Conference Scholarships | 1,161 | 595 | 369 |
| Council Representation | - | 3,065 | 2,662 |
| TOTALS | <u>\$ 182,646</u> | <u>\$ 154,754</u> | <u>\$ 148,131</u> |
| EC/K-12 COUNCIL - SCHEDULE C-17 | | | |
| President's Release Time | \$ 154,524 | \$ 121,336 | \$ 138,670 |
| President's Travel and Lodging | 13,348 | 10,940 | 16,782 |
| Officer's Release Time and Stipends | 12,500 | 12,857 | 13,716 |
| Officer's Travel and Lodging | 18,256 | 8,555 | 13,376 |
| Council on Teacher Education | - | 134 | 3,412 |
| Commission on Teacher Credentials | 2,511 | 1,657 | 2,230 |
| EC/K-12 Conference | 4,415 | 981 | 23,962 |
| Governance Meetings | 15,095 | 8,374 | 13,768 |
| Council Representation | 1,000 | 1,391 | 1,000 |
| TOTALS | <u>\$ 221,649</u> | <u>\$ 166,225</u> | <u>\$ 226,916</u> |

CALIFORNIA FEDERATION OF TEACHERS
SCHEDULES IN SUPPORT OF EXHIBIT C
GENERAL FUND

| | January 1, 2019 to December 31, 2019 | January 1, 2018 to December 31, 2018 | January 1, 2017 to December 31, 2017 |
|---|--|--|--|
| COUNCILS: (Continued) | | | |
| RETIREE COUNCIL - SCHEDULE C-18 | | | |
| President's Travel and Lodging | \$ - | \$ - | \$ 328 |
| Officer's Travel and Lodging | 3,454 | 1,967 | 1,648 |
| Governance Meetings | 1,672 | 1,582 | 2,759 |
| TOTALS | \$ 5,126 | \$ 3,549 | \$ 4,735 |
| TRANSFERS - SCHEDULE C-19 | | | |
| COPE Candidate Committee | \$ 703,546 | \$ 1,220,078 | \$ 1,203,402 |
| Proposition and Ballot Initiatives COPE Committee | 1,821,774 | 1,297,234 | 1,535,193 |
| Legal Defense Fund | 631,392 | 686,987 | 1,222,518 |
| Raoul Teillet Scholarship Fund | 85,313 | 88,482 | 102,147 |
| Militancy Fund | 42,656 | 44,241 | 51,073 |
| Educational Issues Fund | 65,796 | 65,682 | 55,943 |
| Strategic Organizing Fund | 651,947 | 422,487 | - |
| Building Power Campaign | - | - | 275,000 |
| TOTALS | \$ 4,002,424 | \$ 3,825,191 | \$ 4,445,276 |
| GOVERNANCE - SCHEDULE C-20 | | | |
| AFT Convention | \$ - | \$ 12,888 | \$ - |
| CFT Convention | 412,711 | 251,996 | 230,769 |
| Executive Council Officer's Release Time | 42,500 | 42,500 | 50,000 |
| Executive Council | 60,197 | 36,052 | 55,059 |
| State Council | 11,954 | 7,440 | 63,878 |
| Committee Expenses | 67,819 | 65,532 | 69,199 |
| CLF Convention | 1,635 | 4,249 | - |
| TOTALS | \$ 596,816 | \$ 420,657 | \$ 468,905 |
| COMMITTEES AND TASK FORCES - SCHEDULE C-21 | | | |
| Adult Education Commission | \$ - | \$ - | \$ 350 |
| Early Childhood Committee | 4,830 | - | 500 |
| Higher Educational Issues | - | 40 | - |
| Part-Timer Committee | - | 778 | - |
| Retirement Committee | 6,135 | 941 | 277 |
| Safe Schools Committee | 121 | - | - |
| Technology in Education Committee | - | 660 | - |
| Civil, Human and Women's Rights | 1,710 | - | 1,847 |
| Labor in the Schools Committee | 2,471 | 4,462 | 6,626 |
| Charter Committees | - | - | 249 |
| English Learner | 1,581 | 165 | 510 |
| Ethnic Diversity Participation | 1,489 | 927 | 2,457 |
| Classified and Faculty Unity | - | - | 166 |
| TOTALS | \$ 18,337 | \$ 7,973 | \$ 12,982 |
| PROFESSIONAL SERVICES - SCHEDULE C-22 | | | |
| Agency Fee Arbitrations | \$ - | \$ 775 | \$ 2,398 |
| Financial Audit Fees | 115,500 | 115,500 | 115,500 |
| Consulting Services | 35,226 | 10,463 | 29,433 |
| Management Support Services | 1,000 | - | 4,850 |
| Legal Services | 60,338 | 52,297 | 105,568 |
| TOTALS | \$ 212,064 | \$ 179,035 | \$ 257,749 |

CALIFORNIA FEDERATION OF TEACHERS
SCHEDULES IN SUPPORT OF EXHIBIT C
GENERAL FUND

| | January 1, 2019 to December 31, 2019 | January 1, 2018 to December 31, 2018 | January 1, 2017 to December 31, 2017 |
|-------------------------------|--|--|--|
| MISCELLANEOUS - SCHEDULE C-23 | | | |
| Storage of Benefits Supplies | \$ 2,772 | \$ 2,556 | \$ 30 |
| Benefit Supplies and Shipping | - | 146 | 1,550 |
| CFT Affiliations | 676 | 676 | 771 |
| CFT Archives/Storage | 660 | 660 | 660 |
| Donations/Contributions | 7,000 | 3,000 | 8,446 |
| Hudson Rebates | 4,150 | 38,180 | 66,225 |
| Labor/Community Outreach | 13,100 | 11,425 | 13,495 |
| Other Expenses | 9,996 | 9,516 | 9,290 |
| Conferences/Meetings | 25,655 | 9,727 | 15,466 |
| Building Power Campaign | - | - | 93,522 |
| TOTALS | <u>\$ 64,009</u> | <u>\$ 75,886</u> | <u>\$ 209,455</u> |

CALIFORNIA FEDERATION OF TEACHERS
STATEMENTS OF ACTIVITIES
RAOUL TEILHET SCHOLARSHIP FUND

| | January 1, 2019 to December 31, 2019 | January 1, 2018 to December 31, 2018 | January 1, 2017 to December 31, 2017 |
|---|--|--|--|
| REVENUE | | | |
| Per Capita Tax Allocation | \$ 85,313 | \$ 88,482 | \$ 102,147 |
| Refunds | - | 1,000 | - |
| Interest Income | <u>1,084</u> | <u>219</u> | <u>-</u> |
| TOTAL REVENUE | 86,397 | 89,701 | 102,147 |
| EXPENSES | | | |
| Scholarships Awarded | 97,000 | 88,000 | 99,000 |
| Donations | <u>3,300</u> | <u>-</u> | <u>-</u> |
| TOTAL EXPENSES | <u>100,300</u> | <u>88,000</u> | <u>99,000</u> |
| NET INCREASE (DECREASE) FOR THE YEAR | <u><u>\$ (13,903)</u></u> | <u><u>\$ 1,701</u></u> | <u><u>\$ 3,147</u></u> |

CALIFORNIA FEDERATION OF TEACHERS
STATEMENTS OF ACTIVITIES
LEGAL DEFENSE FUND

| | January 1, 2019 to December 31, 2019 | January 1, 2018 to December 31, 2018 | January 1, 2017 to December 31, 2017 |
|---------------------------|--|--|--|
| REVENUE | | | |
| Per Capita Tax Allocation | \$ 631,392 | \$ 686,987 | \$ 1,222,518 |
| Prior Year Voided Checks | - | - | 18,224 |
| AFT Reimbursements | - | 161,622 | 236,257 |
| Interest Income | 11,171 | 2,128 | - |
| Other Revenue | - | - | 1,317 |
| | <hr/> | <hr/> | <hr/> |
| TOTAL REVENUE | \$ 642,563 | \$ 850,737 | \$ 1,478,316 |
| EXPENSES | | | |
| Defense Grants | 153,534 | 63,555 | 138,291 |
| Legal Services | 35,119 | - | 324,447 |
| Miscellaneous | 10 | 633 | 10 |
| | <hr/> | <hr/> | <hr/> |
| TOTAL EXPENSES | 188,663 | 64,188 | 462,748 |
| | <hr/> | <hr/> | <hr/> |
| NET INCREASE FOR THE YEAR | \$ 453,900 | \$ 786,549 | \$ 1,015,568 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

CALIFORNIA FEDERATION OF TEACHERS
STATEMENTS OF ACTIVITIES
WESTERN STATES INSURANCE TRUST

EXHIBIT F

| | January 1, 2019 to <u>December 31, 2019</u> | January 1, 2018 to <u>December 31, 2018</u> | January 1, 2017 to <u>December 31, 2017</u> |
|---------------------------|---|---|---|
| REVENUE | | | |
| Royalty Income | \$ - | \$ - | \$ 420 |
| EXPENSES | <u>-</u> | <u>-</u> | <u>-</u> |
| NET INCREASE FOR THE YEAR | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 420</u></u> |

(Attached notes are an integral part of this statement)

CALIFORNIA FEDERATION OF TEACHERS
STATEMENTS OF ACTIVITIES
DUES COLLECTION FUND

| | January 1, 2019 to <u>December 31, 2019</u> | January 1, 2018 to <u>December 31, 2018</u> | January 1, 2017 to <u>December 31, 2017</u> |
|-----------------------------|---|---|---|
| REVENUE | \$ - | \$ - | \$ - |
| EXPENSES | | | |
| Bank Charges | <u>-</u> | <u>-</u> | <u>99</u> |
| NET (DECREASE) FOR THE YEAR | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ (99)</u></u> |

CALIFORNIA FEDERATION OF TEACHERS
STATEMENTS OF ACTIVITIES
PROPOSITION AND BALLOT INITIATIVES COPE COMMITTEE

| | January 1, 2019 to December 31, 2019 | January 1, 2018 to December 31, 2018 | January 1, 2017 to December 31, 2017 |
|---|--|--|--|
| REVENUE | | | |
| Per Capita Tax Allocation and Other Contributions | \$ 2,436,412 | \$ 1,722,258 | \$ 2,070,309 |
| Refunds and Reimbursements | 1,921 | 100,050 | 8,503 |
| Interest Income | 23,871 | 6,117 | - |
| Prior Year Voided Checks | 6,000 | 25,000 | 133 |
| TOTAL REVENUE | \$ 2,468,204 | \$ 1,853,425 | \$ 2,078,945 |
| EXPENSES | | | |
| Contributions to State Ballot Measures | 483,000 | 998,949 | 51,090 |
| Contributions to Local Ballot Measures | 10,000 | 17,375 | - |
| Independent Expenditures | - | 4,450 | - |
| Salaries and Salary Related Expenses | 645,240 | 754,775 | 256,366 |
| Member Communications | 26,601 | 10,933 | 4,859 |
| Accounting and Legal Fees | 21,348 | 22,029 | 20,528 |
| Charitable/Civic Donations | 133,860 | 153,275 | 318,435 |
| Staff/Volunteer Travel Expenses | 11,560 | 1,060 | 17,610 |
| Surveys/Signature Gatherers | 45,150 | - | 26,800 |
| Office Supplies | - | 6,930 | 464 |
| Postage and Shipping | 7,241 | 733 | 407 |
| Printing | 6,447 | - | 3,156 |
| Taxes | 50 | 50 | 50 |
| Professional Campaign Management | - | - | 37,561 |
| Membership/Subscription | 5,000 | - | - |
| Receptions/Retreats Expense | 32,559 | 15,693 | 38,459 |
| Miscellaneous | 3,400 | 35 | 4,449 |
| TOTAL EXPENSES | 1,431,456 | 1,986,287 | 780,234 |
| NET INCREASE (DECREASE) FOR THE YEAR | \$ 1,036,748 | \$ (132,862) | \$ 1,298,711 |

CALIFORNIA FEDERATION OF TEACHERS
STATEMENTS OF ACTIVITIES
COPE CANDIDATE COMMITTEE

| | January 1, 2019 to December 31, 2019 | January 1, 2018 to December 31, 2018 | January 1, 2017 to December 31, 2017 |
|--|--|--|--|
| REVENUE | | | |
| Per Capita Tax Allocation and Other Contributions | \$ 977,372 | \$ 1,499,483 | \$ 1,544,210 |
| Refunds and Reimbursements | 26,257 | 17,223 | - |
| Interest Income | 4,547 | 1,019 | - |
| Prior Year Voided Checks | 1,518 | 45 | - |
| TOTAL REVENUE | \$ 1,009,694 | \$ 1,517,770 | \$ 1,544,210 |
| EXPENSES | | | |
| State/Local Candidates and Other Political Contributions | 564,850 | 2,195,332 | 285,048 |
| Salaries and Salary Related Expenses | - | - | 137,562 |
| Travel and Other Reimbursements | 33,292 | 18,824 | 29,689 |
| Accounting and Legal Fees | 26,207 | 47,640 | 25,452 |
| Taxes | 576 | 50 | 228 |
| Independent Expenditures | - | 167,744 | - |
| Member Communications | - | 198,233 | 1,055 |
| Printing | - | 4,629 | - |
| Information Technology | - | 4,059 | - |
| Charitable/Civic Donations | - | 3,500 | 300 |
| Miscellaneous | 10,809 | 6,539 | 1,636 |
| TOTAL EXPENSES | 635,734 | 2,646,550 | 480,970 |
| NET INCREASE (DECREASE) FOR THE YEAR | \$ 373,960 | \$ (1,128,780) | \$ 1,063,240 |

CALIFORNIA FEDERATION OF TEACHERS
STATEMENTS OF ACTIVITIES
MILITANCY FUND

| | January 1, 2019 to December 31, 2019 | January 1, 2018 to December 31, 2018 | January 1, 2017 to December 31, 2017 |
|---------------------------|--|--|--|
| REVENUE | | | |
| Per Capita Tax Allocation | \$ 42,656 | \$ 44,241 | \$ 51,073 |
| Interest Income | <u>2,641</u> | <u>604</u> | <u>-</u> |
| TOTAL REVENUE | \$ 45,297 | \$ 44,845 | \$ 51,073 |
| EXPENSES | | | |
| Militancy Grant | <u>10,000</u> | <u>-</u> | <u>-</u> |
| NET INCREASE FOR THE YEAR | <u>\$ 35,297</u> | <u>\$ 44,845</u> | <u>\$ 51,073</u> |

CALIFORNIA FEDERATION OF TEACHERS
STATEMENTS OF ACTIVITIES
DISASTER RELIEF FUND

| | January 1, 2019 to December 31, 2019 | January 1, 2018 to December 31, 2018 | January 1, 2017 to December 31, 2017 |
|--------------------------------------|--|--|--|
| REVENUE | | | |
| AFT Donations | \$ - | \$ - | \$ 21,520 |
| Other Donations | <u>1,750</u> | <u>-</u> | <u>1,030</u> |
| TOTAL REVENUE | \$ 1,750 | \$ - | \$ 22,550 |
| EXPENSES | | | |
| Bank Charges | - | - | 263 |
| Donations to members | - | 150 | 15,419 |
| Other Expenses | <u>35</u> | <u>285</u> | <u>-</u> |
| TOTAL EXPENSES | <u>35</u> | <u>435</u> | <u>15,682</u> |
| NET INCREASE (DECREASE) FOR THE YEAR | <u>\$ 1,715</u> | <u>\$ (435)</u> | <u>\$ 6,868</u> |

CALIFORNIA FEDERATION OF TEACHERS
STATEMENTS OF ACTIVITIES
STRATEGIC ORGANIZING FUND

| | January 1, 2019 to December 31, 2019 | January 1, 2018 to December 31, 2018 | January 1, 2017 to December 31, 2017 |
|---------------------------|--|--|--|
| REVENUE | | | |
| Per Capita Tax Allocation | \$ 651,947 | \$ 422,487 | \$ - |
| AFT Contribution | - | 29,751 | - |
| Interest Income | <u>5,166</u> | <u>-</u> | <u>-</u> |
| TOTAL REVENUE | \$ 657,113 | \$ 452,238 | \$ - |
| EXPENSES | | | |
| Release Time Organizer | 6,750 | 41,931 | - |
| Travel and Lodging | - | 1,923 | - |
| Communications | 38,800 | 114,799 | - |
| Training | <u>-</u> | <u>293</u> | <u>-</u> |
| TOTAL EXPENSES | <u>45,550</u> | <u>158,946</u> | <u>-</u> |
| NET INCREASE FOR THE YEAR | <u><u>\$ 611,563</u></u> | <u><u>\$ 293,292</u></u> | <u><u>\$ -</u></u> |

CALIFORNIA FEDERATION OF TEACHERS
STATEMENTS OF CASH FLOWS
GENERAL FUND

| | January 1, 2019 to December 31, 2019 | January 1, 2018 to December 31, 2018 | January 1, 2017 to December 31, 2017 |
|--|--|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| CHANGE IN NET ASSETS (LIABILITIES) | \$ 8,929,971 | \$ 1,479,343 | \$ 3,231,422 |
| Adjustments to Reconcile Change in Net Assets (Liabilities) to Net Cash Provided by Operating Activities: | | | |
| Depreciation | \$ 10,631 | \$ 18,059 | \$ 20,024 |
| Transfer to Strategic Organizing Fund | - | (601,856) | - |
| Decrease (Increase) in Receivables | 161,810 | 280,422 | (152,624) |
| Increase (Decrease) in Due to Other Funds | (206,492) | 232,078 | 81,427 |
| Decrease (Increase) in Deposits | 3,500 | 8,939 | (4,824) |
| Decrease (Increase) in Prepaid Expenses | (8,551) | 59,756 | 45,289 |
| (Increase) in Pension Benefits Assets - Management/F.R.U. - Overfunded Portion | (13,139) | - | - |
| Increase (Decrease) in Expenses Payable | 88,543 | (64,112) | (207,930) |
| (Decrease) in Accrued Vacation and Sick Time Payable | (28,752) | (102,063) | (16,211) |
| Increase (Decrease) in Financial Assistance Payable | (347,060) | 52,026 | 149,428 |
| Increase (Decrease) in Financial Assistance Accrual | (312,692) | 320,643 | (187,604) |
| Increase in Postretirement Medical Benefits Liability - Management/F.R.U. | 19,544 | 4,215 | 420,670 |
| Increase (Decrease) in Pension Benefits Liability - Management/F.R.U. - Unfunded | (5,677,209) | 1,744,045 | (2,358,521) |
| Increase (Decrease) in O.P.E.I.U. Postretirement Medical Benefits Liability | (8,574) | (286,622) | 293,873 |
| | (6,318,441) | 1,665,530 | (1,917,003) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 2,611,530 | 3,144,873 | 1,314,419 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of Office Furniture and Equipment | (30,238) | (4,088) | (22,763) |
| Investment in Cal Mesa Office Building | (17,834) | 740 | (3,766) |
| NET CASH (USED) BY INVESTING ACTIVITIES | (48,072) | (3,348) | (26,529) |
| NET INCREASE IN CASH | 2,563,458 | 3,141,525 | 1,287,890 |
| CASH AT BEGINNING OF YEAR | 6,708,587 | 3,567,062 | 2,279,172 |
| CASH AT END OF YEAR | \$ 9,272,045 | \$ 6,708,587 | \$ 3,567,062 |

CALIFORNIA FEDERATION OF TEACHERS
STATEMENTS OF CASH FLOWS
ALL FUNDS EXCEPT GENERAL FUND

| | January 1, 2019 to December 31, 2019 | January 1, 2018 to December 31, 2018 | January 1, 2017 to December 31, 2017 |
|---|--|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| CHANGE IN NET ASSETS | \$ 2,499,280 | \$ (135,690) | \$ 3,438,928 |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities: | | | |
| Transfer from General Fund to Strategic Organizing Fund \$ | - | \$ 601,856 | \$ - |
| Decrease (Increase) in Due from General Fund | 206,492 | (232,078) | (81,427) |
| Decrease (Increase) in Receivables | 23,133 | (20,127) | 49,308 |
| Increase (Decrease) in Expenses Payable | 5,000 | (7,000) | 7,000 |
| Increase (Decrease) in Accrued Vacation and Sick Time Payable | (7,387) | 75,585 | (3,270) |
| Increase (Decrease) in Due to Affiliates | 2,413 | (954) | 5,113 |
| | <u>229,651</u> | <u>417,282</u> | <u>(23,276)</u> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>2,728,931</u> | <u>281,592</u> | <u>3,415,652</u> |
| NET INCREASE IN CASH | 2,728,931 | 281,592 | 3,415,652 |
| CASH AT BEGINNING OF YEAR | <u>7,371,715</u> | <u>7,090,123</u> | <u>3,674,471</u> |
| CASH AT END OF YEAR | <u><u>\$ 10,100,646</u></u> | <u><u>\$ 7,371,715</u></u> | <u><u>\$ 7,090,123</u></u> |

CALIFORNIA FEDERATION OF TEACHERS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019, 2018 AND 2017

NOTE 1 - DESCRIPTION OF THE ORGANIZATION

The California Federation of Teachers (the "CFT") was formed to organize the educational employees of California into locals chartered by the American Federation of Teachers (the "AFT"), and to bring them into relations of mutual assistance and cooperation; to obtain for them all the rights and benefits to which they are entitled; To raise the standards of the educational profession and to secure conditions essential to the best professional service; and to promote such democratization of the educational institutions as will enable them better to equip their students to take their places in the economic, social and political life of the community; to strive for equal educational opportunities for all; and to initiate and support state legislation to benefit students and educational employees of the State of California.

The CFT consists of locals of AFT members chartered in California by the AFT. The CFT consists of public and private school educational employees. The CFT has members-at-large who work in areas where there is not a CFT local. Additionally, active members who retire are admitted as CFT retiree members. The CFT has approximately 84,539 members. The primary source of revenue for the CFT is from per capita taxes.

General Fund

General operations of the CFT.

Educational Issues Fund

The CFT has established an Educational Issues Fund to develop and publicize CFT positions of educational issues. The Educational Issues Fund is funded by a specific allocation of per capita taxes collected by the General Fund.

The Educational Issues Fund is part of the General Fund.

Raoul Teilhet Scholarship Fund

The Fund was established to assist some well deserving high school students with funds that will assist them in pursuing their college education. The Raoul Teilhet Scholarship Fund is funded by a specific allocation of per capita taxes collected by the General Fund and funds received directly from various affiliated local unions.

Legal Defense Fund

The CFT has established a Legal Defense Fund to support cases that particular affiliate local unions file against specific school districts. The Legal Defense Fund is funded by a specific allocation of per capita taxes collected by the General Fund.

Western States Insurance Trust

The Trust collects royalties received from various insurance companies for members participation in various insurance programs.

Dues Collection Fund

The Fund collects dues on behalf of various small affiliated local unions who do not have a mechanism in place to collect union dues. The dues are collected on behalf of these specific local unions and distributed to them.

CALIFORNIA FEDERATION OF TEACHERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019, 2018 AND 2017

NOTE 1 - DESCRIPTION OF THE ORGANIZATION (Continued)

Proposition and Ballot Initiatives COPE Committee

The CFT has established this committee for the purpose of supporting state and local ballot initiatives which the CFT believes further the goals of education and students. The committee is funded by a specific allocation of per capita taxes from the General Fund and other contributions.

COPE Candidate Committee

The CFT has established this committee for the purpose of supporting state and local candidates running for public office and other political contributions who further the goals of the CFT and its membership. The committee is funded by a specific allocation of per capita taxes from the General Fund and other contributions.

Militancy Fund

The CFT has established a Militancy Fund to help and defend persons who have been targeted for retaliation by employers as a result of their CFT union activities and other similar purposes as determined by the Executive Council. The Militancy Fund is funded by a specific allocation of per capita taxes collected by the General Fund.

Disaster Relief Fund

The CFT has established a Disaster Relief Fund to assist members, staff and other union activists who have been impacted by disasters, and is being funded through donations from CFT's affiliates, employees and others.

Strategic Organizing Fund

The CFT has established a Strategic Organizing Fund which is focused on protecting and improving quality education in California through securement of proper funding for adequate resources. The Fund's emphasis is the building of representation and involvement of the communities and its membership through organizing. The Strategic Organizing Fund is funded by a specific allocation of per capita taxes from the General Fund and other contributions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The financial statements are presented using the accrual basis of accounting. The use of the accrual basis recognizes revenue when earned or otherwise available and recognizes expenses when incurred.

B. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

CALIFORNIA FEDERATION OF TEACHERS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019, 2018 AND 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Cash

Cash consists of cash deposited with financial institutions in checking accounts.

D. Office Furniture and Equipment

Office furniture and equipment are stated at cost. Depreciation is determined for related groups of assets under the straight-line method, based upon their estimated useful lives, which range from 3 to 5 years. Minor renewals or replacements, and maintenance and repairs are expensed. Major replacements and improvements are capitalized.

E. Tax-Exempt Status

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the CFT and recognize a tax liability if the CFT has taken a tax position that more likely than not would not be sustained upon examination by a tax authority. The CFT is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

No provision for federal or state income tax is made. The CFT and the Legal Defense Fund have received tax-exempt status from the federal government under Internal Revenue Code Section 501(c)(5) and the state of California under Revenue and Taxation Code Section 23701a.

The General, Scholarship, Dues Collections, Proposition and Ballot Initiatives COPE Committee, Militancy and Strategic Organizing Funds share the same federal and state employer identification numbers and are included in the same returns.

The Western States Insurance Trust is a taxable complex trust.

The COPE Candidate Committee is subject to taxation under Internal Revenue Code Section 527 and the state of California Revenue and Taxation Code Section 23701r on investment income in excess of \$100.

The Disaster Relief Fund has received tax-exempt status from the federal government under Internal Revenue Code Section 501(c)(3) and the state of California under Revenue and Taxation Code Section 23701d.

F. Accrued Vacation and Sick Time Payable

The CFT accrues accumulated vacation expense as it is earned by its employees under various contracts and agreements. Accumulated sick leave of over 20 days is payable to clerical employees at 50% of their regular pay rate.

G. Liquidity

Management of the CFT believes that existing cash and investment resources and expected membership and other revenues will be sufficient to meet cash needs for general expenditures within one year of the date of the statements of financial position.

CALIFORNIA FEDERATION OF TEACHERS**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2019, 2018 AND 2017****NOTE 3 - LEASE COMMITMENTS**

The CFT leases office space in various cities throughout California under lease agreements. The estimated future lease payments for years ending after December 31, 2019 are as follows:

| | |
|-------|---------------------|
| 2020 | \$ 559,343 |
| 2021 | 436,941 |
| 2022 | 427,182 |
| 2023 | 220,127 |
| 2024 | <u>7,141</u> |
| TOTAL | <u>\$ 1,650,734</u> |

The CFT leases office equipment under operating lease agreements. The estimated future lease payments for years ending after December 31, 2019 are as follows:

| | |
|-------|------------------|
| 2020 | \$ 41,545 |
| 2021 | 27,461 |
| 2022 | 7,585 |
| 2023 | 7,585 |
| 2024 | <u>4,425</u> |
| TOTAL | <u>\$ 88,601</u> |

NOTE 4 - CONCENTRATION OF CREDIT RISK

As of December 31, 2019, the CFT maintained bank accounts with cash balances in excess of the federally insured limits of \$250,000 per bank. The amount in excess of the limits was subject to risk if the financial Institution did not perform. The CFT has not incurred any losses on the uninsured balances.

NOTE 5 - INVESTMENT

Accounting standards establish a fair value hierarchy that prioritizes valuation inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 – Inputs are quoted prices in active markets.

Level 2 – Inputs are based on quoted prices for similar instruments and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data.

Level 3 – Inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability.

The following tables summarize the CFT investment at December 31, 2019, 2018 and 2017 based on the input used to value them:

| | December 31, 2019 | | | |
|---|-------------------|-------------|-------------------|-------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Partnership in the Cal MESA Office Building, an LLC | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 235,326</u> | <u>\$ 235,326</u> |

CALIFORNIA FEDERATION OF TEACHERS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019, 2018 AND 2017

NOTE 5 - INVESTMENT (Continued)

| December 31, 2018 | | | |
|---|-------------------|-------------------|------------|
| Level 1 | Level 2 | Level 3 | Total |
| Partnership in the Cal MESA Office Building, an LLC | | | |
| \$ - | \$ - | \$ 217,492 | \$ 217,492 |
| December 31, 2017 | | | |
| Level 1 | Level 2 | Level 3 | Total |
| Partnership in the Cal MESA Office Building, an LLC | | | |
| \$ - | \$ - | \$ 218,232 | \$ 218,232 |
| December 31, 2019 | December 31, 2018 | December 31, 2017 | |
| Level 3 | Level 3 | Level 3 | |
| Balance as of Beginning of the Year | \$ 217,492 | \$ 218,232 | \$ 214,466 |
| Undistributed Partnership Income (Loss) | 17,834 | (740) | 3,766 |
| Balance as of End of Year | \$ 235,326 | \$ 217,492 | \$ 218,232 |

The Level 3 investment consists of a partnership in a real estate LLC for which market quotations are not readily available and is recorded at cost.

NOTE 6 - POSTRETIREMENT MEDICAL BENEFITS LIABILITY - MANAGEMENT/F.R.U.

The CFT provides postretirement medical benefits to certain employees. The postretirement medical benefits liability and other related amounts are calculated by the CFT's actuary.

The CFT adopted the Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, which requires that the funded status of defined pension and other postretirement plans be fully recognized in the statement of financial position. The items not yet recognized as a periodic expense and included as a separate charge or credit to net assets at December 31, 2019, 2018 and 2017 are:

| | December 31, 2019 | December 31, 2018 | December 31, 2017 |
|---------------------------|-------------------|-------------------|-------------------|
| Net Actuarial Gain (Loss) | \$ (33,218) | \$ 11,339 | \$ (381,055) |
| Net Amount | \$ (33,218) | \$ 11,339 | \$ (381,055) |

Net postretirement benefit cost for the years ended December 31, 2019, 2018 and 2017, included the following:

| | December 31, 2019 | December 31, 2018 | December 31, 2017 |
|---------------------------------------|-------------------|-------------------|-------------------|
| Service Cost | \$ 69,378 | \$ 81,931 | \$ 73,264 |
| Interest Cost | 107,086 | 90,286 | 87,573 |
| Amortization of Prior Service Cost | 4,491 | 4,491 | 4,491 |
| | 180,955 | 176,708 | 165,328 |
| Less: Recognized Net Actuarial (Gain) | - | - | - |
| TOTAL COST | \$ 180,955 | \$ 176,708 | \$ 165,328 |

CALIFORNIA FEDERATION OF TEACHERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019, 2018 AND 2017

NOTE 6 - POSTRETIREMENT MEDICAL BENEFITS LIABILITY - MANAGEMENT/F.R.U. (Continued)

The following schedule reports the changes in postretirement medical benefit liability during:

| | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|---------------------|---------------------|---------------------|
| Balance - January 1 | \$ 2,733,977 | \$ 2,729,762 | \$ 2,309,092 |
| Net Unrecognized (Income) Loss (Credited) Charged to Net Assets at December 31 | 33,218 | (11,339) | 381,055 |
| Total Cost for the Year Ended December 31 | 180,955 | 176,708 | 165,328 |
| Benefits Paid During the Year Ended December 31 | (190,138) | (156,663) | (121,222) |
| Amortization of Prior Service Cost | <u>(4,491)</u> | <u>(4,491)</u> | <u>(4,491)</u> |
| Balance - December 31, | <u>\$ 2,753,521</u> | <u>\$ 2,733,977</u> | <u>\$ 2,729,762</u> |

The significant actuarial assumptions used are as follows:

| | <u>December 31, 2019</u> | <u>December 31, 2018</u> | <u>December 31, 2017</u> |
|---|--------------------------|--------------------------|--------------------------|
| • Interest Rate Used to Calculate Net Periodic Benefit Cost | 4.05% | 3.41% | 3.88% |
| • Interest Rate Used to Calculate Year End Disclosure Information | 3.00% | 4.05% | 3.41% |
| • Expected Return on Plan Assets | 0.00% | 0.00% | 0.00% |
| • Rate of Compensation Increase | 0.00% | 0.00% | 0.00% |

The cost for medical benefits has a significant effect on the postretirement medical benefits liability reported. A 1% increase in medical benefit cost would increase the postretirement medical benefits liability as of December 31, 2019, 2018 and 2017 by \$198,079, \$198,079 and \$196,778, respectively.

The following is a projection of expected future benefits to be paid as of December 31, 2019:

| <u>Year Ending December 31,</u> | <u>Projected Benefits</u> |
|-------------------------------------|-------------------------------|
| 2020 | \$ 205,205 |
| 2021 | 219,655 |
| 2022 | 201,900 |
| 2023 | 205,497 |
| 2024 | 180,676 |
| 2025-2029 | 683,584 |

NOTE 7 - PENSION BENEFITS - MANAGEMENT/F.R.U.

The CFT sponsors a defined benefit pension plan (single employer plan) to provide pension benefits to its employees. The benefit obligation and other related amounts are calculated by the CFT's actuary.

CALIFORNIA FEDERATION OF TEACHERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019, 2018 AND 2017

NOTE 7 - PENSION BENEFITS - MANAGEMENT/F.R.U. (Continued)

The CFT adopted the Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, which requires that the funded status of defined pension and other postretirement plans be fully recognized in the statement of financial position. The following are various reconciliations, schedules and relevant disclosures that are required under the Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans:

- Computation of changes in benefit obligations for the year ended:

| | <u>December 31, 2019</u> | <u>December 31, 2018</u> | <u>December 31, 2017</u> |
|--|--------------------------|--------------------------|--------------------------|
| Benefit Obligations at the Beginning of the Year | \$ 31,834,616 | \$ 32,137,143 | \$ 30,747,064 |
| Service Cost | 502,567 | 555,002 | 516,821 |
| Employee Contributions | 177,515 | 125,126 | 105,119 |
| Interest Cost | 1,629,722 | 1,649,545 | 1,577,056 |
| Actuarial (Gain) Loss | (789,419) | (1,223,653) | 459,857 |
| Benefits Paid | <u>(1,529,360)</u> | <u>(1,408,547)</u> | <u>(1,268,774)</u> |
| Benefit Obligations at the End of the Year | <u>\$ 31,825,641</u> | <u>\$ 31,834,616</u> | <u>\$ 32,137,143</u> |

- Computation of changes in plan assets for pension benefits for the year ended:

| | <u>December 31, 2019</u> | <u>December 31, 2018</u> | <u>December 31, 2017</u> |
|--|--------------------------|--------------------------|--------------------------|
| Plan Assets at the Beginning of the Year | \$ 26,157,407 | \$ 28,203,979 | \$ 24,455,379 |
| Actual Return (Cost) on Plan Assets | 5,940,018 | (2,026,978) | 3,809,776 |
| Employer Contributions | 1,093,200 | 1,263,827 | 1,102,479 |
| Employee Contributions | 177,515 | 125,126 | 105,119 |
| Benefits Paid | <u>(1,529,360)</u> | <u>(1,408,547)</u> | <u>(1,268,774)</u> |
| Plan Assets at the End of the Year | <u>\$ 31,838,780</u> | <u>\$ 26,157,407</u> | <u>\$ 28,203,979</u> |

- Overfunded (Unfunded) status at the end of the year:

| | <u>December 31, 2019</u> | <u>December 31, 2018</u> | <u>December 31, 2017</u> |
|--|--------------------------|--------------------------|--------------------------|
| Accrued Pension Cost | \$ (1,381,422) | \$ (1,838,664) | \$ (2,552,950) |
| Unrecognized Net Actuarial Gain (Loss) | 1,269,304 | (3,981,888) | (1,541,643) |
| Unrecognized Prior Service Credit | <u>125,257</u> | <u>143,343</u> | <u>161,429</u> |
| Overfunded (Unfunded) Plan Benefit Obligations | <u>\$ 13,139</u> | <u>\$ (5,677,209)</u> | <u>\$ (3,933,164)</u> |

- Significant actuarial assumptions used at:

CALIFORNIA FEDERATION OF TEACHERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019, 2018 AND 2017

NOTE 7 - PENSION BENEFITS - MANAGEMENT/F.R.U. (Continued)

| | <u>December 31, 2019</u> | <u>December 31, 2018</u> | <u>December 31, 2017</u> |
|--|--------------------------|--------------------------|--------------------------|
| Interest Rate Used to Calculate Net Periodic Pension Cost | 5.25% | 5.25% | 5.25% |
| Interest Rate Used to Calculate Year End Disclosure Information | 5.25% | 5.25% | 5.25% |
| Expected Return on Plan Assets | 5.50% | 5.50% | 5.50% |
| Salary Scale to Calculate Net Periodic Pension Cost at the Beginning of the Year | 2.00% | 2.00% | 2.00% |
| Salary Scale for Disclosure Information as of Year End | 2.00% | 2.00% | 2.00% |

- Components of net periodic benefit cost:

| | <u>December 31, 2019</u> | <u>December 31, 2018</u> | <u>December 31, 2017</u> |
|------------------------------------|--------------------------|--------------------------|--------------------------|
| Service Cost | \$ 502,567 | \$ 555,002 | \$ 516,821 |
| Interest Cost | 1,629,722 | 1,649,545 | 1,577,056 |
| Expected Return on Plan Assets | (1,395,107) | (1,511,794) | (1,333,266) |
| Unrecognized Loss | 94,377 | - | - |
| Amortization of Prior Service Cost | (18,086) | (18,086) | (18,086) |
| Amortization of Actual Cost | - | - | 51,493 |
| Net Periodic Benefit Cost * | <u>\$ 813,473</u> | <u>\$ 674,667</u> | <u>\$ 794,018</u> |

- * The CFT's portion of the net periodic benefit cost is reduced by employee contributions.
- Projection of benefits for next ten years:

| <u>Year Ending December 31,</u> | <u>Projected Benefits</u> |
|-------------------------------------|-------------------------------|
| 2020 | \$ 1,755,276 |
| 2021 | 1,826,644 |
| 2022 | 1,843,944 |
| 2023 | 1,916,193 |
| 2024 | 1,885,278 |
| 2025-2029 | 10,065,961 |

NOTE 8 - O.P.E.I.U. POSTRETIREMENT MEDICAL BENEFITS LIABILITY

Effective January 1, 2009, the CFT provides postretirement medical benefits to its O.P.E.I.U. employees. The postretirement medical benefits liability and other related amounts are calculated by the CFT's actuary.

The CFT adopted the Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, which requires that the funded status of defined pension and other postretirement plans be fully recognized in the statement of financial position. The items not yet recognized as a periodic expense and included as a separate charge or credit to net assets at December 31, 2019, 2018 and 2017 are:

CALIFORNIA FEDERATION OF TEACHERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019, 2018 AND 2017

NOTE 8 - O.P.E.I.U. POSTRETIREMENT MEDICAL BENEFITS LIABILITY (Continued)

| | <u>December 31, 2019</u> | <u>December 31, 2018</u> | <u>December 31, 2017</u> |
|-----------------------------|--------------------------|--------------------------|----------------------------|
| Net Transition (Obligation) | \$ (112,402) | \$ (164,163) | \$ (215,924) |
| Net Actuarial Gain (Loss) | <u>326,452</u> | <u>287,007</u> | <u>(62,232)</u> |
| Net Amount | <u><u>\$ 214,050</u></u> | <u><u>\$ 122,844</u></u> | <u><u>\$ (278,156)</u></u> |

Net postretirement benefit cost for the years ended December 31, 2019, 2018 and 2017, included the following:

| | <u>December 31, 2019</u> | <u>December 31, 2018</u> | <u>December 31, 2017</u> |
|---------------------------------------|----------------------------|----------------------------|----------------------------|
| Cost at the Beginning of the Year | \$ 1,224,519 | \$ 1,110,141 | \$ 1,008,547 |
| Service Cost | 29,052 | 46,509 | 46,314 |
| Interest Cost | 43,767 | 46,429 | 42,203 |
| Amortization of Unrecognized (Gain) | (11,892) | - | - |
| Amortization of Transition Obligation | <u>51,761</u> | <u>51,761</u> | <u>51,761</u> |
| | 1,337,207 | 1,254,840 | 1,148,825 |
| Less: Contributions Made | (30,056) | (30,321) | (32,743) |
| Recognized Net Actuarial (Gain) | <u>-</u> | <u>-</u> | <u>(5,941)</u> |
| TOTAL COST | <u><u>\$ 1,307,151</u></u> | <u><u>\$ 1,224,519</u></u> | <u><u>\$ 1,110,141</u></u> |

The following schedule reports the changes in postretirement medical benefit liability during:

| | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|----------------------------|----------------------------|----------------------------|
| Balance - January 1 | \$ 1,101,675 | \$ 1,388,297 | \$ 1,094,424 |
| Net Recognized (Revenue) Expense (Credited) | | | |
| Charged to Net Assets at December 31 | (91,206) | (401,000) | 192,279 |
| Total Cost for the Year Ended December 31 | 112,688 | 144,699 | 134,337 |
| Benefits Paid During the Year Ended December 31 | <u>(30,056)</u> | <u>(30,321)</u> | <u>(32,743)</u> |
| Balance - December 31, | <u><u>\$ 1,093,101</u></u> | <u><u>\$ 1,101,675</u></u> | <u><u>\$ 1,388,297</u></u> |

In February 2009, the CFT opened a bank account which holds the funds for the O.P.E.I.U. Postretirement Medical Benefit. The account had balances of \$751,215, \$747,063 and \$746,042 as of December 31, 2019, 2018 and 2017, respectively, and were not reflected on the O.P.E.I.U. Postretirement Medical Benefits Liability as of December 31, 2019, 2018 and 2017.

The CFT funded the bank account \$4,167 per month in 2017 with a total of \$50,004. The bank account was not funded in 2019 and 2018, other than the interest income received.

CALIFORNIA FEDERATION OF TEACHERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019, 2018 AND 2017

NOTE 8 - O.P.E.I.U. POSTRETIREMENT MEDICAL BENEFITS LIABILITY (Continued)

The significant actuarial assumptions used are as follows:

| | <u>December 31, 2019</u> | <u>December 31, 2018</u> | <u>December 31, 2017</u> |
|---|--------------------------|--------------------------|--------------------------|
| • Interest Rate Used to Calculate Net Periodic Benefit Cost | 4.09% | 3.42% | 3.90% |
| • Interest Rate Used to Calculate Year End Disclosure Information | 3.07% | 4.09% | 3.42% |
| • Expected Return on Plan Assets | 0.00% | 0.00% | 0.00% |
| • Rate of Compensation Increase | 0.00% | 0.00% | 0.00% |

The following is a projection of expected future benefits to be paid as of December 31, 2019:

| <u>Year Ending December 31,</u> | <u>Projected Benefits</u> |
|-------------------------------------|-------------------------------|
| 2020 | \$ 66,778 |
| 2021 | 93,296 |
| 2022 | 100,202 |
| 2023 | 64,608 |
| 2024 | 72,014 |
| 2025-2029 | 157,650 |

NOTE 9 - POSTRETIREMENT HEALTH BENEFITS

The CFT participates in the OPE Welfare Fund, a defined benefit multiemployer health plan that provides postretirement benefits to retired employees. The cost of these benefits was \$145,992, \$210,090 and \$256,020 in 2019, 2018 and 2017, respectively. The CFT's per individual contribution rate per month at December 31, 2019, 2018 and 2017 was \$1,919, \$1,896 and \$1,774, respectively.

The CFT participates in the Office and Professional Employees Locals 30 and 537 Trust Fund, a defined benefit multiemployer health plan that provides postretirement benefits to retired employees. The cost of these benefits was \$125,325, \$123,582 and \$126,872 in 2019, 2018 and 2017, respectively. The CFT's per individual contribution rate per month at December 31, 2019, 2018 and 2017 was \$1,425, \$1,375 and \$1,360, respectively.

NOTE 10 - MULTIEMPLOYER PENSION PLANS

The CFT contributes to the Office and Professional Employees Locals 30 & 537 Retirement Trust Funds and to the Western States Office and Professional Employees Pension Fund. These are multiemployer defined benefit pension plans that covers its employees under the terms of collective bargaining agreements. Contributions to these plans are based on employee hours worked and rates are based upon contractual arrangements. The risks of participating in these multiemployer plans are different from single-employer plans in the following respects:

- Assets contributed to a multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to a plan, the unfunded obligation of the plan may be borne by the remaining participating employers.

CALIFORNIA FEDERATION OF TEACHERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019, 2018 AND 2017

NOTE 10 - MULTIEMPLOYER PENSION PLANS (Continued)

- If the CFT chooses to stop participating in any of its multiemployer plans, the CFT may be required to pay those plans an amount based on the underfunded status of the plans, referred to as a withdrawal liability.

The CFT's participation in these plans for the years ended December 31, 2019, 2018 and 2017 is outlined in the table below. The information included in this table is as follows:

- The "EIN/Pension Plan Number" column provides the employer identification number ("EIN") and the three-digit plan number.
- The Pension Protection Act of 2006 ("PPA") zone status is based on information that the CFT received from the pension plan and is certified by the pension plan's actuaries. Among other factors, pension plans in the red zone are generally less than 65% funded, pension plans in the yellow and orange zones are less than 80% funded or are projected to become insolvent within seven years, and pension plans in the green zone are at least 80% funded. Unless otherwise noted, the PPA zone status for 2019, 2018 and 2017 are for the pension plans' years ended at December 31, 2018, 2017 and 2016, respectively.
- The "FIP/RP Status" column indicates pension plans for which a funding improvement plan ("FIP") or a rehabilitation plan ("RP") is either pending or has been implemented.
- The column "Surcharge Imposed" indicates whether the CFT was required to pay a surcharge to the pension plan.
- The last column lists the expiration date of the collective bargaining agreement to which the pension plan is subject.

| Pension Fund | EIN/Pension Plan Number | PPA Zone Status | | | FIP/RP Status | Contributions by the CFT | | | Surcharge Imposed | Expiration Date of Collective Bargaining Agreement |
|---|----------------------------|--------------------|-------|-------|------------------|--------------------------|-------------------|-------------------|----------------------|--|
| | | 2018 | 2017 | 2019 | | 2019 | 2018 | 2017 | | |
| Office and Professional Employees Locals 30 & 537 Retirement Trust Funds* | 95-6072309/ 001 | Green | Green | Green | No | \$ 49,982 | \$ 50,845 | \$ 61,748 | No | N/A |
| Western States Office and Professional Employees Pension Fund | 94-6076144/ 001 | Red | Red | Red | Yes | 68,310 | 95,633 | 124,845 | Yes | N/A |
| | | | | | | <u>\$ 118,292</u> | <u>\$ 146,478</u> | <u>\$ 186,593</u> | | |

* January 31, 2019, 2018 and 2017

The management of the CFT has expressed no intent to withdraw from the Plans and the withdrawal liability, if any, to the CFT has not been computed.

There have been no significant changes that affect the comparability of 2019, 2018, and 2017 contributions.

The CFT also contributes to the Western States 401(k) Retirement Fund of OPEIU and to The Principal Financial Group. Total contributions made by the CFT to the Western States 401(k) Retirement Fund of OPEIU were \$17,378, \$21,105 and \$25,465 in 2019, 2018 and 2017, respectively, and total contributions made by the CFT to Principal Financial Group were \$125,652, \$153,839 and \$169,131 in 2019, 2018 and 2017, respectively.

CALIFORNIA FEDERATION OF TEACHERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019, 2018 AND 2017

NOTE 11 - SUMMARY OF EXPENSES BY NATURAL AND FUNCTIONAL CLASSIFICATIONS

The following tables provide a summary of the CFT's total expenses by both their natural and functional classification, e.g. major class of program services and supporting activity, as required by accounting principles generally accepted in the United States of America:

| | January 1, 2019 to December 31, 2019 | | | | | | | | | | |
|---|--------------------------------------|----------------------------|------------------------------------|---------------------------------|----------------------|------------------------|-------------------------------------|-----------------|--------------------------------|----------------------|---|
| | Membership Representation | General and Administrative | Financial Assistance to Affiliates | Communications and Publications | Government Relations | Information Technology | Leadership Development and Training | Research | Contributions and Scholarships | Political Activities | Postretirement Pension and Medical Benefits |
| Personnel Expenses: | | | | | | | | | | | |
| Management F.R.U. | \$ - | \$ 1,060,106 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,060,106 |
| O.P.E.I.U. | 3,387,928 | - | - | - | - | - | - | - | - | - | 3,387,928 |
| Other Personnel-Related Expenses | - | 1,268,563 | - | - | - | - | - | - | - | - | 1,268,563 |
| Operating Expenses | 265,643 | 522,460 | - | - | - | - | - | - | - | - | 1,615,863 |
| Financial Assistance to Locals | 195,869 | 1,045,665 | - | - | - | - | - | - | - | 36,643 | 1,278,177 |
| Departments: | - | - | 8,034,886 | - | - | - | - | - | - | - | 8,034,886 |
| Communications and Publications | - | - | - | 79,681 | - | - | - | - | - | - | 79,681 |
| Governmental Relations | - | - | - | - | 14,485 | - | - | - | - | - | 14,485 |
| Information Technology | - | - | - | - | - | 13,706 | - | - | - | - | 13,706 |
| Leadership Development and Training | - | - | - | - | - | - | 8,105 | - | - | - | 8,105 |
| Research | - | - | - | - | - | - | - | 8,500 | - | - | 8,500 |
| Organizing | 385,000 | - | - | - | - | - | - | - | - | - | 385,000 |
| Councils: | | | | | | | | | | | |
| Community College Council | 104,600 | - | - | - | - | - | - | - | - | - | 104,600 |
| Council of Classified Employees | 182,646 | - | - | - | - | - | - | - | - | - | 182,646 |
| EC/K-12 Council | 221,649 | - | - | - | - | - | - | - | - | - | 221,649 |
| Retiree Council | - | 5,126 | - | - | - | - | - | - | - | - | 5,126 |
| Governance | - | 596,816 | - | - | - | - | - | - | - | - | 596,816 |
| Committees and Task Forces | - | 18,337 | - | - | - | - | - | - | - | - | 18,337 |
| Professional Services | 34,918 | 171,269 | - | - | - | - | - | - | - | 5,877 | 212,064 |
| Miscellaneous | - | 43,909 | - | - | - | - | - | - | 20,100 | - | 64,009 |
| Raoul Teitel Scholarship Fund Expenses | - | - | - | - | - | - | - | - | 100,300 | - | 100,300 |
| Legal Defense Fund Expenses | 188,663 | - | - | - | - | - | - | - | - | - | 188,663 |
| Proposition and Ballot Initiatives | - | - | - | - | - | - | - | - | - | - | - |
| COPE Committee Expenses | - | - | - | - | - | - | - | - | 133,860 | 645,968 | 779,828 |
| COPE Candidate Committee Expenses | - | - | - | - | - | - | - | - | - | 635,734 | 635,734 |
| Militancy Fund Expenses | 10,000 | - | - | - | - | - | - | - | - | - | 10,000 |
| Disaster Relief Fund Expenses | - | - | - | - | - | - | - | - | 35 | - | 35 |
| Strategic Organizing Fund Expenses | 45,550 | - | - | - | - | - | - | - | - | - | 45,550 |
| Postretirement Medical Benefits - Management/F.R.U. | - | - | - | - | - | - | - | - | - | - | 33,218 |
| Pension Benefits - Management/F.R.U. | - | - | - | - | - | - | - | - | - | - | (5,233,106) |
| O.P.E.I.U. Postretirement | - | - | - | - | - | - | - | - | - | - | (214,050) |
| Medical Benefits | - | - | - | - | - | - | - | - | - | - | (214,050) |
| TOTAL EXPENSES | \$ 5,022,466 | \$ 4,732,251 | \$ 8,034,886 | \$ 79,681 | \$ 14,485 | \$ 13,706 | \$ 8,105 | \$ 8,500 | \$ 254,295 | \$ 1,324,222 | \$ (4,586,176) |
| | | | | | | | | | | | \$ 14,906,419 |

CALIFORNIA FEDERATION OF TEACHERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019, 2018 AND 2017

NOTE 11 - SUMMARY OF EXPENSES BY NATURAL AND FUNCTIONAL CLASSIFICATIONS (Continued)

| January 1, 2018 to December 31, 2018 | | | | | | | | | | | | |
|---|---------------------------|----------------------------|------------------------------------|---------------------------------|----------------------|------------------------|-------------------------------------|----------|--------------------------------|----------------------|---|---------------|
| | Membership Representation | General and Administrative | Financial Assistance to Affiliates | Communications and Publications | Government Relations | Information Technology | Leadership Development and Training | Research | Contributions and Scholarships | Political Activities | Postretirement Pension and Medical Benefits | Total |
| Personnel Expenses: | | | | | | | | | | | | |
| Management F.R.U. | \$ - | \$ 1,055,182 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,055,182 |
| O.P.E.I.U. | 3,482,428 | - | - | - | - | - | - | - | - | - | - | 3,482,428 |
| Other Personnel-Related Expenses | - | 1,523,782 | - | - | - | - | - | - | - | - | - | 1,523,782 |
| Operating Expenses | 240,202 | 512,863 | - | - | - | - | - | - | - | - | 401,317 | 1,154,382 |
| Financial Assistance to Locals | 226,757 | 1,060,477 | - | - | - | - | - | - | - | - | - | 1,287,234 |
| Departments: | - | - | 7,919,772 | - | - | - | - | - | - | - | - | 7,919,772 |
| Communications and Publications | - | - | - | 223,625 | - | - | - | - | - | - | - | 223,625 |
| Governmental Relations | - | - | - | - | 10,817 | - | - | - | - | - | - | 10,817 |
| Information Technology | - | - | - | - | - | 14,616 | - | - | - | - | - | 14,616 |
| Leadership Development and Training | - | - | - | - | - | - | 154,863 | - | - | - | - | 154,863 |
| Research | - | - | - | - | - | - | - | 9,603 | - | - | - | 9,603 |
| Organizing | 396,970 | - | - | - | - | - | - | - | - | - | - | 396,970 |
| Councils: | | | | | | | | | | | | |
| Community College Council | 150,206 | - | - | - | - | - | - | - | - | - | - | 150,206 |
| Council of Classified Employees | 154,754 | - | - | - | - | - | - | - | - | - | - | 154,754 |
| EC/K-12 Council | 166,225 | - | - | - | - | - | - | - | - | - | - | 166,225 |
| Retiree Council | - | 3,549 | - | - | - | - | - | - | - | - | - | 3,549 |
| Governance | - | 420,657 | - | - | - | - | - | - | - | - | - | 420,657 |
| Committees and Task Forces | - | 7,973 | - | - | - | - | - | - | - | - | - | 7,973 |
| Professional Services | 12,709 | 163,770 | - | - | - | - | - | - | - | 2,556 | - | 179,035 |
| Miscellaneous | - | 61,461 | - | - | - | - | - | - | 14,425 | - | - | 75,886 |
| Raoul Teilhet Scholarship Fund Expenses | - | - | - | - | - | - | - | - | 88,000 | - | - | 88,000 |
| Legal Defense Fund Expenses | 64,188 | - | - | - | - | - | - | - | - | - | - | 64,188 |
| Proposition and Ballot Initiatives | - | - | - | - | - | - | - | - | 153,275 | 1,141,675 | - | 1,294,950 |
| COPE Committee Expenses | - | - | - | - | - | - | - | - | 3,500 | 2,638,454 | - | 2,641,954 |
| COPE Candidate Committee Expenses | - | - | - | - | - | - | - | - | 435 | - | - | 435 |
| Militancy Fund Expenses | - | - | - | - | - | - | - | - | - | - | - | - |
| Disaster Relief Fund Expenses | - | - | - | - | - | - | - | - | - | - | - | - |
| Strategic Organizing Fund Expenses | 158,946 | - | - | - | - | - | - | - | - | - | - | 158,946 |
| Postretirement Medical Benefits - Management/F.R.U. | - | - | - | - | - | - | - | - | - | - | (11,339) | (11,339) |
| Pension Benefits - Management/F.R.U. | - | - | - | - | - | - | - | - | - | - | 2,458,331 | 2,458,331 |
| O.P.E.I.U. Postretirement Medical Benefits | - | - | - | - | - | - | - | - | - | - | (122,844) | (122,844) |
| TOTAL EXPENSES | \$ 5,053,385 | \$ 4,809,714 | \$ 7,919,772 | \$ 223,625 | \$ 10,817 | \$ 14,616 | \$ 154,863 | \$ 9,603 | \$ 259,635 | \$ 3,782,685 | \$ 2,725,465 | \$ 24,964,180 |

CALIFORNIA FEDERATION OF TEACHERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019, 2018 AND 2017

NOTE 11 - SUMMARY OF EXPENSES BY NATURAL AND FUNCTIONAL CLASSIFICATIONS (Continued)

| | January 1, 2017 to December 31, 2017 | | | | | | | | | | | |
|---|--------------------------------------|----------------------------|------------------------------------|---------------------------------|----------------------|------------------------|-------------------------------------|-----------|--------------------------------|----------------------|---|---------------|
| | Membership Representation | General and Administrative | Financial Assistance to Affiliates | Communications and Publications | Government Relations | Information Technology | Leadership Development and Training | Research | Contributions and Scholarships | Political Activities | Postretirement Pension and Medical Benefits | Total |
| Personnel Expenses: | | | | | | | | | | | | |
| Management | \$ - | \$ 1,069,754 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,069,754 |
| F.R.U. | 3,782,777 | - | - | - | - | - | - | - | - | - | - | 3,782,777 |
| O.P.E.I.U. | - | 1,792,040 | - | - | - | - | - | - | - | - | - | 1,792,040 |
| Other Personnel-Related Expenses | 309,893 | 562,883 | - | - | - | - | - | - | - | - | 744,231 | 1,617,007 |
| Operating Expenses | 225,354 | 1,171,768 | - | - | - | - | - | - | - | - | - | 1,397,122 |
| Financial Assistance to Locals | - | - | 8,257,975 | - | - | - | - | - | - | - | - | 8,257,975 |
| Departments: | | | | | | | | | | | | |
| Communications and Publications | - | - | - | 345,297 | - | - | - | - | - | - | - | 345,297 |
| Governmental Relations | - | - | - | - | 47,476 | - | - | - | - | - | - | 47,476 |
| Information Technology | - | - | - | - | - | 7,686 | - | - | - | - | - | 7,686 |
| Leadership Development and Training | - | - | - | - | - | - | 220,407 | - | - | - | - | 220,407 |
| Research | - | - | - | - | - | - | - | 10,810 | - | - | - | 10,810 |
| Organizing | 351,586 | - | - | - | - | - | - | - | - | - | - | 351,586 |
| Councils: | | | | | | | | | | | | |
| Community College Council | 162,507 | - | - | - | - | - | - | - | - | - | - | 162,507 |
| Council of Classified Employees | 148,131 | - | - | - | - | - | - | - | - | - | - | 148,131 |
| EC/K-12 Council | 226,916 | - | - | - | - | - | - | - | - | - | - | 226,916 |
| Retiree Council | - | 4,735 | - | - | - | - | - | - | - | - | - | 4,735 |
| Governance | - | 468,905 | - | - | - | - | - | - | - | - | - | 468,905 |
| Committees and Task Forces | - | 12,982 | - | - | - | - | - | - | - | - | - | 12,982 |
| Professional Services | 36,868 | 216,370 | - | - | - | - | - | - | - | 4,511 | - | 257,749 |
| Miscellaneous | 93,522 | 93,992 | - | - | - | - | - | - | 21,941 | - | - | 209,455 |
| Raoul Teihet Scholarship Fund Expenses | - | - | - | - | - | - | - | - | 99,000 | - | - | 99,000 |
| Legal Defense Fund Expenses | 462,748 | - | - | - | - | - | - | - | - | - | - | 462,748 |
| Dues Collection Fund Expenses | 99 | - | - | - | - | - | - | - | - | - | - | 99 |
| Proposition and Ballot Initiatives | - | - | - | - | - | - | - | - | - | - | - | - |
| COPE Committee Expenses | - | - | - | - | - | - | - | - | 318,435 | 136,256 | - | 454,691 |
| COPE Candidate Committee Expenses | - | - | - | - | - | - | - | - | 300 | 334,030 | - | 334,330 |
| Disaster Relief Fund Expenses | - | - | - | - | - | - | - | - | 15,682 | - | - | 15,682 |
| Postretirement Medical Benefits - Management/F.R.U. | - | - | - | - | - | - | - | - | - | - | 381,055 | 381,055 |
| Pension Benefits - Management/F.R.U. | - | - | - | - | - | - | - | - | - | - | (1,944,941) | (1,944,941) |
| O.P.E.I.U. Postretirement | - | - | - | - | - | - | - | - | - | - | - | - |
| Medical Benefits | - | - | - | - | - | - | - | - | - | - | 278,156 | 278,156 |
| TOTAL EXPENSES | \$ 5,800,401 | \$ 5,393,429 | \$ 8,257,975 | \$ 345,297 | \$ 47,476 | \$ 7,686 | \$ 220,407 | \$ 10,810 | \$ 455,358 | \$ 474,797 | \$ (541,499) | \$ 20,472,137 |

CALIFORNIA FEDERATION OF TEACHERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019, 2018 AND 2017

NOTE 11 - SUMMARY OF EXPENSES BY NATURAL AND FUNCTIONAL CLASSIFICATIONS (Continued)

The financial statements report certain categories of expenses that are attributable to one or more functional expenses classification of the CFT. Those expenses include other personnel-related expenses, operating expenses, professional services, miscellaneous, proposition and ballot initiatives COPE committee expenses and COPE candidate committee expenses. Those expenses are allocated on the basis of estimates of time, effort, and purpose of the expense.

NOTE 12 - RISKS AND UNCERTAINTIES

The actuarial present value of pension benefits liability and the postretirement medical benefits liabilities are reported based on certain assumptions that are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

NOTE 13 - INTERFUND LOAN

In March 2014, the Executive Council approved to loan \$250,000 from the Emergency Fund (part of the General Fund) to the Legal Defense Fund at a zero interest rate, and repaid over 24 months. During 2016, the term of the loan was extended for an indefinite time. In September 2016, the Executive Council approved an additional loan for \$300,000 at a zero interest rate, and with an indefinite period to repay the loan. The loan was paid off in April 2018.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

The CFT is involved in various lawsuits and claims where the outcome or financial ramifications have yet to be determined. The financial statements have not been adjusted to reflect any potential negative impact on the CFT's finances.

NOTE 15 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 26, 2020, the date on which these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosures in these financial statements.

NOTE 16 - NET ASSETS WITH RESTRICTIONS

Temporary restricted funds were for the Building Power Campaign ("Campaign") which was focused on protecting and improving quality education in California through securement of proper funding for adequate resources. The Campaign's emphasis was the building of representation and involvement of the communities and its membership through organizing. The Campaign started in July 2015. The Campaign was transferred over to the Strategic Organizing Fund in 2018. Any remaining unused funds became unrestricted.