

AMERICAN FEDERATION OF TEACHERS, AFL-CIO

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020



AMERICAN FEDERATION OF TEACHERS, AFL-CIO

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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REPORT OF INDEPENDENT AUDITORS

To the Secretary-Treasurer
American Federation of Teachers, AFL-CIO

We have audited the accompanying consolidated financial statements of the American Federation of Teachers, AFL-CIO and related controlled entities (the Federation), which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Federation's preparation and fair presentation of the consolidated 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 Federation'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 consolidated financial statements.



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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the American Federation of Teachers, AFL-CIO and related controlled entities as of June 30, 2020 and 2019, and the consolidated changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying consolidating schedules on pages 34 and 35 and the supplemental fund information on pages 3 through 5 and 8 through 10 are presented for purposes of additional analysis of the basic consolidated financial statements rather than to present the financial position and changes in net assets of the individual entities and funds. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CalibreCPAGroup, PLLC

Bethesda, MD
January 26, 2021

AMERICAN FEDERATION OF TEACHERS, AFL-CIO

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2020 AND 2019

(WITH SUPPLEMENTAL FUND INFORMATION AT JUNE 30, 2020)

	General Fund	Militancy/ Defense Fund	Solidarity Funds	Building Fund	Postretirement Benefits Fund	Committee on Political Education	Disaster Relief Fund	June 30, 2020 Total	June 30, 2019 Total
ASSETS									
CURRENT ASSETS									
Cash and cash equivalents	\$ 37,346,035	\$ 786,887	\$ 25,238	\$ 1,194,488	\$ -	\$ 11,527,064	\$ 453,226	\$ 51,332,938	\$ 32,080,207
Due from (to) other funds	(20,585,988)	(11,144,382)	23,591,409	8,138,961	-	-	-	-	-
Distribution receivable/payable	(4,000,000)	-	-	4,000,000	-	-	-	-	-
Receivables									
Per capita taxes	31,549,603	-	-	-	-	-	-	31,549,603	31,742,530
Other	1,835,994	326,764	-	172,404	-	-	250	2,335,412	2,967,913
Prepaid expenses	<u>1,252,800</u>	<u>-</u>	<u>-</u>	<u>57,585</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,310,385</u>	<u>3,542,908</u>
Total current assets	47,398,444	(10,030,731)	23,616,647	13,563,438	-	11,527,064	453,476	86,528,338	70,333,558
INVESTMENTS AT FAIR VALUE	16,401,331	16,951,788	-	15,152,953	-	-	-	48,506,072	49,734,521
PROPERTY AND EQUIPMENT NET OF ACCUMULATED DEPRECIATION OF \$54,301,755 AND \$51,827,574 AS OF JUNE 30, 2020 AND 2019	5,065,085	-	-	12,252,098	-	-	-	17,317,183	16,085,406
OTHER ASSETS									
Loans receivable, net of allowance of \$1,603,239 and \$1,503,239 as of June 30, 2020 and 2019, respectively	<u>5,216,644</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,216,644</u>	<u>2,862,168</u>
Total assets	<u>\$ 74,081,504</u>	<u>\$ 6,921,057</u>	<u>\$ 23,616,647</u>	<u>\$ 40,968,489</u>	<u>\$ -</u>	<u>\$ 11,527,064</u>	<u>\$ 453,476</u>	<u>\$ 157,568,237</u>	<u>\$ 139,015,653</u>

See accompanying notes to consolidated financial statements.

AMERICAN FEDERATION OF TEACHERS, AFL-CIO

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

JUNE 30, 2020 AND 2019
(WITH SUPPLEMENTAL FUND INFORMATION AT JUNE 30, 2020)

	General Fund	Militancy/ Defense Fund	Solidarity Funds	Building Fund	Postretirement Benefits Fund	Committee on Political Education	Disaster Relief Fund	June 30, 2020 Total	June 30, 2019 Total
LIABILITIES AND NET ASSETS									
CURRENT LIABILITIES									
Accounts payable	\$ 7,727,100	\$ 6,871,397	\$ 392,807	\$ 609,542	\$ -	\$ 22,415	60	\$ 15,623,321	\$ 13,258,732
Current maturities of mortgage note payable	-	-	-	712,107	-	-	-	712,107	683,016
Accrued vacation, severance and welfare benefits	12,623,598	-	-	-	-	-	-	12,623,598	11,399,392
Accrued expenses and other liabilities	7,440,005	-	-	-	-	-	-	7,440,005	6,287,310
Advance per capita taxes	341,679	-	-	-	-	-	-	341,679	56,259
Line of credit	776,575	-	-	-	-	-	-	776,575	-
Deferred revenue	173,222	-	-	-	-	-	-	173,222	284,592
Estimated self-insurance reserve - members' liability insurance	-	1,000,000	-	-	-	-	-	1,000,000	1,000,000
Postretirement benefits - current portion	-	-	-	-	1,615,700	-	-	1,615,700	1,608,649
Total current liabilities	29,082,179	7,871,397	392,807	1,321,649	1,615,700	22,415	60	40,306,207	34,577,950
INTEREST RATE SWAP	-	-	-	2,173,484	-	-	-	2,173,484	654,283
MORTGAGE NOTE PAYABLE, EXCLUDING CURRENT MATURITIES, NET OF UNAMORTIZED DEBT ISSUANCE COST	-	-	-	21,260,902	-	-	-	21,260,902	21,941,721
POSTRETIREMENT HEALTHCARE COSTS - LONG TERM	-	-	-	-	24,560,963	-	-	24,560,963	20,941,527
ACCRUED PENSION LIABILITY - LONG TERM	-	-	-	-	13,908,912	-	-	13,908,912	13,503,506
Total liabilities	29,082,179	7,871,397	392,807	24,756,035	40,085,575	22,415	60	102,210,468	91,618,987
NET ASSETS (DEFICIT)									
Without donor restrictions									
Designated	-	3,000,000	4,047,036	-	-	-	-	7,047,036	10,041,828
Undesignated	44,999,325	(3,950,340)	19,176,804	16,212,454	(40,085,575)	-	-	36,352,668	29,691,781
Total	44,999,325	(950,340)	23,223,840	16,212,454	(40,085,575)	-	-	43,399,704	39,733,609
With donor restrictions	-	-	-	-	-	11,504,649	453,416	11,958,065	7,663,057
Total net assets (deficit)	44,999,325	(950,340)	23,223,840	16,212,454	(40,085,575)	11,504,649	453,416	55,357,769	47,396,666
Total liabilities and net assets	\$ 74,081,504	\$ 6,921,057	\$ 23,616,647	\$ 40,968,489	\$ -	\$ 11,527,064	\$ 453,476	\$ 157,568,237	\$ 139,015,653

See accompanying notes to consolidated financial statements.

AMERICAN FEDERATION OF TEACHERS, AFL-CIO

CONSOLIDATED STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2020 AND 2019
(WITH SUPPLEMENTAL FUND INFORMATION FOR THE YEAR ENDED JUNE 30, 2020)

	General Fund	Militancy/ Defense Fund	Solidarity Funds	Building Fund	Postretirement Benefits Fund	Committee on Political Education	Disaster Relief Fund	Eliminations	2020 Total	2019 Total
REVENUE										
Per capita taxes (net of agency fee rebates of \$140,283 in 2020 and \$207,122 in 2019)	\$ 165,806,158	\$ 6,813,689	\$ 24,417,298	\$ 985,102	\$ -	\$ -	\$ -	\$ -	\$ 198,022,247	\$ 196,133,288
Members' liability insurance	-	1,559,160	-	-	-	-	-	-	1,559,160	1,575,980
Investment revenue (net of investment expenses of \$135,960 in 2020 and \$125,870 in 2019)	696,343	626,283	-	537,205	-	-	-	-	1,859,831	1,764,115
Net appreciation (depreciation) in fair value of investments	698,141	239,156	-	(8,748)	-	-	-	-	928,549	1,167,387
Depreciation in fair value of swap agreement	-	-	-	(1,519,201)	-	-	-	-	(1,519,201)	(1,467,757)
Publication revenue	15,605	-	-	-	-	-	-	-	15,605	12,148
Program administration and royalties	2,130,161	-	-	-	-	-	-	-	2,130,161	2,465,934
Reimbursements from related entities	36,439	-	-	-	-	-	-	-	36,439	71,107
Net rental income	-	-	-	316,770	-	-	-	-	316,770	1,199,726
State AFL-CIO collection rebate	1,448,333	-	-	-	-	-	-	-	1,448,333	1,407,437
Contributions	-	-	10,028,282	-	-	7,480,927	367,549	(10,028,282)	7,848,476	8,328,432
Other revenue	689,695	545,645	-	82,682	-	-	-	(500,000)	818,022	1,351,697
Total revenue	<u>171,520,875</u>	<u>9,783,933</u>	<u>34,445,580</u>	<u>393,810</u>	<u>-</u>	<u>7,480,927</u>	<u>367,549</u>	<u>(10,528,282)</u>	<u>213,464,392</u>	<u>214,009,494</u>
EXPENSES										
Program services										
National Officers/Governance	24,366,063	-	-	-	-	-	-	-	24,366,063	25,680,186
Mobilization and organizing	41,845,107	-	-	-	-	-	-	-	41,845,107	45,235,575
Political, legislation and advocacy	10,210,803	-	35,799,564	-	-	3,323,382	-	(10,028,282)	39,305,467	45,974,799
Constituency, community and professional issues	19,613,646	-	-	-	-	-	-	-	19,613,646	18,066,418
Strategic priorities and support	36,925,480	15,211,532	-	-	-	-	230,086	(500,000)	51,867,098	45,546,914
Total program services	<u>132,961,099</u>	<u>15,211,532</u>	<u>35,799,564</u>	<u>-</u>	<u>-</u>	<u>3,323,382</u>	<u>230,086</u>	<u>(10,528,282)</u>	<u>176,997,381</u>	<u>180,503,892</u>
Supporting services										
General and administrative	18,478,391	-	-	5,995,624	4,031,893	-	-	-	28,505,908	30,148,667
Total supporting services	<u>18,478,391</u>	<u>-</u>	<u>-</u>	<u>5,995,624</u>	<u>4,031,893</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,505,908</u>	<u>30,148,667</u>
Total expenses	<u>151,439,490</u>	<u>15,211,532</u>	<u>35,799,564</u>	<u>5,995,624</u>	<u>4,031,893</u>	<u>3,323,382</u>	<u>230,086</u>	<u>(10,528,282)</u>	<u>205,503,289</u>	<u>210,652,559</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 20,081,385</u>	<u>\$ (5,427,599)</u>	<u>\$ (1,353,984)</u>	<u>\$ (5,601,814)</u>	<u>\$ (4,031,893)</u>	<u>\$ 4,157,545</u>	<u>\$ 137,463</u>	<u>\$ -</u>	<u>\$ 7,961,103</u>	<u>\$ 3,356,935</u>

See accompanying notes to consolidated financial statements.

AMERICAN FEDERATION OF TEACHERS, AFL-CIO

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

	Program Services					Support Services		Total
	National Officers / Governance	Mobilization and Organizing	Political, Legislation and Advocacy	Constituency, Community and Professional Issues	Strategic Priorities and Support	General and Administrative		
EXPENSES								
Salaries, benefits and payroll tax	\$ 4,611,560	\$ 11,862,683	\$ 4,027,406	\$ 12,405,539	\$ 15,100,621	\$ 11,740,455	\$ 59,748,264	
Professional fees	1,609,308	269,569	11,025,972	634,591	17,923,191	1,370,668	32,833,299	
Travel, meetings, conferences and convention	1,290,447	3,829,291	496,440	3,928,941	1,203,374	81,742	10,830,235	
Assistance and state rebates	3,841,028	25,447,410	-	-	1,709,559	683,744	31,681,741	
Contributions and donations	1,228,911	100	23,508,345	1,754,925	2,713,128	350	29,205,759	
Marketing and promotion	36,097	6,174	4,800	47,838	4,136,563	175,332	4,406,804	
Member assistance - COVID-19	-	-	-	-	3,089,795	-	3,089,795	
Publications	-	-	-	-	1,333,492	-	1,333,492	
Affiliation fees	10,764,096	-	-	-	-	9,180	10,773,276	
Subscriptions and memberships	408,984	12,229	77,667	19,545	793,969	36,275	1,348,669	
Postretirement expenses	-	-	-	-	-	4,031,893	4,031,893	
Office supplies and expenses	262,668	81,141	61,349	98,588	142,039	691,329	1,337,114	
Printing and postage	137,814	71,817	11,883	52,655	402,763	73,984	750,916	
Information technology	422	1,994	28	491,560	28,429	188,581	711,014	
Software and equipment rental	7,995	12,484	334	125,461	386,790	1,356,367	1,889,431	
Capitol Place I operating expenses	-	-	-	-	-	3,681,668	3,681,668	
Interest	-	-	-	-	-	898,827	898,827	
Occupancy	64,806	187,608	-	177	563	-	253,154	
Insurance	-	-	-	-	2,714,067	467,054	3,181,121	
Depreciation	-	-	-	-	-	2,230,391	2,230,391	
(Gain) loss on disposal of property and equipment	-	71	-	-	-	(8,574)	(8,503)	
Other	101,927	62,536	91,243	53,826	188,755	796,642	1,294,929	
Total expenses	<u>\$ 24,366,063</u>	<u>\$ 41,845,107</u>	<u>\$ 39,305,467</u>	<u>\$ 19,613,646</u>	<u>\$ 51,867,098</u>	<u>\$ 28,505,908</u>	<u>\$ 205,503,289</u>	

See accompanying notes to consolidated financial statements.

AMERICAN FEDERATION OF TEACHERS, AFL-CIO

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019

	Program Services					Support Services		Total
	National Officers / Governance	Mobilization and Organizing	Political, Legislation and Advocacy	Constituency, Community and Professional Issues	Strategic Priorities and Support	General and Administrative		
EXPENSES								
Salaries, benefits and payroll tax	\$ 4,299,438	\$ 13,799,126	\$ 3,698,218	\$ 12,393,366	\$ 15,340,816	\$ 11,611,641	\$ 61,142,605	
Professional fees	1,257,271	364,836	12,335,354	380,177	14,503,342	1,269,084	30,110,064	
Travel, meetings, conferences and convention	2,646,791	4,503,436	405,204	3,215,060	1,802,433	221,379	12,794,303	
Assistance and state rebates	3,996,537	25,877,153	-	-	1,597,926	666,080	32,137,696	
Contributions and donations	1,801,492	5,000	29,261,496	1,097,404	3,794,694	50	35,960,136	
Marketing and promotion	169,716	14,415	14,963	83,533	2,974,312	227,103	3,484,042	
Publications	-	-	-	-	1,290,641	-	1,290,641	
Affiliation fees	10,577,119	-	-	-	-	-	10,577,119	
Subscriptions and memberships	239,515	18,692	1,576	14,265	663,848	30,624	968,520	
Postretirement expenses	-	-	-	-	-	2,300,662	2,300,662	
Office supplies and expenses	151,381	129,099	40,988	123,906	226,874	827,686	1,499,934	
Printing and postage	176,801	107,902	162,950	62,571	509,270	58,417	1,077,911	
Information technology	141,520	2,129	195	514,207	86,318	135,070	879,439	
Software and equipment rental	88,129	12,587	70	127,197	167,263	1,011,362	1,406,608	
Capitol Place I operating expenses	-	-	-	-	-	3,754,967	3,754,967	
Interest	-	-	-	-	-	922,246	922,246	
Occupancy	86,411	247,042	-	2,648	943	-	337,044	
Insurance	-	-	-	-	2,410,713	680,652	3,091,365	
Depreciation	-	-	-	-	-	2,822,516	2,822,516	
Loss on disposal of property and equipment	-	-	-	-	-	3,054,203	3,054,203	
Other	48,065	154,158	53,785	52,084	177,521	554,925	1,040,538	
Total expenses	\$ 25,680,186	\$ 45,235,575	\$ 45,974,799	\$ 18,066,418	\$ 45,546,914	\$ 30,148,667	\$ 210,652,559	

See accompanying notes to consolidated financial statements.

AMERICAN FEDERATION OF TEACHERS, AFL-CIO

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

YEARS ENDED JUNE 30, 2020 AND 2019

(WITH SUPPLEMENTAL FUND INFORMATION FOR THE YEAR ENDED JUNE 30, 2020)

	General Fund	Militancy/ Defense Fund - Designated	Militancy/ Defense Fund - Undesignated	State Solidarity Fund Designated	National Solidarity Fund Undesignated	527 Solidarity Fund Designated	Building Fund	Postretirement Benefits Fund	Committee on Political Education	Disaster Relief Fund	Total
NET ASSETS, JULY 1, 2018											
Without donor restrictions	\$ 24,467,836	\$ 3,000,000	\$ (3,659,847)	\$ 5,985,449	\$ 20,397,518	\$ 1,529	\$ 20,985,300	\$ (33,753,020)	\$ -	\$ -	\$ 37,424,765
With donor restrictions	-	-	-	-	-	-	-	-	6,087,763	527,203	6,614,966
Total net assets	24,467,836	3,000,000	(3,659,847)	5,985,449	20,397,518	1,529	20,985,300	(33,753,020)	6,087,763	527,203	44,039,731
CHANGES IN NET ASSETS, YEAR ENDED JUNE 30, 2019	11,450,104	3,732,517	(4,595,411)	172,044	(2,861,522)	882,806	(4,171,032)	(2,300,662)	1,259,341	(211,250)	3,356,935
BOARD APPROVED TRANSFER OF DESIGNATED FUNDS	-	(3,732,517)	3,732,517	-	-	-	-	-	-	-	-
NET ASSETS, JUNE 30, 2019											
Without donor restrictions	35,917,940	3,000,000	(4,522,741)	6,157,493	17,535,996	884,335	16,814,268	(36,053,682)	-	-	39,733,609
With donor restrictions	-	-	-	-	-	-	-	-	7,347,104	315,953	7,663,057
Total net assets	35,917,940	3,000,000	(4,522,741)	6,157,493	17,535,996	884,335	16,814,268	(36,053,682)	7,347,104	315,953	47,396,666
CHANGES IN NET ASSETS, YEAR ENDED JUNE 30, 2020	20,081,385	6,731,117	(12,158,716)	(2,163,258)	1,640,808	(831,534)	(5,601,814)	(4,031,893)	4,157,545	137,463	7,961,103
DISTRIBUTION FROM (TO) PARTNER	(5,000,000)	-	-	-	-	-	5,000,000	-	-	-	-
CONTRIBUTION FROM (TO) MILITANCY AND DEFENSE FUND	(6,000,000)	-	6,000,000	-	-	-	-	-	-	-	-
BOARD APPROVED TRANSFER OF DESIGNATED FUNDS	-	(6,731,117)	6,731,117	-	-	-	-	-	-	-	-
	(11,000,000)	(6,731,117)	12,731,117	-	-	-	5,000,000	-	-	-	-
NET ASSETS, JUNE 30, 2020											
Without donor restrictions	44,999,325	3,000,000	(3,950,340)	3,994,235	19,176,804	52,801	16,212,454	(40,085,575)	-	-	43,399,704
With donor restrictions	-	-	-	-	-	-	-	-	11,504,649	453,416	11,958,065
Total net assets	\$ 44,999,325	\$ 3,000,000	\$ (3,950,340)	\$ 3,994,235	\$ 19,176,804	\$ 52,801	\$ 16,212,454	\$ (40,085,575)	\$ 11,504,649	\$ 453,416	\$ 55,357,769

See accompanying notes to consolidated financial statements.

AMERICAN FEDERATION OF TEACHERS, AFL-CIO

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2020 AND 2019

(WITH SUPPLEMENTAL FUND INFORMATION FOR THE YEAR ENDED JUNE 30, 2020)

	General Fund	Militancy/ Defense Fund	Solidarity Fund	Building Fund	Postretirement Benefits Fund	Committee on Political Education	Disaster Relief Fund	2020 Total	2019 Total
CASH FLOWS FROM OPERATING ACTIVITIES									
Change in net assets	\$ 20,081,385	\$ (5,427,599)	\$ (1,353,984)	\$ (5,601,814)	\$ (4,031,893)	\$ 4,157,545	\$ 137,463	\$ 7,961,103	\$ 3,356,935
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities									
Depreciation and amortization	1,084,050	-	-	1,415,129	-	-	-	2,499,179	3,087,534
Amortization of debt issuance costs	-	-	-	31,288	-	-	-	31,288	31,288
Loss on disposal of property and equipment	4,606	-	-	-	-	-	-	4,606	3,042,203
Net (appreciation) depreciation in fair value of investments	(698,141)	(239,156)	-	8,748	-	-	-	(928,549)	(1,167,387)
Depreciation in fair value of swap agreement	-	-	-	1,519,201	-	-	-	1,519,201	1,467,757
Decrease (increase) in assets									
Due from (to) other funds	(1,267,749)	155,867	96,984	1,014,898	-	-	-	-	-
Distribution receivable/payable	4,000,000	-	-	(4,000,000)	-	-	-	-	-
Per capita taxes receivable	192,927	-	-	-	-	-	-	192,927	(9,138,815)
Loans receivable	(2,354,476)	-	-	-	-	-	-	(2,354,476)	18,673
Other receivables	508,531	220,623	-	(96,653)	-	-	-	632,501	(225,555)
Prepaid expenses	2,250,488	-	-	(17,965)	-	-	-	2,232,523	(970,202)
Deferred commissions	-	-	-	-	-	-	-	-	3,769
Increase (decrease) in liabilities									
Accounts payable	3,072,988	(1,288,462)	392,807	164,841	-	22,415	-	2,364,589	(2,465,513)
Accrued vacation and severance pay	1,224,206	-	-	-	-	-	-	1,224,206	(8,600)
Accrued expenses and other liabilities	1,152,695	-	-	-	-	-	-	1,152,695	(90,980)
Advance per capita taxes	285,420	-	-	-	-	-	-	285,420	(48,658)
Accrued postretirement health care costs	-	-	-	-	3,637,944	-	-	3,637,944	851,717
Accrued pension liability	-	-	-	-	393,949	-	-	393,949	1,448,945
Deferred revenue	(106,630)	-	-	(4,740)	-	-	-	(111,370)	99,185
Net cash provided by (used in) operating activities	<u>29,430,300</u>	<u>(6,578,727)</u>	<u>(864,193)</u>	<u>(5,567,067)</u>	<u>-</u>	<u>4,179,960</u>	<u>137,463</u>	<u>20,737,736</u>	<u>(707,704)</u>

See accompanying notes to consolidated financial statements.

AMERICAN FEDERATION OF TEACHERS, AFL-CIO

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

YEARS ENDED JUNE 30, 2020 AND 2019
(WITH SUPPLEMENTAL FUND INFORMATION FOR THE YEAR ENDED JUNE 30, 2020)

	General Fund	Militancy/ Defense Fund	Solidarity Fund	Building Fund	Postretirement Benefits Fund	Committee on Political Education	Disaster Relief Fund	2020 Total	2019 Total
CASH FLOWS FROM INVESTING ACTIVITIES									
Purchases of property and equipment	\$ (3,203,971)	\$ -	\$ -	\$ (543,591)	\$ -	\$ -	\$ -	\$ (3,747,562)	\$ (1,712,173)
Proceeds from the sale of property and equipment	12,000	-	-	-	-	-	-	12,000	12,000
Purchases of investments	(3,198,095)	(4,454,240)	-	(5,751,512)	-	-	-	(13,403,847)	(27,900,898)
Proceeds from the sale of investments	3,781,442	3,980,835	-	7,798,568	-	-	-	15,560,845	16,245,986
Net cash provided by (used in) investing activities	(2,608,624)	(473,405)	-	1,503,465	-	-	-	(1,578,564)	(13,355,085)
CASH FLOWS FROM FINANCING ACTIVITIES									
Distributions from (to) partner	(5,000,000)	-	-	5,000,000	-	-	-	-	-
Distributions from (to) Militancy and Defense fund	(6,000,000)	6,000,000	-	-	-	-	-	-	-
Advances on line of credit	4,171,275	-	-	-	-	-	-	4,171,275	3,426,511
Repayments of line of credit	(3,394,700)	-	-	-	-	-	-	(3,394,700)	(3,426,511)
Principal payments on mortgage note payable	-	-	-	(683,016)	-	-	-	(683,016)	(659,597)
Net cash provided by (used in) financing activities	(10,223,425)	6,000,000	-	4,316,984	-	-	-	93,559	(659,597)
NET CHANGE IN CASH AND CASH EQUIVALENTS	16,598,251	(1,052,132)	(864,193)	253,382	-	4,179,960	137,463	19,252,731	(14,722,386)
CASH AND CASH EQUIVALENTS									
Beginning of year	20,747,784	1,839,019	889,431	941,106	-	7,347,104	315,763	32,080,207	46,802,593
End of year	\$ 37,346,035	\$ 786,887	\$ 25,238	\$ 1,194,488	\$ -	\$ 11,527,064	\$ 453,226	\$ 51,332,938	\$ 32,080,207

SUPPLEMENTAL DISCLOSURE

AFT paid \$868,672 and \$892,723 in interest during 2020 and 2019, respectively.

See accompanying notes to consolidated financial statements.

AMERICAN FEDERATION OF TEACHERS, AFL-CIO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 1. DESCRIPTION OF THE ORGANIZATION

The American Federation of Teachers, AFL-CIO (the Federation) is committed to advancing an agenda that provides educational opportunity, lifts the disadvantaged, rebuilds the middle class, improves the American economy and public infrastructure, and fosters the democratic principles of respect, dignity and economic security for all those who call America home and seek the American dream.

The Federation, working with local and state affiliates, seeks to ensure that the educators, healthcare providers and public employees who make up our membership have the tools and resources they need to make this vision a reality. The major source of revenue to the Federation is per capita taxes paid by locals.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting and Principles of Consolidation - To ensure observance of limitations and restrictions placed on the use of resources available to the Federation, the accounts of the Federation are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund. The Building Fund also includes the consolidated accounts of 555 New Jersey Avenue, N.W., Inc. (555 New Jersey), and a controlled limited partnership - Capitol Place I Associates Limited Partnership (Capitol Place I Associates) (see Note 4). All significant intercompany transactions have been eliminated in consolidation.

The assets, liabilities and net assets of the Federation are reported in six self-balancing, net asset fund groups, as follows:

General Fund	
Undesignated	- records all activity not accounted for in the other funds.
Designated	- to engage members and provide services to assist locals in crisis.
Militancy/Defense Fund	
Undesignated	- the undesignated portion of net assets is to financially support members and locals involved in strikes and in legal matters concerning job security and other issues.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Militancy/Defense Fund
Designated - established to account for the reserve activity of the Federation's Occupational Liability Insurance Plan for members.
- Building Fund - established to account for the Federation's sub-leasing activities and its consolidated investment in 555 New Jersey Avenue, N.W., Inc., and in a limited partnership, Capitol Place I Associates Limited Partnership.
- Solidarity Funds
Undesignated - established to assist the Federation and its affiliates in participating in legislative and political activities with significant potential impact on members and the institutions where they work.
- Designated - The State Solidarity Fund net assets are amounts designated for state affiliates with similar funds. The 527 Solidarity Fund net assets are amounts designated for electoral activities.
- Postretirement Benefit Fund - established to record the unfunded liabilities and expenses associated with providing healthcare and life insurance benefits to the Federation's retirees and pension benefits to the retired officers of the Federation.
- Committee on Political Education - established to improve public education through involvement in political activities. The Committee on Political Education is financed by contributions. Funds are disbursed via procedures established by the Executive Committee.
- Disaster Relief Fund - established to provide assistance to persons affected by natural and man-made disasters.

Consolidated Financial Statement Presentation - Consolidated financial statement presentation follows the recommendations of U.S. generally accepted accounting principles in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), *Not-for-Profit Entities - Presentation of Financial Statements*. Under those principles, the Federation is required to report information regarding its financial position and activities according to two classes of net assets - net assets without donor restrictions and net assets with donor restrictions.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net assets without donor restrictions - These net assets are available to finance the general operations of the Federation. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Federation, the environment in which it operates, and the purposes specified in its organizing documents.

Net assets with donor restrictions - These net assets result from contributions and other inflows of assets, the use of which by the Federation is limited by donor-imposed time or purpose restrictions that are either temporary or perpetual.

Cash and Cash Equivalents - For the purposes of the consolidated statements of cash flows, the Federation considers all cash on hand, held in bank demand deposit accounts and money market and highly liquid monetary instruments purchased with a maturity of three months or less to be cash and cash equivalents.

Accounts Receivable - Accounts receivable consist of amounts due from locals and others for which the Federation has an unconditional right to receive payment. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Due to the large number of locals and their dispersion across different geographic areas, there are no significant economic factors that might impact the nature, timing and uncertainty of cash collections. Management provides for probable uncollectable amounts through a provision for bad debt expense based on its assessment of the current status of individual accounts. There is no allowance for doubtful accounts as of June 30, 2020 and 2019.

Investments - Investments are reported at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Purchases and sales of securities are recorded on a trade-date-basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Federation's gains and losses on investments bought and sold, as well as held during the year.

Property and Equipment - Property and equipment is carried at cost less accumulated depreciation and amortization. Major additions are capitalized while replacements, maintenance, and repairs which do not improve or extend the lives of respective assets are expensed. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Building	40 years
Building renovations and improvements	15 years
Furniture and equipment	5 to 10 years

Severance Pay, Accumulated Vacation, and Welfare Benefits - The Federation recognizes accumulated severance and vacation expense and employees' welfare benefits as earned by its employees under various contracts and agreements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimated Self-Insurance Health Claims Incurred but Not Reported - The Federation provides its employees with health insurance coverage under a self-insured plan. Self-insurance claims incurred but not reported represent amounts estimated for claims incurred but not reported at year end under the Federation's group health insurance plan for employees.

Per Capita Taxes - The Federation assesses each local a monthly per capita tax for each member. Annual per capita tax assessments and the allocation to the various funds are determined by the Federation's Executive Council pursuant to the Federation's constitution. Per capita taxes are recognized monthly as assessments become due from the various local organizations; taxes received in advance are deferred. With the exception of the State and National Solidarity Funds which are recorded directly, the General Fund initially records all per capita tax receipts and receivables and allocates the portion due to other funds and the AFL-CIO on a monthly basis.

The monthly per capita tax is \$19.58 and \$19.28 per member per month for the years ended June 30, 2020 and 2019, respectively. Of the monthly per capita tax, within the general fund, \$1.20 and \$1.10 has been designated to engage members and provide services to assist locals in crisis for the years ended June 30, 2020 and 2019, respectively. All monies had been spent from this designation at June 30, 2020 and 2019. Further, the monthly per capita tax allocated to the Solidarity Fund was \$2.60 and \$2.50 for the years ended June 30, 2020 and 2019, respectively. Of the amount allocated to the Solidarity Fund, the portion of this amount designated for state affiliates with similar funds was \$0.99 and \$0.96 for the years ended June 30, 2020 and 2019, respectively. Additionally, \$.70 and \$0.65 has been allocated to the Militancy/Defense Fund and \$0.10 has been allocated to the Building Fund for the years ended June 30, 2020 and 2019, respectively.

The Federation has allocated \$0.10 and \$0.05 to the Albert Shanker Institute, a separate unconsolidated entity for the years ended June 30, 2020 and 2019, respectively, which is recorded as a contribution from the Federation and \$0.05 to the AFT Innovation Fund, a restricted fund within the AFT Educational Foundation, a separate, unconsolidated entity. These have been recorded as contributions from the Federation for the years ended June 30, 2020 and 2019. Also pursuant to the Federation's constitution, a rebate of per capita taxes of \$0.20 per member per month is provided to each chartered state federation based on the number of dues paying members.

Rental Income, Net - Net rental income represents the rental income of Capitol Place I Associates, less rental income received from the Federation for all space leased by the Federation. Net rental income is recognized on a straight-line basis over the term of the respective leases, shown net of concessions.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncement Adopted - During the year ended June 30, 2020, the Federation adopted the provisions of Accounting Standards Update 2014-09, *Revenue from Contracts with Customers* (Topic 606). Topic 606 prescribes a single model for revenue recognition, with a set of principles to be used for determining when revenue should be recognized, including performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price, and allocating the transaction price to each separate performance obligation. It also requires expanded disclosures about the nature, amount, and timing of revenues and cash flows. The adoption of Topic 606 did not have a material impact on the Federation's consolidated financial statements.

Revenue Recognition - Revenue from contracts with customers consists primarily of per capita taxes, state AFL-CIO collections, members' liability insurance premiums, publication revenue, conference and meeting registration and royalties. Revenue is recognized when control of the promised goods or services is transferred to members, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. These revenues are recognized net of discounts, waivers and refunds.

Revenue is recognized using the five-step approach required by ASC Topic 606, as follows:

- Identification of the contract with a customer.
- Identification of the performance obligations in the contract.
- Determination of the transaction price.
- Allocation of the transaction price to the performance obligations in the contract.
- Recognition of revenue when, or as, performance obligations are satisfied.

Performance Obligations and Significant Judgments

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. A contract's transaction price is allocated to each performance obligation identified in the arrangement based on the relative standalone selling price of each distinct good or service and recognized as revenue when, or as, the performance obligation is satisfied. If a distinct good or service does not have an observable standalone selling price, then the primary method used to estimate the standalone selling price is the adjusted market assessment approach, under which we evaluate the market and estimate a price that a customer would be willing to pay for the goods and services we provide.

Per capita taxes and State AFL-CIO collections entitle members to a bundle of goods and services that are considered a single performance obligation provided ratably over the membership period.

Members' liability insurance premiums entitle participating affiliates to occupational liability insurance coverage. Premiums are used to pay for a liability insurance policy. A reserve has been established which is to be used for the payment of benefits in excess of the policy. There are no distinct performance obligations, and these are considered a bundled group of performance obligations that are delivered to participating affiliates throughout the coverage period.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program administration and royalties are recognized ratably over the period of the license agreement. There are no distinct performance obligations and the rights granted under the terms of the license agreement are delivered throughout the term of the agreement.

Conference and meeting registration income is recognized when the related events are held.

Publication revenue is recognized as periodical issues are published and distributed.

Contract Balances

The timing of billings, cash collections, and revenue recognition result in contract assets and contract liabilities reported in the consolidated statements of financial position. Contract assets consist entirely of per capita tax and royalties, which are recognized only to the extent that it is probable that the Federation will collect substantially all of the consideration to which it is entitled in exchange for the goods or services that will be or have been transferred. Contract liabilities consist entirely of deferred conference and meeting registration revenue that results when the Federation receives advance payments from our customers before revenue is recognized.

Costs to Obtain a Contract

The Federation has elected the practical expedient available in ASC Subtopic 340-40, in which any incremental costs of obtaining a contract are recognized as an expense when incurred if the amortization period of the asset that would have been recognized is one year or less.

Estimates - The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the consolidated financial statements. Actual results could differ from those estimates.

Functional Allocation of Expenses - The costs of providing various programs and supporting activities of the Federation have been summarized on a functional basis in the consolidated statements of activities and of functional expenses. Costs that can be specifically identified with a final cost objective are charged directly to that activity. Other costs are allocated among program and supporting services benefited based on management's best estimates.

The expenses of the Federation are in the following functional programs:

- **National Officers/ Governance:** This program area represents the offices of the president, secretary-treasurer, and executive vice president and their work to lead the Federation in all areas including policy, program, administration, member benefits and staff. Specific directives set forth by the Federation constitution and by-laws fall within Federation's governance programs including executive council meetings, convention, formula assistance and rebates, as well as Federation's affiliation with the AFL-CIO.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- **Mobilization and Organizing:** This program area focuses on organizing new affiliates, recruiting new members, engaging and mobilizing current members including retirees, and securing effective collective bargaining agreements. This area also manages discretionary assistance programs to organizing projects and Federation affiliates.
- **Political, Legislative, and Advocacy:** This program area coordinates the political activity of the Federation at the local, state, and national levels by raising awareness and activism around key policies and legislation in support of candidates and elected officials who address issues of concern to Federation members. The Federation's political action committee and electoral campaign program is also represented within this service area.
- **Constituency, Community and Professional Issues:** This program area supports all constituency groups including PreK - 12 public teachers; paraprofessionals and school-related personnel; higher education; nurses and health professionals; and public employees to enrich the lives of Federation members and their communities both domestically and abroad through innovation, research, professional development, and capacity building.
- **Strategic Priorities and Support:** This program area accounts for the strategic activities necessary to both advance the mission of the Federation and its members, and help affiliates navigate through crises. The Funding Our Priorities program is reflected within this classification along with the support Federation officers and affiliate leaders receive from communications; legal and defense support; membership, data and analytics; research and strategic initiatives; and the union leadership institute. The occupational liability and union officials insurance programs are also represented within this service area.
- **General and Administrative:** This support area represents the day-to-day operations of the Federation including administration and infrastructure; finance; human resources; and meetings and travel.

Reclassification - Certain amounts have been reclassified in the 2019 consolidated financial statements to conform to the 2020 presentation. These reclassifications did not have an effect on the net assets of the Federation.

NOTE 3. TAX STATUS

The Federation is exempt from Federal income taxes, except on net income, if any, from unrelated business activities, under Section 501(c)(5) of the Internal Revenue Code (IRC). The Disaster Relief Fund is exempt from Federal income taxes, except on net income, if any, from unrelated business activities, under Section 501(c)(3) of the IRC. 555 New Jersey is exempt from Federal income taxes, except on net income, if any, from unrelated business activities, under Section 501(c)(2) of the IRC. Capitol Place I Associates, as a partnership, passes all net income (loss) tax amounts through to the individual partners in accordance with the Partnership agreement and the IRC. For state tax purposes, the District of Columbia imposes unincorporated business taxes on any net income of the partnership.

The Federation accounts for income taxes in accordance with ASC Topic *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's consolidated financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Federation performed an evaluation of uncertain tax positions for the years ended June 30, 2020 and 2019, and determined that there were no matters that would require recognition in the consolidated financial statements.

NOTE 4. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

As part of the Federation'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 Federation invests cash in excess of its current requirements in a portfolio of investments designed to maximize long-term earnings with acceptable risk to investment principal.

Financial assets available for general expenditure within one year of June 30, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
Total assets at end of year	\$ 157,568,237	\$ 139,015,653
Less nonfinancial assets		
Prepaid expenses	(1,310,385)	(3,542,908)
Net property and equipment	<u>(17,317,183)</u>	<u>(16,085,406)</u>
Total financial assets at end of year	138,940,669	119,387,339
Less amounts not available to meet general expenditures coming due within one year		
Receivables due in more than one year	(5,216,644)	(2,862,168)
Amounts subject to donor-imposed restrictions	<u>(11,958,065)</u>	<u>(7,663,057)</u>
Total financial assets available for general expenditures coming due in the next year	<u>\$ 121,765,960</u>	<u>\$ 108,862,114</u>

The Federation also has the ability to draw upon an available line of credit in the amount of \$10,000,000.

NOTE 5. INVESTMENT IN CAPITOL PLACE I ASSOCIATES LIMITED PARTNERSHIP

The Federation is a limited partner in Capitol Place I Associates Limited Partnership, a partnership established in 1982, for the purpose of building and owning an office building that was completed in 1984. From 1984 to October 29, 1992, the Federation had a non-controlling 66 percent interest in Capitol Place I Associates, and in distribution of profits and losses and cash flow of the office building. During 1992 and 1994, the Federation purchased the remaining interests in the partnership and established 555 New Jersey as the managing general partner with a 1% interest in the partnership. The purchase price or cost of assets exchanged in acquiring the remaining interests, plus the deficit balances in the former remaining partners' capital accounts, have been allocated to the cost of the land and building. These amounts are being amortized on a straight-line basis over the remaining useful life of the building, from the date of acquisition.

NOTE 6. INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments by fund at June 30, 2020 and 2019 consisted of:

	2020		2019	
	Cost	Fair Value	Cost	Fair Value
General Fund	\$ 15,530,844	\$ 16,401,331	\$ 15,951,035	\$ 16,286,537
Militancy/Defense Fund	16,270,139	16,951,788	15,831,045	16,239,227
Building Fund	14,155,397	15,152,953	16,273,122	17,208,757
	<u>\$ 45,956,380</u>	<u>\$ 48,506,072</u>	<u>\$ 48,055,202</u>	<u>\$ 49,734,521</u>

Investments at June 30, 2020 and 2019 are comprised of the following:

	2020		2019	
	Cost	Fair Value	Cost	Fair Value
Common stocks and mutual funds	\$ 15,806,863	\$ 18,267,861	\$ 16,127,071	\$ 17,772,008
Preferred stocks	6,207,050	5,985,171	7,381,474	7,428,884
Exchange traded and closed end funds	1,083,489	505,637	1,151,769	764,428
Corporate bonds and asset backed securities	19,603,135	20,303,383	20,506,400	20,822,889
U.S. Government and agency obligations	2,650,337	2,838,240	2,282,683	2,325,080
Municipal bonds	405,506	405,780	405,805	421,232
Foreign bond	200,000	200,000	200,000	200,000
	<u>\$ 45,956,380</u>	<u>\$ 48,506,072</u>	<u>\$ 48,055,202</u>	<u>\$ 49,734,521</u>

Realized net (loss) gain on investments for the years ended June 30, 2020 and 2019 totaled \$(106,808) and \$594,808, respectively.

NOTE 6. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Accounting standards provide the framework for measuring fair value which provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3). The Federation uses the three levels of the fair value hierarchy described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Federation has the ability to access.

Level 2 Inputs to the valuation methodology include other significant observable inputs including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

NOTE 6. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The following tables set forth by level, within the fair value hierarchy, the Federation's assets at fair value as of June 30, 2020 and 2019:

Description	06/30/20 Total	Quoted Market Price for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common stock and mutual funds				
Common stock	\$ 13,013,457	\$ 13,013,457	\$ -	\$ -
Mutual funds	4,231,539	4,231,539	-	-
Corporate stock	1,022,865	-	-	1,022,865
Preferred stock	5,985,171	5,985,171	-	-
Exchange traded and closed end funds	505,637	505,637	-	-
Corporate bonds and asset backed securities				
Corporate bonds - domestic	16,691,798	-	16,691,798	-
Corporate bonds - foreign	852,681	-	852,681	-
Fixed rate securities	2,711,780	-	2,711,780	-
Mortgage backed securities	47,124	-	47,124	-
U.S. Government agency securities				
U.S. Treasury obligations	747,354	747,354	-	-
U.S. Government agency obligations	2,090,886	-	2,090,886	-
Foreign bond - State of Israel	200,000	-	-	200,000
Municipal bonds	405,780	-	405,780	-
Total	\$ 48,506,072	\$ 24,483,158	\$ 22,800,049	\$ 1,222,865

Description	06/30/19 Total	Quoted Market Price for Assets (level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common stock and mutual funds				
Common stock	\$ 12,012,739	\$ 12,012,739	\$ -	\$ -
Mutual funds	4,893,666	4,893,666	-	-
Corporate stock	865,603	-	-	865,603
Preferred stocks	7,428,884	7,428,884	-	-
Exchange traded and closed end funds	764,428	764,428	-	-
Corporate bonds and asset backed securities				
Corporate bonds - domestic	16,650,846	-	16,650,846	-
Corporate bonds - foreign	1,257,961	-	1,257,961	-
Fixed rate securities	2,848,890	-	2,848,890	-
Mortgage backed securities	65,192	-	65,192	-
U.S. Government agency securities				
U.S. Treasury obligations	550,076	550,076	-	-
U.S. Government agency obligations	1,775,004	-	1,775,004	-
Foreign bond - State of Israel	200,000	-	-	200,000
Municipal bonds	421,232	-	421,232	-
Total	\$ 49,734,521	\$ 25,649,793	\$ 23,019,125	\$ 1,065,603

NOTE 6. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Following are descriptions of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2020 and 2019.

Common and preferred stocks, mutual funds, exchange traded and closed end funds and U.S. Treasury obligations: Valued at the closing price reported on the active market on which the individual securities are traded.

Corporate bonds and asset backed securities, U.S. Government and agency obligations and municipal bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Certificates of deposit: The fair value is estimated using the rates currently offered for deposits of similar remaining maturities.

Corporate stocks: The Federation's holdings in corporate stocks are comprised of two investments. One is estimated at fair value based upon the entities annual, audited share price. The second is at cost due to its limited salability.

Foreign bonds: Estimated at cost to their limited salability.

The following table sets forth the summary of changes in the fair value of the Federation's Level 3 assets for the year ended June 30, 2020.

Changes in Level 3 Category	Corporate Stocks	Foreign Bonds
Beginning balance - 7/1/2019	\$ 865,603	\$ 200,000
Unrealized gains	157,262	-
Ending balance - 6/30/2020	<u>\$ 1,022,865</u>	<u>\$ 200,000</u>

There were no changes in the fair value of the Federation's Level 3 assets for the year ended June 30, 2019.

NOTE 7. LOANS RECEIVABLE

The Federation has entered into signed loan agreements with various locals which are carried at cost, plus interest, less an estimate made for uncollectible amounts. As of June 30, 2020 and 2019, the Federation had total loans receivable, including interest, of \$6,819,883 and \$4,365,407, respectively. Of this amount, management has estimated an allowance of \$1,603,239 and \$1,503,239 as of June 30, 2020 and 2019, respectively. This estimate is based on management's analysis of historical data.

NOTE 8. RELATED PARTY TRANSACTIONS

The Federation established the American Federation of Teachers Benefit Trust (the Trust), as a separate organization which is exempt from federal income taxes under Section 501(c)(5) of the IRC. The purpose of the Trust was originally to provide various medical, life and disability insurance benefits to participating Federation members as an enhancement to collectively bargained benefits. In 2015, Union Privilege became the primary third-party provider in use by the Trust. Certain Federation Executive Council members and officers serve as trustees of the Trust. In addition, the Federation provides facilities and administration assistance for which the Trust reimburses the Federation.

The Federation recognized \$15,895 and \$189,095 of reimbursements for services provided to the Trust for the years ended June 30, 2020 and 2019, respectively. The Federation also made contributions of \$1,400,000 and \$1,477,663 to the Trust for the years ended June 30, 2020 and 2019, respectively. These contributions were to pay insurance premiums for accidental death and dismemberment coverage for members. During 2019 the scope of benefits was expanded to include identity theft protection. As of June 30, 2020, and 2019, the amount owed to (due from) the Federation was \$15,740 and \$15,602, respectively, which is included in other receivables in the consolidated statements of financial position.

The Federation established the AFT Education Foundation (AFTEF) as a separate organization which is exempt from federal income taxes under Section 501(c)(3) of the IRC. AFTEF is principally financed by grant funds received and contributions from donors. The officers and directors of AFTEF are comprised of the Federation's officers and select members of the Executive Council. The Federation provides accounting and administrative services to the Foundation without charge, the value of which has not been separately identified in these financial statements. For the years ended June 30, 2020 and 2019, the Federation was reimbursed \$371,860 and \$390,690, respectively, for salaries, fringe benefits and other expenses incurred on behalf of AFTEF. The Federation also advances funds for payment of AFTEF expenses until AFTEF receives reimbursements under the grants. At June 30, 2020 and 2019, the Federation was owed \$4,494 and \$4,084, respectively, from the AFTEF. These amounts are included in other receivables on the statements of financial position. During the years ended June 30, 2020 and 2019, the Federation also made contributions to AFTEF of \$600,000 and \$500,000, respectively. As discussed in Note 2, the Federation also allocates a portion of per capita taxes to the AFTEF. The amount allocated for the years ended June 30, 2020 and 2019 was \$502,982 and \$499,494, respectively.

The Federation established The Albert Shanker Institute (the Institute) as a separate organization which is exempt from federal income taxes under Section 501(c)(3) of the IRC. The purpose of the Institute is to promote quality public education as a cornerstone of democracy. The Institute reimbursed all administrative costs for the years ended June 30, 2020 and 2019. As discussed in Note 2, the Federation allocates a portion of per capita taxes to the Institute. The amount allocated for the years ended June 30, 2020 and 2019 was \$986,856 and \$534,622, respectively.

NOTE 9. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Land	\$ 5,084,148	\$ 5,084,148
Office building and improvements	45,242,026	44,720,430
Furniture and equipment	<u>21,292,784</u>	<u>18,108,402</u>
	71,618,958	67,912,980
Less: accumulated depreciation and amortization	<u>(54,301,775)</u>	<u>(51,827,574)</u>
	<u>\$ 17,317,183</u>	<u>\$ 16,085,406</u>

Depreciation and amortization expense for the years ended June 30, 2020 and 2019 was \$2,499,179 and \$3,087,534, respectively.

During the year ended June 30, 2019, the Federation determined that certain assets have been impaired. Accordingly, this resulted in a \$3,053,432 write-down of the asset, which is included in the loss on disposal of property and equipment in the statement of functional expenses.

NOTE 10. MORTGAGE NOTE PAYABLE, SWAP AGREEMENT AND GUARANTEE

In December 2015, Capitol Place I Associates refinanced its property with a \$25,000,000 mortgage loan with a portion of the proceeds being used to repay a previous mortgage loan and interest rate swap agreement. The new mortgage loan is payable over 10 years with interest accruing at a per annum rate equal to LIBOR plus 1.60%. Capitol Place I Associates has entered into an interest rate hedge agreement with the lender to provide for a fixed rate hedge against increases in LIBOR effectively fixing Capitol Place I Associates interest rate exposure on its floating rate mortgage loan to 3.79%. The interest rate swap agreement matures at the time the mortgage loan matures. In the event of default by the counterparty, Capitol Place I Associates may be exposed to increased interest rates. Capitol Place I Associates does not anticipate default by the counterparty. In the event that Capitol Place I Associates pays off the mortgage loan before the full term, it could be liable for a yield differential payment to the lender based on the remaining term of the loan. At June 30, 2020 and 2019, the fair value of the interest rate swap agreement was \$(2,173,484) and \$(654,283), respectively.

The fair value of the swap agreement is estimated using Level 3 inputs. The fair value is based on the Partnerships floating interest rate on the mortgage note payable compared to the hedged fixed rate as reported by the lender. The swap agreement depreciated in value by \$1,519,201 and \$1,467,757, respectively, during the years ended June 30, 2020 and 2019.

NOTE 10. MORTGAGE NOTE PAYABLE, SWAP AGREEMENT AND GUARANTEE (CONTINUED)

The details of the interest rate swap agreement maturing December 10, 2025 are as follows:

Fixed rate	3.79%
Variable rate	LIBOR
Remaining term of contract in years	10
Original note payable balance covered	
by agreement (notional amount)	\$25,000,000
Notional amount outstanding at June 30, 2020	\$22,142,488
Debt issuance costs, less accumulated amortization	\$ 169,479
Note payable, net	\$21,973,009

The mortgage note payable contains certain financial and non-financial covenants. The Federation has complied with these covenants. The loan is secured by a deed of trust, assignment and security agreement, creating a first lien on the property and all related improvements, fixtures and equipment, all leases and rents with respect thereto, and all contracts and intangible property related thereto. In addition, the lender has required that all amounts payable to the partnership under the interest rate hedge agreement be assigned as additional security under the loan.

Future minimum principal obligations under the agreement are as follows:

Year Ending June 30,	2021	\$ 712,107
	2022	739,958
	2023	768,898
	2024	796,908
	2025	830,137
	Thereafter	<u>18,294,480</u>
	Total	<u>\$ 22,142,488</u>

NOTE 11. ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities consisted of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Assistance payable to state and local federations	\$ 1,801,382	\$ 1,539,588
State federation per capita taxes	3,233,015	2,134,981
Affiliation fees payable	855,485	803,269
Estimated self-insurance health claims		
incurred but not reported	357,387	487,644
AFL-CIO collections	688,013	686,727
Accrued salaries	237,504	363,460
Other accrued expenses	267,219	271,641
	<u>\$ 7,440,005</u>	<u>\$ 6,287,310</u>

NOTE 12. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of Revenue from Contracts with Customers

The following table disaggregates the Federation's revenue based on the timing of satisfaction of performance obligations for the years ended June 30, 2020 and 2019.

	2020	2019
Performance obligations satisfied over time		
Per capita taxes	\$ 198,022,247	\$ 196,133,288
State AFL-CIO collection rebate	1,448,333	1,407,437
Members' liability insurance	1,559,160	1,575,980
Program administration - royalties	800,027	1,177,380
Performance obligations satisfied at a point in time		
Conference and meeting registration	321,594	237,233
Publication revenue	15,605	12,148
Other revenue*		
Investment revenue, net	1,859,831	1,764,115
Net appreciation in fair value of investments	928,549	1,167,387
Depreciation in fair value of swap agreement	(1,519,201)	(1,467,757)
Program administration - other	1,330,134	1,288,554
Reimbursements from related entities	36,439	71,107
Net rental income	316,770	1,199,726
Contributions	7,848,476	8,328,432
Other revenue	496,428	1,114,464
	<u>\$ 213,464,392</u>	<u>\$ 214,009,494</u>

* Due to the nature of these revenue streams, these items are excluded from required disaggregation under ASC Topic 606. They are included here to provide a reconciliation to total revenue reported in the consolidated statements of activities.

Contract Balances

All of the Federation's contract assets are considered accounts receivable and are included within the per capita taxes and other receivables balances in the consolidated statements of financial position. The Federation's contract liabilities are included with deferred revenues in the consolidated statements of financial position.

NOTE 12. REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

Balances in these accounts as of the beginning and end of the years ended June 30, 2020 and 2019 are as follows.

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Assets			
Accounts receivable			
Per capita taxes	\$ 31,549,603	\$ 31,742,530	22,603,715
Royalties	<u>400,000</u>	<u>389,327</u>	<u>392,779</u>
	<u>\$ 31,949,603</u>	<u>\$ 32,131,857</u>	<u>\$ 22,996,494</u>
Liabilities			
Deferred revenue			
Conference and meeting registration	<u>\$ 173,222</u>	<u>\$ 279,852</u>	<u>\$ 180,337</u>

NOTE 13. OTHER REVENUE

Other revenue consisted of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Conference and meeting registration	\$ 321,594	\$ 237,233
Locals insurance reimbursements	27,273	88,400
Insurance reimbursement	17,675	86,326
Union Privilege benefits program	182,946	189,095
Agency fee rebate write-off	-	374,928
Miscellaneous income	<u>268,534</u>	<u>375,715</u>
	<u>\$ 818,022</u>	<u>\$ 1,351,697</u>

NOTE 14. AFFINITY CARD AGREEMENT

The Federation has entered into a multi-year License Agreement and a List Use Agreement with the AFL-CIO, under which the AFL-CIO has obtained rights to use certain intangible property belonging to the Federation, including the right to use the name, logo, trademarks, and membership lists of the Federation, in exchange for specified royalty payments to be paid to the Federation by the AFL-CIO. In turn, the AFL-CIO has sub-licensed the rights to use the Federation's intangible property to a financial institution, for use by the institution, in connection with its marketing of credit card and certain other financial products to members of the Federation. The current agreement is effective through December 2022.

For the years ended June 30, 2020 and 2019, the Federation received affinity card royalties from the AFL-CIO which totaled \$440,421 and \$679,190, respectively. These amounts are included in program administration and royalties in the consolidated statements of activities.

NOTE 15. RETIREMENT PLANS

The Federation contributed 23 percent of eligible employees' salaries to defined contribution retirement plans during the years ended June 30, 2020 and 2019. Total retirement plan expense was \$8,729,305 and \$8,922,611 for the years ended June 30, 2020 and 2019, respectively.

The Federation adopted a defined benefit plan for officers of the Federation who have completed 5 years of service in the capacity of President, Executive Vice President, or Secretary-Treasury, and have served the Federation or any of its state or local affiliates for a period of at least 20 years. The benefit, payable upon retirement, is equal to 60% of final annual compensation and is adjusted annually for an amount equal to Social Security cost of living increases. The surviving spouse of an eligible officer will receive a benefit of 50% of the officer's benefit. Normal retirement age is 62, with a reduction of 6% per year for retirement benefits beginning prior to age 62. Additionally, the monthly benefit is offset by 1/60th of the amount contributed by the Federation on behalf of each eligible officer under the AFT Management Retirement Plan, one of the defined contribution plans maintained by the Federation for its employees.

The plan was closed to new participants and the pay used for benefit calculation purposes was frozen as of June 30, 2016. Contributions to the AFT Management Retirement Plan, which offset the benefit in the plan have resumed. This freeze in benefits is reflected in the June 30, 2020 and 2019 valuations.

The annual measurement date is June 30. The net periodic pension cost for the plan for the years ended June 30, 2020 and 2019 is summarized as follows:

	<u>2020</u>	<u>2019</u>
Interest cost	\$ 446,807	\$ 503,708
Service cost	-	442,784
Net amortization deferral	-	<u>325,341</u>
Net periodic pension cost	<u>\$ 446,807</u>	<u>\$ 1,271,833</u>

The net periodic pension cost is based on the following weighted-average assumptions at the end of the year:

	<u>2020</u>	<u>2019</u>
Discount rate	3.20%	4.00%
Average rate of compensation increase	N/A	N/A

NOTE 15. RETIREMENT PLANS (CONTINUED)

The plan's obligations and funded status as of June 30, 2020 and 2019 is summarized as follows:

	<u>2020</u>	<u>2019</u>
Fair value of plan assets	\$ -	\$ -
Projected benefit obligation	<u>14,815,873</u>	<u>14,421,924</u>
Excess (deficiency) of plan assets over projected benefit obligation	<u>(14,815,873)</u>	<u>(14,421,924)</u>
Net accrued pension liability	<u>\$ (14,815,873)</u>	<u>\$ (14,421,924)</u>

The net accrued pension liability is based on the following weighted average assumptions at the end of the year:

	<u>2020</u>	<u>2019</u>
Discount rate	2.25%	3.20%
Cost of living increase	2.00%	2.25%

Employer contributions and benefit payments for the years ended June 30, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Employer contributions	\$ 918,418	\$ 760,552
Benefit payments	918,418	760,552

The Federation expects to contribute \$906,961 for the June 30, 2021 benefit payments.

Estimated future benefits expected to be paid in each of the next five fiscal years and in the aggregate for the five years thereafter are as follows:

Year Ending June 30,	2021	\$ 906,961
	2022	892,351
	2023	875,852
	2024	857,589
	2025	837,626
	2026-2030	<u>4,516,559</u>
	Total	<u>\$ 8,886,938</u>

The plan is unfunded and benefits will be paid from the General Fund of the Federation.

NOTE 15. RETIREMENT PLANS (CONTINUED)

Change in Accumulated Post-Retirement Benefit Obligation:

- The discount rate was adjusted from 3.20% to 2.25%
- The assumed cost of living adjustment was changed from 2.25% to 2.00%
- The mortality improvement scale was changed from the SOA MP-2018 improvement scale to the SOA MP-2019 improvement scale.

NOTE 16. POSTRETIREMENT MEDICAL AND LIFE INSURANCE BENEFITS

In addition to providing pension benefits, the Federation also provides certain medical and life insurance benefits for retired employees meeting certain minimum age and years of service requirements, based on benefits negotiated in various collective bargaining agreements. Generally, medical and dental benefits are provided until age 65, prescription drugs are provided until death, and life insurance is provided until 70. Substantially all of the Federation's employees may become eligible for certain of these benefits if they retire while working for the Federation.

Postretirement benefit costs for the years ended June 30, 2020 and 2019 include the following components:

	<u>2020</u>	<u>2019</u>
Service cost (with interest)	\$ 975,058	\$ 1,094,378
Interest cost	745,032	838,438
Amortization of losses	453,747	506,907
Amortization of prior service cost (credit)	(1,201,155)	(1,201,155)
Amortization of transition obligation	<u>193,622</u>	<u>193,622</u>
Total postretirement benefit costs	<u>\$ 1,166,304</u>	<u>\$ 1,432,190</u>

The accumulated postretirement benefit obligation at June 30, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Fair value of plan assets	\$ -	\$ -
Projected benefit obligation	<u>25,269,701</u>	<u>21,631,758</u>
Excess (deficiency) of plan assets over postretirement benefit obligation	<u>(25,269,701)</u>	<u>(21,631,758)</u>
Net accrued healthcare liability	<u>\$ (25,269,701)</u>	<u>\$ (21,631,758)</u>

NOTE 16. POSTRETIREMENT MEDICAL AND LIFE INSURANCE BENEFITS (CONTINUED)

Weighted-average assumptions used to determine benefit obligations at end of year:

	<u>2020</u>	<u>2019</u>
Discount rate	2.75%	3.50%

Change in Accumulated Post-Retirement Benefit Obligation - The plan's accumulated post-retirement benefit obligation changed due to the following changes in assumptions:

- The discount rate used for determining the benefit obligation decreased from 3.50% for June 30, 2019 to 2.75% for June 30, 2020.
- Assumptions related to per capita health care costs, assumed administrative fees and mortality improvement scales were updated.

The assumed health care cost trend rates used to measure the expected cost of medical, prescription, and dental benefits for the year ended June 30, 2020 were as follows:

- Pre-65 medical: 7.50% for 2020 decreasing to 5.00% in 2025
- Pre-65 prescription: 8.50% for 2020 decreasing to 5.00% in 2027
- Dental: 5.25% for 2020 decreasing to 3.00% in 2025
- Post-65 officers medical: 5.50% for 2020 decreasing to 4.50% in 2024
- EGWP: 5.75% for 2020 decreasing to 4.50% in 2025

Estimated future benefits expected to be paid in each of the next five fiscal years and in the aggregate for the five years thereafter are as follows:

Year Ending June 30,	2021	\$ 708,739
	2022	767,261
	2023	795,663
	2024	820,805
	2025	895,257
	2026-2030	<u>4,755,495</u>
	Total	<u>\$ 8,743,220</u>

The plan is unfunded and benefits will be paid from the General Fund of the Federation. The amount expected to be recognized as net periodic costs in the coming fiscal year ending June 30, 2021 is \$1,662,413. The amount expected to be required in contributions to the plan during the year ending June 30, 2021 is \$708,739.

NOTE 17. BORROWINGS AND CONTINGENT LIABILITIES

The Federation has a line of credit with a financial institution at June 30, 2020. This line of credit has a 364-day revolving line of credit up to \$10,000,000. Interest on this line of credit is payable monthly at LIBOR plus 1.44%. The line of credit is secured by cash and investments held by the financial institutions.

The Federation obtained advances on the line of credit totaling \$4,171,275 and \$3,426,511 during the years ended June 30, 2020 and 2019, respectively. The Federation had outstanding balances on the lines of credit of \$776,575 and \$-0- at June 30, 2020 and 2019, respectively.

At June 30, 2020, the Federation has guaranteed loans obtained by an affiliate not to exceed \$1,133,383.

NOTE 18. COMMITMENTS AND CONTINGENCIES

The Federation has several non-cancelable operating leases, primarily for office equipment. Future minimum lease payments, under non-cancelable operating leases for office equipment are:

Year Ending June 30,	2021	\$ 115,029
	2022	115,029
	2023	<u>38,435</u>
	Total	<u>\$ 268,493</u>

Rental expense for office equipment leases totaled \$336,655 and \$314,547 for the years ended June 30, 2020 and 2019, respectively.

The Federation also has several office space subleases. Future minimum receipts under these non-cancelable office space subleases, excluding executory costs are:

Year Ending June 30,	2021	<u>\$ 26,453</u>
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The Federation has been named as a defendant in a number of actions, none of which, based on currently available information, appear to present significant potential liability in relation to the Federation's total net assets. The Federation intends to defend itself vigorously against pending litigation and maintains that it has no liability.

NOTE 19. CAPITOL PLACE I ASSOCIATES LEASE RENTAL INCOME COMMITMENTS

Leases of space in the office building owned by Capitol Place I Associates (Capitol Place) provide for base rentals plus provisions for escalation in the event of increased operating expenses, real estate taxes, and changes in the Consumer Price Index. The minimum future annual base rental income on leases as of June 30, 2020 is as follows:

Year Ending June 30,	2021	\$ 222,627
	2022	129,762
	2023	59,999
	2024	60,899
	2025	61,813
	Thereafter	629,382
		<u>\$ 1,164,482</u>

NOTE 20. UNINSURED CASH AND CASH EQUIVALENTS

The Federation maintains its cash accounts primarily with two banks in the United States which at times may exceed the federally insured limits per bank. Bank deposits in excess of Federal Deposit Insurance Corporation (FDIC) insured limits at June 30, 2020 were approximately \$39.7 million. Additionally, the Federation had approximately \$2.4 million in money market accounts held by investment custodians which are not insured by the FDIC. The Federation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk in cash and cash equivalents.

NOTE 21. SUBSEQUENT EVENTS

U.S. and global business and financial markets continue to be significantly impacted by the Coronavirus pandemic, the impact of which on the Federation's financial position and operations cannot be determined at this time. All subsequent events have been evaluated through January 26, 2021, which is the date the financial statements were available to be issued, and revealed no other events requiring adjustment to or disclosure in the accompanying financial statements.

SUPPLEMENTAL INFORMATION

AMERICAN FEDERATION OF TEACHERS, AFL-CIO

CONSOLIDATING SCHEDULE – BUILDING FUND SCHEDULE OF FINANCIAL POSITION

JUNE 30, 2020

	Building Fund	555 New Jersey Avenue N.W., Inc.	Capitol Place I Associates Limited Partnership	Elimination Entries	Consolidated Building Fund
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 3,440	\$ -	\$ 1,191,048	\$ -	\$ 1,194,488
Due (to) from other funds	8,251,702	(112,741)	-	-	8,138,961
Partner contributions receivable	-	-	4,000,000	-	4,000,000
Other receivables	-	-	172,404	-	172,404
Prepaid expenses	-	-	57,585	-	57,585
Total current assets	8,255,142	(112,741)	5,421,037	-	13,563,438
INVESTMENTS	-	-	15,152,953	-	15,152,953
PROPERTY AND EQUIPMENT	-	-	9,512,471	2,739,627	12,252,098
OTHER ASSETS					
Investment in Capitol Place I Associates Limited Partnership	15,418,270	(78,835)	-	(15,339,435)	-
Deferred commission, net	-	-	-	-	-
Total assets	\$23,673,412	\$ (191,576)	\$ 30,086,461	\$(12,599,808)	\$40,968,489
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable	\$ 3,399	\$ -	\$ 606,143	\$ -	\$ 609,542
Current maturities of mortgage note	-	-	712,107	-	712,107
Total current liabilities	3,399	-	1,318,250	-	1,321,649
INTEREST RATE SWAP AGREEMENT	-	-	2,173,484	-	2,173,484
MORTGAGE NOTE PAYABLE, EXCLUDING CURRENT MATURITIES, NET OF UNAMORTIZED DEBT ISSUANCE COST	-	-	21,260,902	-	21,260,902
Total liabilities	3,399	-	24,752,636	-	24,756,035
NET ASSETS AND PARTNERS' EQUITY	23,670,013	(191,576)	5,333,825	(12,599,808)	16,212,454
Total liabilities and net assets	\$23,673,412	\$ (191,576)	\$ 30,086,461	\$(12,599,808)	\$40,968,489

AMERICAN FEDERATION OF TEACHERS, AFL-CIO

CONSOLIDATING SCHEDULE – BUILDING FUND SCHEDULE OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

	Building Fund	555 New Jersey Avenue N.W., Inc.	Capitol Place I Associates Limited Partnership	Elimination Entries	Consolidated Building Fund
REVENUE					
Per capita taxes	\$ 985,102	\$ -	\$ -	\$ -	\$ 985,102
Investment revenue, net of expenses of \$98,647	-	-	537,205	-	537,205
Net depreciation in fair value of investments	-	-	(8,748)	-	(8,748)
Rental income, net	-	-	316,770	-	316,770
Appreciation in fair value of swap agreement	-	-	(1,519,201)	-	(1,519,201)
Equity in income (loss) of Capitol Place I Investments Limited Partnership - AFT	(6,198,074)	(62,607)	-	6,260,681	-
Other	-	-	82,682	-	82,682
Total revenue	<u>(5,212,972)</u>	<u>(62,607)</u>	<u>(591,292)</u>	<u>6,260,681</u>	<u>393,810</u>
EXPENSES					
General operations - depreciation and amortization	-	-	1,146,341	-	1,146,341
General operations - General Fund rental expense	-	-	-	-	-
Rental expense on subleased office space	-	-	-	-	-
Operating expenses	-	-	3,681,668	-	3,681,668
Interest expense	-	-	898,827	-	898,827
Other	-	-	-	268,788	268,788
Total expenses	<u>-</u>	<u>-</u>	<u>5,726,836</u>	<u>268,788</u>	<u>5,995,624</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(5,212,972)	(62,607)	(6,318,128)	5,991,893	(5,601,814)
NET ASSETS AND PARTNERS' EQUITY,					
Beginning of year	23,882,985	(128,969)	6,651,953	(13,591,701)	16,814,268
Net partnership transactions affecting equity	<u>5,000,000</u>	<u>-</u>	<u>5,000,000</u>	<u>(5,000,000)</u>	<u>5,000,000</u>
Net assets and partners' equity, end of year	<u>\$ 23,670,013</u>	<u>\$(191,576)</u>	<u>\$ 5,333,825</u>	<u>\$(12,599,808)</u>	<u>\$ 16,212,454</u>