



**AMERICAN FEDERATION OF TEACHERS, AFL-CIO**

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022






# AMERICAN FEDERATION OF TEACHERS, AFL-CIO

## CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

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## INDEPENDENT AUDITOR'S REPORT

To the Audit Committee of the  
American Federation of Teachers, AFL-CIO

### Opinion

We have audited the accompanying consolidated financial statements of American Federation of Teachers, AFL-CIO and related controlled entities (the Federation), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, changes in fund balances, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Federation as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Responsibilities of Management for the Consolidated Financial Statements

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

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





## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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


In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Federation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Federation's ability to continue as a going concern for a reasonable period of time.

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

### Report on Consolidating Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on 34 and 35 and supplemental fund information on pages 4 through 6 and 9 through 12 are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets, and cash flows of the individual entities and funds, and are not a required part of the consolidated financial statements.



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 consolidating information has been subjected to the auditing procedures applied in the audits 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 consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*CalibreCPAGroup, PLLC*

Bethesda, MD  
January 26, 2023

# AMERICAN FEDERATION OF TEACHERS, AFL-CIO

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021  
(WITH SUPPLEMENTAL FUND INFORMATION AT JUNE 30, 2022)

	General Fund	Militancy/ Defense Fund	Solidarity Funds	Building Fund	Postretirement Benefits Fund	Committee on Political Education	Disaster Relief Fund	June 30, 2022 Total	June 30, 2021 Total
<b>Assets</b>									
<b>Current assets</b>									
Cash and cash equivalents	\$ 63,833,630	\$ 6,138,396	\$ 267,101	\$ 1,731,140	\$ -	\$ 10,029,381	\$ 324,911	\$ 82,324,559	\$ 69,115,742
Due from (to) other funds	(16,190,268)	(10,346,117)	19,957,736	6,578,649	-	-	-	-	-
Receivables									
Per capita taxes	23,700,113	-	-	-	-	-	-	23,700,113	33,413,943
Other	1,119,223	379,585	-	134,460	-	-	-	1,633,268	1,894,227
Prepaid expenses	3,208,078	19,505	-	5,960	-	-	-	3,233,543	1,475,531
Total current assets	<u>75,670,776</u>	<u>(3,808,631)</u>	<u>20,224,837</u>	<u>8,450,209</u>	<u>-</u>	<u>10,029,381</u>	<u>324,911</u>	<u>110,891,483</u>	<u>105,899,443</u>
<b>Investments at fair value</b>	13,013,117	9,152,234	-	12,152,943	-	-	-	34,318,294	40,897,691
<b>Property and equipment net of accumulated depreciation of \$59,955,184 and \$57,183,452 as of June 30, 2022 and 2021</b>	4,098,026	-	-	10,081,219	-	-	-	14,179,245	15,832,820
<b>Other assets</b>									
Interest rate swap	-	-	-	445,972	-	-	-	445,972	-
Loans receivable, net of allowance of \$1,603,239 as of June 30, 2022 and 2021	<u>3,868,135</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,868,135</u>	<u>4,615,858</u>
<b>Total assets</b>	<u>\$ 96,650,054</u>	<u>\$ 5,343,603</u>	<u>\$ 20,224,837</u>	<u>\$ 31,130,343</u>	<u>\$ -</u>	<u>\$ 10,029,381</u>	<u>\$ 324,911</u>	<u>\$ 163,703,129</u>	<u>\$ 167,245,812</u>

See accompanying notes to consolidated financial statements.

## AMERICAN FEDERATION OF TEACHERS, AFL-CIO

### CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

JUNE 30, 2022 AND 2021  
(WITH SUPPLEMENTAL FUND INFORMATION AT JUNE 30, 2022)

	General Fund	Militancy/ Defense Fund	Solidarity Funds	Building Fund	Postretirement Benefits Fund	Committee on Political Education	Disaster Relief Fund	June 30, 2022 Total	June 30, 2021 Total
<b>Liabilities and Net Assets</b>									
<b>Current liabilities</b>									
Accounts payable	\$ 13,181,102	\$ 7,827,330	\$ -	\$ 614,495	\$ -	\$ 1,040,000	\$ 75,000	\$ 22,737,927	\$ 18,048,748
Current maturities of mortgage note payable	-	-	-	768,898	-	-	-	768,898	739,958
Accrued vacation, severance and welfare benefits	12,608,001	-	-	-	-	-	-	12,608,001	13,375,034
Accrued expenses and other liabilities	6,463,324	-	-	-	-	-	-	6,463,324	6,449,114
Advanced per capita taxes	103,438	-	-	-	-	-	-	103,438	157,809
Bank overdraft	-	-	-	-	-	-	-	-	35,110
Estimated self-insurance reserve - members' liability insurance	-	1,000,000	-	-	-	-	-	1,000,000	1,000,000
Postretirement healthcare costs - current portion	-	-	-	-	818,919	-	-	818,919	691,750
<b>Total current liabilities</b>	<b>32,355,865</b>	<b>8,827,330</b>	<b>-</b>	<b>1,383,393</b>	<b>818,919</b>	<b>1,040,000</b>	<b>75,000</b>	<b>44,500,507</b>	<b>40,497,523</b>
<b>Long-term liabilities</b>									
Interest rate swap	-	-	-	-	-	-	-	-	1,309,834
Mortgage note payable, excluding current maturities, net of unamortized debt issuance cost	-	-	-	19,814,622	-	-	-	19,814,622	20,552,232
Postretirement healthcare costs - long term	-	-	-	-	18,560,865	-	-	18,560,865	24,498,935
Excess of pension benefit obligation over plan assets - long term	-	-	-	-	11,710,904	-	-	11,710,904	13,656,244
<b>Total liabilities</b>	<b>32,355,865</b>	<b>8,827,330</b>	<b>-</b>	<b>21,198,015</b>	<b>31,090,688</b>	<b>1,040,000</b>	<b>75,000</b>	<b>94,586,898</b>	<b>100,514,768</b>
<b>Net assets (deficit)</b>									
Without donor restrictions									
Designated	-	3,000,000	1,059,766	-	-	-	-	4,059,766	7,072,848
Undesignated	64,294,189	(6,483,727)	19,165,071	9,932,328	(31,090,688)	-	-	55,817,173	47,421,026
<b>Total</b>	<b>64,294,189</b>	<b>(3,483,727)</b>	<b>20,224,837</b>	<b>9,932,328</b>	<b>(31,090,688)</b>	<b>-</b>	<b>-</b>	<b>59,876,939</b>	<b>54,493,874</b>
With donor restrictions									
<b>Total net assets (deficit)</b>	<b>64,294,189</b>	<b>(3,483,727)</b>	<b>20,224,837</b>	<b>9,932,328</b>	<b>(31,090,688)</b>	<b>8,989,381</b>	<b>249,911</b>	<b>69,116,231</b>	<b>66,731,044</b>
<b>Total liabilities and net assets (deficit)</b>	<b>\$ 96,650,054</b>	<b>\$ 5,343,603</b>	<b>\$ 20,224,837</b>	<b>\$ 31,130,343</b>	<b>\$ -</b>	<b>\$ 10,029,381</b>	<b>\$ 324,911</b>	<b>\$ 163,703,129</b>	<b>\$ 167,245,812</b>

See accompanying notes to consolidated financial statements.

# AMERICAN FEDERATION OF TEACHERS, AFL-CIO

## CONSOLIDATED STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2022 AND 2021  
(WITH SUPPLEMENTAL FUND INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)

	General Fund	Militancy/ Defense Fund	Solidarity Funds	Building Fund	Postretirement Benefits Fund	Committee on Political Education	Disaster Relief Fund	Eliminations	2022 Total	2021 Total
<b>Revenue</b>										
Per capita taxes (net of agency fee rebates of \$79,638 in 2022 and \$65,790 in 2021)	\$ 162,764,018	\$ 8,712,825	\$ 26,145,201	\$ 959,196	\$ -	\$ -	\$ -	\$ -	\$ 198,581,240	\$ 198,110,778
Members' liability insurance	-	1,537,311	-	-	-	-	-	-	1,537,311	1,587,607
Investment revenue (net of investment expenses of \$105,762 in 2022 and \$117,545 in 2021)	337,455	337,377	-	266,614	-	-	-	-	941,446	1,237,166
Net appreciation in fair value of investments	(2,070,196)	(1,734,940)	-	(2,209,794)	-	-	-	-	(6,014,930)	6,198,369
Appreciation in fair value of swap agreement	-	-	-	1,755,806	-	-	-	-	1,755,806	863,650
Program administration and royalties	2,065,888	-	-	-	-	-	-	-	2,065,888	2,322,382
Net rental income	-	-	-	290,532	-	-	-	-	290,532	260,013
State AFL-CIO collection rebate	2,415,354	-	-	-	-	-	-	-	2,415,354	2,029,185
Contributions	-	-	6,986,625	-	-	7,506,577	263,079	(6,986,625)	7,769,656	8,585,765
Other revenue	587,066	24,106	-	20,991	-	-	-	-	632,163	967,368
Total revenue	166,099,585	8,876,679	33,131,826	1,083,345	-	7,506,577	263,079	(6,986,625)	209,974,466	222,162,283
<b>Expenses</b>										
Program services										
National Officers/Governance	30,572,763	-	-	-	-	-	-	-	30,572,763	25,540,999
Mobilization and organizing	44,611,547	-	-	-	-	-	-	-	44,611,547	41,325,133
Political, legislation and advocacy	14,236,114	-	29,792,229	-	-	10,349,258	-	(6,986,625)	47,390,976	55,396,736
Constituency, community and professional issues	22,127,094	-	-	-	-	-	-	-	22,127,094	20,132,584
Strategic priorities and support	36,083,732	12,275,723	-	-	-	-	418,276	-	48,777,731	48,485,927
Total program services	147,631,250	12,275,723	29,792,229	-	-	10,349,258	418,276	(6,986,625)	193,480,111	190,881,379
Supporting services										
General and administrative	15,365,057	-	-	6,500,352	(83,411)	-	-	-	21,781,998	20,931,878
Total supporting services	15,365,057	-	-	6,500,352	(83,411)	-	-	-	21,781,998	20,931,878
Total expenses	162,996,307	12,275,723	29,792,229	6,500,352	(83,411)	10,349,258	418,276	(6,986,625)	215,262,109	211,813,257
<b>Change in net assets from operating activities</b>	3,103,278	(3,399,044)	3,339,597	(5,417,007)	83,411	(2,842,681)	(155,197)	-	(5,287,643)	10,349,026
<b>Other components of defined benefit</b>										
<b>net periodic benefit costs</b>										
Pension benefits	-	-	-	-	(416,996)	-	-	-	(416,996)	(390,640)
Postretirement health care benefits	-	-	-	-	(146,925)	-	-	-	(146,925)	(261,110)
<b>Defined benefit related changes other than net periodic benefit costs</b>										
Pension benefits	-	-	-	-	1,438,724	-	-	-	1,438,724	643,308
Postretirement health care benefits	-	-	-	-	6,798,027	-	-	-	6,798,027	1,032,691
<b>Change in net assets</b>	\$ 3,103,278	\$ (3,399,044)	\$ 3,339,597	\$ (5,417,007)	\$ 7,756,241	\$ (2,842,681)	\$ (155,197)	\$ -	\$ 2,385,187	\$ 11,373,275

See accompanying notes to consolidated financial statements.



## AMERICAN FEDERATION OF TEACHERS, AFL-CIO

### CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022

	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	
Salaries, benefits and payroll tax	\$ 4,412,570	\$ 11,292,808	\$ 4,791,885	\$ 14,364,187	\$ 17,127,426	\$ 11,671,361	\$ 63,660,237
Professional fees	1,380,487	499,823	9,077,879	974,170	15,032,136	1,801,969	28,766,464
Travel, meetings, conferences and convention	1,694,598	3,822,220	45,228	2,786,246	1,024,832	432,135	9,805,259
Assistance and state rebates	4,316,976	27,477,607	-	-	1,788,128	765,427	34,348,138
Contributions and donations	2,739,099	-	32,888,715	1,694,897	5,354,815	-	42,677,526
Marketing and promotion	983,694	8,031	-	83,090	1,159,686	157,345	2,391,846
Publications	-	1,594	-	-	1,392,141	-	1,393,735
Affiliation fees	10,557,250	-	-	-	-	-	10,557,250
Subscriptions and memberships	335,847	18,904	285	138,210	743,257	30,380	1,266,883
Office supplies and expenses	1,082,777	22,608	2,694	101,569	136,395	1,102,534	2,448,577
Printing and postage	119,173	24,313	467	56,392	124,416	391,960	716,721
Information technology	453,570	2,656	15	261,739	135,887	296,201	1,150,068
Software and equipment rental	8,606	8,439	307	26,853	502,844	1,511,021	2,058,070
Capitol Place I operating expenses	290,286	742,911	315,240	944,965	1,126,748	767,814	4,187,964
Interest	-	-	-	-	-	839,092	839,092
Occupancy	105,519	172,823	-	3,200	86	-	281,628
Insurance	192,608	1,420	-	-	2,233,888	822,461	3,250,377
Depreciation	193,708	495,745	210,360	630,576	751,880	512,362	2,794,631
Loss on disposal of property and equipment	-	-	-	-	-	-	-
Other	1,705,995	19,645	57,901	61,000	143,166	679,936	2,667,643
Total operating expenses	30,572,763	44,611,547	47,390,976	22,127,094	48,777,731	21,781,998	215,262,109
Other components of postretirement net periodic benefit cost	39,088	100,035	42,447	127,242	151,719	103,390	563,921
Total expenses	\$ 30,611,851	\$ 44,711,582	\$ 47,433,423	\$ 22,254,336	\$ 48,929,450	\$ 21,885,388	\$ 215,826,030

See accompanying notes to consolidated financial statements.

## AMERICAN FEDERATION OF TEACHERS, AFL-CIO

### CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

	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		
Salaries, benefits and payroll tax	\$ 4,958,806	\$ 11,349,206	\$ 4,805,082	\$ 13,466,020	\$ 16,674,485	\$ 11,478,499	\$ 62,732,098	
Professional fees	937,391	390,931	14,945,846	1,494,453	14,240,773	1,670,696	33,680,090	
Travel, meetings, conferences and convention	369,283	336,229	3,075	665,036	90,860	190,678	1,655,161	
Assistance and state rebates	3,973,612	27,576,096	-	-	1,443,270	752,067	33,745,045	
Contributions and donations	2,138,880	-	34,938,430	1,806,554	3,197,537	-	42,081,401	
Marketing and promotion	942,041	141,417	-	80,910	4,018,913	436,162	5,619,443	
Publications	-	-	-	-	1,747,029	-	1,747,029	
Affiliation fees	10,677,712	-	-	-	-	9,180	10,686,892	
Subscriptions and memberships	537,186	10,667	366	26,946	641,094	26,719	1,242,978	
Office supplies and expenses	121,719	28,168	161,799	2,184	1,167,774	741,711	2,223,355	
Printing and postage	27,308	45,272	236	21,293	520,280	262,607	876,996	
Information technology	1,172	3,321	-	792,836	25,826	360,532	1,183,687	
Software and equipment rental	173,095	12,725	119	253,027	419,008	1,241,602	2,099,576	
Capitol Place I operating expenses	322,201	737,420	312,212	874,960	1,083,432	745,820	4,076,045	
Interest	-	-	-	-	-	869,736	869,736	
Occupancy	35,380	166,164	-	-	-	-	201,544	
Insurance	-	-	-	-	2,302,674	629,359	2,932,033	
Depreciation	228,412	522,765	221,331	620,269	768,057	528,720	2,889,554	
Loss on disposal of property and equipment	-	1,318	-	-	-	44,659	45,977	
Other	96,801	3,434	8,240	28,096	144,915	943,131	1,224,617	
Total operating expenses	<u>25,540,999</u>	<u>41,325,133</u>	<u>55,396,736</u>	<u>20,132,584</u>	<u>48,485,927</u>	<u>20,931,878</u>	<u>211,813,257</u>	
Other components of postretirement net periodic benefit cost	<u>51,519</u>	<u>117,912</u>	<u>49,922</u>	<u>139,904</u>	<u>173,238</u>	<u>119,255</u>	<u>651,750</u>	
Total expenses	<u>\$ 25,592,518</u>	<u>\$ 41,443,045</u>	<u>\$ 55,446,658</u>	<u>\$ 20,272,488</u>	<u>\$ 48,659,165</u>	<u>\$ 21,051,133</u>	<u>\$ 212,465,007</u>	

See accompanying notes to consolidated financial statements.

# AMERICAN FEDERATION OF TEACHERS, AFL-CIO

## CONSOLIDATED STATEMENTS OF CHANGES IN FUND BALANCES

### YEARS ENDED JUNE 30, 2022 AND 2021 (WITH SUPPLEMENTAL FUND INFORMATION FOR THE YEAR ENDED)

	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
<b>Net assets, June 30, 2021</b>											
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
<b>Change in net assets, year ended June 30, 2021</b>	16,191,586	3,149,961	(2,284,304)	75,914	(6,364,412)	(50,102)	(863,119)	1,238,646	327,413	(48,308)	11,373,275
<b>Board approved transfer of designated funds</b>	-	(3,149,961)	3,149,961	-	-	-	-	-	-	-	-
<b>Net assets, June 30, 2021</b>											
Without donor restrictions	61,190,911	3,000,000	(3,084,683)	4,070,149	12,812,392	2,699	15,349,335	(38,846,929)	-	-	54,493,874
With donor restrictions	-	-	-	-	-	-	-	-	11,832,062	405,108	12,237,170
Total net assets	61,190,911	3,000,000	(3,084,683)	4,070,149	12,812,392	2,699	15,349,335	(38,846,929)	11,832,062	405,108	66,731,044
<b>Change in net assets, year ended June 30, 2022</b>	3,103,278	(24,005)	(3,375,039)	(608,106)	6,352,679	(2,404,976)	(5,417,007)	7,756,241	(2,842,681)	(155,197)	2,385,187
<b>Board approved transfer of designated funds</b>	-	24,005	(24,005)	-	-	-	-	-	-	-	-
<b>Net assets, June 30, 2022</b>											
Without donor restrictions	64,294,189	3,000,000	(6,483,727)	3,462,043	19,165,071	(2,402,277)	9,932,328	(31,090,688)	-	-	59,876,939
With donor restrictions	-	-	-	-	-	-	-	-	8,989,381	249,911	9,239,292
Total net assets	\$ 64,294,189	\$ 3,000,000	\$ (6,483,727)	\$ 3,462,043	\$ 19,165,071	\$ (2,402,277)	\$ 9,932,328	\$ (31,090,688)	\$ 8,989,381	\$ 249,911	\$ 69,116,231

See accompanying notes to consolidated financial statements.

## AMERICAN FEDERATION OF TEACHERS, AFL-CIO

### CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

YEARS ENDED JUNE 30, 2022 AND 2021  
(WITH SUPPLEMENTAL FUND INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)

	Net Assets Without Donor Restrictions	Net Assets with Donor Restrictions		Total Net Assets With Donor Restrictions	Total Net Assets
		Committee on Political Education	Disaster Relief Fund		
<b>Net assets, July 1, 2020</b>	\$ 43,399,704	\$ 11,504,649	\$ 453,416	\$ 11,958,065	\$ 55,357,769
Revenues	213,576,518	8,507,777	77,988	8,585,765	222,162,283
Net assets released from restrictions	8,306,660	(8,180,364)	(126,296)	(8,306,660)	-
Expenses	(211,813,257)	-	-	-	(211,813,257)
Other changes in defined benefit plan obligations other than expense	1,024,249	-	-	-	1,024,249
<b>Net assets, June 30, 2021</b>	<u>54,493,874</u>	<u>11,832,062</u>	<u>405,108</u>	<u>12,237,170</u>	<u>66,731,044</u>
Revenues	202,204,810	7,506,577	263,079	7,769,656	209,974,466
Net assets released from restrictions	10,767,534	(10,349,258)	(418,276)	(10,767,534)	-
Expenses	(215,262,109)	-	-	-	(215,262,109)
Other changes in defined benefit plan obligations other than expense	7,672,830	-	-	-	7,672,830
<b>Net assets, June 30, 2022</b>	<u>\$ 59,876,939</u>	<u>\$ 8,989,381</u>	<u>\$ 249,911</u>	<u>\$ 9,239,292</u>	<u>\$ 69,116,231</u>

See accompanying notes to consolidated financial statements.

# AMERICAN FEDERATION OF TEACHERS, AFL-CIO

## CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2022 AND 2021  
(WITH SUPPLEMENTAL FUND INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)

	General Fund	Militancy/ Defense Fund	Solidarity Fund	Building Fund	Postretirement Benefits Fund	Committee on Political Education	Disaster Relief Fund	2022 Total	2021 Total
<b>Cash flows from operating activities</b>									
Change in net assets	\$ 3,103,278	\$ (3,399,044)	\$ 3,339,597	\$ (5,417,007)	\$ 7,756,241	\$ (2,842,681)	\$ (155,197)	\$ 2,385,187	\$ 11,373,275
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities									
Depreciation and amortization	1,321,335	-	-	1,473,296	-	-	-	2,794,631	2,889,554
Amortization of debt issuance costs	-	-	-	31,288	-	-	-	31,288	31,288
(Gain) loss on disposal of property and equipment	(11,000)	-	-	-	-	-	-	(11,000)	45,977
Net (appreciation) depreciation in fair value of investments	2,070,196	1,734,940	-	2,209,794	-	-	-	6,014,930	(6,198,369)
Appreciation in fair value of swap agreement	-	-	-	(1,755,806)	-	-	-	(1,755,806)	(863,650)
Decrease (increase) in assets									
Due from (to) other funds	2,773,510	(776,928)	(3,037,386)	1,040,804	-	-	-	-	-
Per capita taxes receivable	9,713,830	-	-	-	-	-	-	9,713,830	(1,864,340)
Loans receivable	747,723	-	-	-	-	-	-	747,723	600,786
Other receivables	339,672	(27,761)	-	(50,952)	-	-	-	260,959	440,935
Prepaid expenses	(1,850,196)	137	-	92,047	-	-	-	(1,758,012)	(165,146)
Increase (decrease) in liabilities									
Accounts payable	2,274,459	1,115,407	-	184,313	-	1,040,000	75,000	4,689,179	2,425,677
Accrued vacation and severance pay	(767,033)	-	-	-	-	-	-	(767,033)	751,436
Accrued expenses and other liabilities	14,210	-	-	-	-	-	-	14,210	(990,891)
Advance per capita taxes	(54,371)	-	-	-	-	-	-	(54,371)	(183,870)
Accrued postretirement health care costs	-	-	-	-	(5,810,901)	-	-	(5,810,901)	(79,017)
Accrued pension liability	-	-	-	-	(1,945,340)	-	-	(1,945,340)	(1,159,629)
Bank overdraft	-	-	(35,110)	-	-	-	-	(35,110)	35,110
Deferred revenue	-	-	-	-	-	-	-	-	(173,222)
Net cash provided by (used in) operating activities	<u>19,675,613</u>	<u>(1,353,249)</u>	<u>267,101</u>	<u>(2,192,223)</u>	<u>-</u>	<u>(1,802,681)</u>	<u>(80,197)</u>	<u>14,514,364</u>	<u>6,915,904</u>

See accompanying notes to consolidated financial statements.

## AMERICAN FEDERATION OF TEACHERS, AFL-CIO

### CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

YEARS ENDED JUNE 30, 2022 AND 2021  
(WITH SUPPLEMENTAL FUND INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)

	General Fund	Militancy/ Defense Fund	Solidarity Fund	Building Fund	Postretirement Benefits Fund	Committee on Political Education	Disaster Relief Fund	2022 Total	2021 Total
<b>Cash flows from investing activities</b>									
Purchases of property and equipment	\$ (1,031,846)	\$ -	\$ -	\$ (109,210)	\$ -	\$ -	\$ -	\$ (1,141,056)	\$ (1,451,168)
Proceeds from the sale of property and equipment	11,000	-	-	-	-	-	-	11,000	-
Purchases of investments	(2,040,389)	(1,752,888)	-	(5,001,201)	-	-	-	(8,794,478)	(7,423,687)
Proceeds from the sale of investments	<u>3,428,297</u>	<u>3,135,577</u>	<u>-</u>	<u>2,795,071</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,358,945</u>	<u>21,230,437</u>
Net cash provided by (used in) investing activities	<u>367,062</u>	<u>1,382,689</u>	<u>-</u>	<u>(2,315,340)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(565,589)</u>	<u>12,355,582</u>
<b>Cash flows from financing activities</b>									
Advances on line of credit	-	-	-	-	-	-	-	-	206,032
Repayments of line of credit	-	-	-	-	-	-	-	-	(982,607)
Principal payments on mortgage note payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>(739,958)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(739,958)</u>	<u>(712,107)</u>
Net cash (used in) provided by financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(739,958)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(739,958)</u>	<u>(1,488,682)</u>
<b>Net change in cash and cash equivalents</b>	20,042,675	29,440	267,101	(5,247,521)	-	(1,802,681)	(80,197)	13,208,817	17,782,804
<b>Cash and cash equivalents</b>									
Beginning of year	<u>43,790,955</u>	<u>6,108,956</u>	<u>-</u>	<u>6,978,661</u>	<u>-</u>	<u>11,832,062</u>	<u>405,108</u>	<u>69,115,742</u>	<u>51,332,938</u>
End of year	<u>\$ 63,833,630</u>	<u>\$ 6,138,396</u>	<u>\$ 267,101</u>	<u>\$ 1,731,140</u>	<u>\$ -</u>	<u>\$ 10,029,381</u>	<u>\$ 324,911</u>	<u>\$ 82,324,559</u>	<u>\$ 69,115,742</u>

**Supplemental disclosure**

AFT paid \$808,904 and \$840,256 in interest during 2022 and 2021, respectively.



# AMERICAN FEDERATION OF TEACHERS, AFL-CIO

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

### 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 5). All significant intercompany transactions have been eliminated in consolidation.

The assets, liabilities and net assets of the Federation are reported in seven 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. The net assets of the Disaster Relief Fund and the Committee on Political Education are considered net assets with donor restriction and have been restricted for purpose.

**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 consists 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, 2022 and 2021.

**Investment Valuation and Income Recognition** - 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 reported on a trade-date-basis. Interest income is reported on the accrual basis. Dividends are reported 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

**Accrued Vacation, Severance and Welfare Benefits** - The Federation recognizes accrued vacation and severance 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.

Effective September 1, 2021, the monthly per capita tax increased from \$19.58 to \$19.98 per member per month. Of the monthly per capita tax, within the general fund, \$1.20 has been designated to engage members and provide services to assist locals in crisis for the years ended June 30, 2022 and 2021. All monies had been spent from this designation at June 30, 2022 and 2021. Further, the monthly per capita tax allocated to the Solidarity Fund increased from \$2.60 to \$2.70 effective September 1, 2021. Of the amount allocated to the Solidarity Fund, the portion of this amount designated for state affiliates with similar funds increased from \$0.99 to \$1.04 effective September 1, 2021. Additionally, effective September 1, 2021, the amount allocated to the Militancy/Defense Fund increased from \$.70 to \$.95. The amount allocated to the Building Fund has remained \$.10 for the years ended June 30, 2022 and 2021.

The Federation has allocated \$0.10 to the Albert Shanker Institute, a separate unconsolidated entity for the years ended June 30, 2022 and 2021, which is reported 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 also been reported as contributions from the Federation for the years ended June 30, 2022 and 2021. 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. Net rental income is recognized on a straight-line basis over the term of the respective leases, shown net of concessions.

**Revenue Recognition** - Revenue is derived from both exchange transactions and contribution transactions. Revenue from exchange transactions is recognized when control of promised goods or services is transferred to our members and customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. Except for goods and services provided in connection with per capita taxes and State AFL-CIO collections, which are transferred over the period of membership, members' liability insurance premiums, which are recognized over the coverage period, and royalties, which are recognized ratably over the period of the license agreement, all goods and services are transferred at a point in time.



## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Payments are generally required in advance and are reported as deferred revenue until the related revenue is recognized. Unconditional contributions are recognized upon receipt of cash or other assets, or when a donor promises to transfer cash or other assets in the future. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return or release, are not recognized until the conditions on which they depend have been substantially met.

*Per capita taxes and State AFL-CIO collections* - 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* - The 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.

*Program administration and royalties* - The Federation has licensed the use of its name, logo and certain other intangible assets to third parties wishing to market products and services to our members and customers, in exchange for a royalty payment. Royalty revenue is generally recognized based on underlying sales made by the licensee.

*Conference and meeting registration income* - Conference and meeting registration income is recognized when the related events are held. Conference and meeting registration income is included in other revenue in the consolidated statements of activities.

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

**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.



## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.
- **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.

### 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 income 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, 2022 and 2021, and determined that there were no matters that would require recognition or disclosure 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 expenditures within one year of June 30, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Total assets at end of year	\$ 163,703,129	\$ 167,245,812
Less nonfinancial assets		
Prepaid expenses	(3,233,543)	(1,475,531)
Net property and equipment	<u>(14,179,245)</u>	<u>(15,832,820)</u>
Total financial assets at end of year	146,290,341	149,937,461
Less amounts not available to meet general expenditures coming due within one year		
Receivables due in more than one year	(3,868,135)	(4,615,858)
ULLICO common stock	(237,671)	(237,671)
Amounts subject to donor-imposed restrictions	<u>(9,239,292)</u>	<u>(12,237,170)</u>
Total financial assets available for general expenditures coming due in the next year	<u>\$ 132,945,243</u>	<u>\$ 132,846,762</u>

#### NOTE 4. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES (CONTINUED)

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, 2022 and 2021 consisted of:

	2022		2021	
	Cost	Fair Value	Cost	Fair Value
General Fund	\$ 13,036,788	\$ 13,013,117	\$ 14,284,276	\$ 16,471,221
Militancy/Defense Fund	9,573,443	9,152,234	11,053,707	12,269,863
Building Fund	<u>11,993,436</u>	<u>12,152,943</u>	<u>9,658,284</u>	<u>12,156,607</u>
	<u>\$ 34,603,667</u>	<u>\$ 34,318,294</u>	<u>\$ 34,996,267</u>	<u>\$ 40,897,691</u>

Realized net gains on investments for the years ended June 30, 2022 and 2021 totaled \$166,905 and \$2,846,637, respectively.

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.



## NOTE 6. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

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.

The following table sets forth by level, within the fair value hierarchy, the Federation's assets and liabilities at fair value as of June 30, 2022:

Description	06/30/22 Total	Quoted Market Price for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets</b>				
Investments				
Equity investments				
Common stock	\$ 10,844,639	\$ 10,844,639	\$ -	\$ -
Preferred stock	2,728,997	2,728,997	-	-
Privately held stock	1,038,568	-	-	1,038,568
Mutual funds	7,021,521	7,021,521	-	-
Exchange traded and closed end funds	514,279	514,279	-	-
Corporate bonds and asset backed securities				
Corporate bonds - domestic	9,296,147	-	9,296,147	-
Corporate bonds - foreign	179,330	-	179,330	-
Fixed rate securities	458,880	-	458,880	-
Mortgage backed securities	18,336	-	18,336	-
U.S. Government agency securities				
U.S. Treasury obligations	465,576	465,576	-	-
U.S. Government agency obligations	1,602,021	-	1,602,021	-
Foreign bond - State of Israel	150,000	-	-	150,000
	<u>34,318,294</u>	<u>21,575,012</u>	<u>11,554,714</u>	<u>1,188,568</u>
Interest rate swap	445,972	-	445,972	-
Total Assets	<u>\$ 34,764,266</u>	<u>\$ 21,575,012</u>	<u>\$ 12,000,686</u>	<u>\$ 1,188,568</u>

## NOTE 6. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, the Federation's assets and liabilities at fair value as of June 30, 2021:

Description	06/30/21 Total	Quoted Market Price for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets</b>				
Investments				
Equity investments				
Common stock	\$ 14,277,557	\$ 14,277,557	\$ -	\$ -
Privately held stock	1,038,568	-	-	1,038,568
Preferred stocks	4,830,272	4,830,272	-	-
Mutual funds	3,016,246	3,016,246	-	-
Exchange traded and closed end funds	708,344	708,344	-	-
Corporate bonds and asset backed securities				
Corporate bonds - domestic	13,224,719	-	13,224,719	-
Corporate bonds - foreign	97,144	-	97,144	-
Fixed rate securities	1,138,710	-	1,138,710	-
Mortgage backed securities	31,524	-	31,524	-
U.S. Government agency securities				
U.S. Treasury obligations	543,934	543,934	-	-
U.S. Government agency obligations	1,790,673	-	1,790,673	-
Foreign bond - State of Israel	200,000	-	-	200,000
Total Assets	<u>\$ 40,897,691</u>	<u>\$ 23,376,353</u>	<u>\$ 16,282,770</u>	<u>\$ 1,238,568</u>
<b>Liabilities</b>				
Interest rate swap	<u>\$ (1,309,834)</u>	<u>\$ -</u>	<u>\$ (1,309,834)</u>	<u>\$ -</u>

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, 2022 and 2021.

*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.

*Foreign bonds:* Estimated at cost due to their limited salability.

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





## **NOTE 6. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)**

*Interest rate swap:* The fair value is based on Capitol Place I's floating interest rate on the mortgage note payable compared to the hedged fixed rate as reported by the lender.

There were no purchases, issuances, settlements or transfers in or out of Level 3 investments for the years ended June 30, 2022 and 2021.

## **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. Terms of the loans call for monthly payments. As of June 30, 2022 and 2021, the Federation had total loans receivable, including interest, of \$5,471,374 and \$6,219,097, respectively. Of this amount, management has estimated an allowance of \$1,603,239 as of June 30, 2022 and 2021. 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 \$33,964 and \$16,413 of reimbursements for services provided to the Trust for the years ended June 30, 2022 and 2021, respectively. The Federation also made contributions of \$2,430,294 and \$1,626,000 to the Trust for the years ended June 30, 2022 and 2021, respectively, which is included in contributions and donations in the consolidated statements of functional expenses. These contributions were to pay insurance premiums for accidental death and dismemberment coverage for members and identity theft protection. As of June 30, 2022, and 2021, the amount owed to the Federation was \$33,809 and \$16,258, 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, 2022 and 2021, the Federation was reimbursed \$390,304 and \$388,251, respectively, for salaries, fringe benefits

## NOTE 8. RELATED PARTY TRANSACTIONS (CONTINUED)

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, 2022 and 2021, the Federation was owed \$2,835 and \$18,363, respectively, from the AFTEF. These amounts are included in other receivables in the statements of financial position. During the years ended June 30, 2022 and 2021, the Federation also made contributions to AFTEF of \$500,000 and \$500,000, respectively, which are included in contributions and donations in the consolidated statements of functional expenses. 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, 2022 and 2021 was \$496,880 and \$616,451, 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, 2022 and 2021. 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, 2022 and 2021 was \$994,827 and \$1,193,554, respectively.

## NOTE 9. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Land	\$ 5,084,148	\$ 5,084,148
Office building and improvements	46,034,615	45,898,298
Furniture and equipment	<u>23,015,666</u>	<u>22,033,826</u>
	74,134,429	73,016,272
Less: accumulated depreciation and amortization	<u>(59,955,184)</u>	<u>(57,183,452)</u>
	<u>\$ 14,179,245</u>	<u>\$ 15,832,820</u>

Depreciation and amortization expense for the years ended June 30, 2022 and 2021 was \$2,794,631 and \$2,889,554, respectively.

## 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 mortgage loan is payable over 10 years with a balloon payment of \$17,940,809 due in December 2025. Interest accrues 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%. LIBOR will remain in effect until September 2022, at which time it will be replaced by the Secured Overnight Financing Rate (SOFR).

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, 2022 and 2021, the fair value of the asset (liability) under the interest rate swap agreement was \$445,972 and \$(1,309,834), respectively.

The details of the mortgage note payable maturing December 10, 2025 are as follows:

Fixed rate	3.79%
Variable rate	LIBOR
Original note payable balance covered by agreement (notional amount)	\$25,000,000
Notional amount outstanding at June 30, 2022	\$20,690,423
Debt issuance costs, less accumulated amortization	\$ 106,903
Note payable, net	\$20,583,520

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 due as follows:

Year Ending June 30,	2023	\$ 768,898
	2024	796,908
	2025	830,137
	2026	<u>18,294,480</u>
	Total	<u>\$ 20,690,423</u>

## NOTE 11. ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities consisted of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Assistance payable to state and local federations	\$ 1,491,838	\$ 1,448,736
State federation per capita taxes payable	2,317,881	2,160,694
Affiliation fees payable	952,701	1,124,201
Estimated self-insurance health claims incurred but not reported	556,171	365,900
AFL-CIO collections payable	665,760	712,396
Accrued salaries	-	237,291
Other accrued expenses	478,973	399,896
	<u>\$ 6,463,324</u>	<u>\$ 6,449,114</u>

## NOTE 12. CONTRACT BALANCES

The timing of billings, cash collections, and revenue recognition result in contract assets and contract liabilities associated with revenue from exchange transactions. 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.

Balances in these accounts as of the beginning and end of the years ended June 30, 2022 and 2021 are as follows.

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Assets			
Accounts receivable			
Per capita taxes	\$ 23,700,113	\$ 33,413,943	\$ 31,549,603
Royalties	190,636	363,988	400,000
	<u>\$ 23,890,749</u>	<u>\$ 33,777,931</u>	<u>\$ 31,949,603</u>
Liabilities			
Deferred revenue			
Conference and meeting registration	\$ -	\$ -	\$ 173,222
Advanced per capita taxes	103,438	157,809	341,679
	<u>\$ 103,438</u>	<u>\$ 157,809</u>	<u>\$ 514,901</u>

### NOTE 13. OTHER REVENUE

Other revenue consisted of the following for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Conference and meeting registration	\$ 180,555	\$ 264,741
Locals insurance reimbursements	10,242	63,382
Insurance reimbursement	-	-
Union Privilege benefits program	205,796	188,905
Miscellaneous income	<u>235,570</u>	<u>450,340</u>
	<u>\$ 632,163</u>	<u>\$ 967,368</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, 2022 and 2021, the Federation received affinity card royalties from the AFL-CIO which totaled \$325,005 and \$350,942, respectively. These amounts are included in program administration and royalties in the consolidated statements of activities.

### NOTE 15. RETIREMENT PLANS

The Federation contributed between 21% and 22% of eligible employees' salaries to defined contribution retirement plans during the years ended June 30, 2022 and 2021, respectively. Total retirement plan expense was \$8,597,290 and \$8,889,404 for the years ended June 30, 2022 and 2021, 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 1/60<sup>th</sup> 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.

## NOTE 15. RETIREMENT PLANS (CONTINUED)

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, 2022 and 2021 valuations.

The plan's obligations and funded status as of June 30, 2022 and 2021 is summarized as follows:

	<u>2022</u>	<u>2021</u>
Fair value of plan assets	\$ -	\$ -
Projected benefit obligation	<u>11,710,904</u>	<u>13,656,244</u>
Funded status of the plan	<u>\$ (11,710,904)</u>	<u>\$ (13,656,244)</u>
Accumulated benefit obligation	\$ (11,710,904)	\$ (13,656,244)
Benefit payments	\$ (923,612)	\$ (906,961)
Employer contributions	\$ 923,612	\$ 906,961

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

	<u>2022</u>	<u>2021</u>
Discount rate	4.25%	2.50%
Cost of living increase	2.50%	2.25%

Information on net periodic pension cost and other amounts recognized as of June 30, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Service cost recognized in salaries, benefits and payroll tax	<u>\$ -</u>	<u>\$ -</u>
Other components of net periodic benefit costs		
Interest cost	329,861	323,154
Net loss amortization	<u>-</u>	<u>67,486</u>
	<u>329,861</u>	<u>390,640</u>
Total net periodic pension cost	<u>\$ 329,861</u>	<u>\$ 390,640</u>

## NOTE 15. RETIREMENT PLANS (CONTINUED)

	<u>2022</u>	<u>2021</u>
Items not yet recognized as a component of net periodic benefit cost		
Unrecognized net (gain) loss	\$ (1,351,589)	\$ (1,078,985)
Unrecognized prior service cost	<u>348,542</u>	<u>435,677</u>
	<u>\$ (1,003,047)</u>	<u>\$ (643,308)</u>

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

	<u>2022</u>	<u>2021</u>
Discount rate	2.50%	2.25%

Amounts that have not yet been recognized as components of net periodic benefit cost that will be amortized over the next fiscal year are estimated as follows:

	<u>2022</u>	<u>2021</u>
Net prior service cost	\$ 87,135	\$ 87,135

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,	2023	\$ 960,619
	2024	940,946
	2025	919,913
	2026	925,811
	2027	901,973
	2027-2031	<u>4,249,406</u>
	Total	<u>\$ 8,898,668</u>

The plan is unfunded and benefits will be paid from the General Fund of the Federation. Total expected employer contributions for the year ending June 30, 2022 are \$960,000.

Changes in assumptions and methods since the last valuation:

- The discount rate was adjusted from 2.50% to 4.25%.
- The assumed cost of living adjustment was changed from 2.25% to 2.50%.
- The mortality improvement scale was changed from the SOA MP-2020 improvement scale to the SOA MP-2021 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 age 70. Substantially all of the Federation's employees may become eligible for certain of these benefits if they retire while working for the Federation.

The plan's obligations and funded status as of June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Fair value of plan assets	\$ -	\$ -
Projected benefit obligation	<u>19,379,784</u>	<u>25,190,685</u>
Funded status of the plan	<u>(19,379,784)</u>	<u>(25,190,685)</u>
Accumulated postretirement benefit obligation	\$ (19,379,784)	\$ (25,190,685)
Benefits paid	\$ (691,750)	\$ (708,739)
Employer contributions	\$ 691,750	\$ 708,739

Postretirement benefit costs for the years ended June 30, 2022 and 2021 include the following components:

	<u>2022</u>	<u>2021</u>
Service cost recognized in salaries, benefits and payroll tax	<u>\$ 1,531,951</u>	<u>\$ 1,401,303</u>
Other components of net periodic benefit cost		
Interest cost	683,232	685,172
Loss	471,226	583,471
Prior service cost	(1,201,155)	(1,201,155)
Transition costs	<u>193,622</u>	<u>193,622</u>
	<u>146,925</u>	<u>261,110</u>
Total net periodic postretirement benefit costs	<u>\$ 1,678,876</u>	<u>\$ 1,662,413</u>
Items not yet recognized as a component of net postretirement costs		
Unrecognized net (gain) loss	\$ -	\$ -
Unrecognized net transition obligation	(193,622)	(193,622)
Unrecognized prior service cost	<u>1,201,155</u>	<u>1,201,155</u>
Total other postretirement adjustments	<u>\$ 1,007,533</u>	<u>\$ 1,007,533</u>

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

	<u>2022</u>	<u>2021</u>
Discount rate	4.50%	2.75%



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

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,	2023	\$	818,919
	2024		858,340
	2025		912,273
	2026		936,104
	2027		888,575
	2027-2031		<u>4,623,178</u>
	Total	\$	<u>9,037,389</u>

The plan is unfunded and benefits will be paid from the General Fund of the Federation. The amount expected to be required in contributions to the plan during the year ending June 30, 2023 is \$818,919.

Amounts that have not yet been recognized as components of net periodic benefit cost that will be amortized over the next fiscal year are estimated as follows:

		<u>2022</u>	<u>2021</u>
Service cost	\$	1,531,951	\$ 1,401,303
Other components of net periodic benefit cost	\$	146,925	\$ 261,110

The assumed health care cost trend rates used to measure the expected cost of medical, prescription, and dental benefits for the years ended June 30, 2022 and 2021 were as follows:

	Assumed rate as of		
	<u>June 30, 2022</u>	<u>Decreasing to</u>	<u>As of</u>
Pre-65 Medical	8.00%	5.00%	2028
Pre-65 prescription drugs	9.00%	5.00%	2030
Dental	5.75%	3.00%	2028
Post-65 officer medical	5.75%	4.50%	2027
EDWP	6.00%	4.50%	2028

	Assumed rate as of		
	<u>June 30, 2021</u>	<u>Decreasing to</u>	<u>As of</u>
Pre-65 Medical	8.00%	5.00%	2027
Pre-65 prescription drugs	9.00%	5.00%	2029
Dental	5.75%	3.00%	2027
Post-65 officer medical	5.75%	4.50%	2026
EDWP	6.00%	4.50%	2027

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

**Change in Accumulated Post-Retirement Benefit Obligation** - The plan's accumulated post-retirement benefit obligation changed due to changes in assumptions related to the discount rate, the per capita health care costs and assumed administrative fees. The mortality improvement scale was changed from the MP-2020 improvement scale to the MP-2021 improvement scale.

## NOTE 17. BORROWINGS AND CONTINGENT LIABILITIES

The Federation has a line of credit with a financial institution at June 30, 2022. It is 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%. Effective June 2023, LIBOR will be replaced by SOFR. 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 \$-0- and \$206,032 during the years ended June 30, 2022 and 2021, respectively. The Federation had no outstanding balance on the lines of credit at June 30, 2022 and 2021.

At June 30, 2022, 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,		
	2023	\$ 97,566
	2024	111,471
	2025	111,471
	2026	111,471
	2027	111,471
	Thereafter	<u>47,503</u>
		<u>\$ 590,953</u>

Rental expense for office equipment leases totaled \$447,307 and \$432,598 for the years ended June 30, 2022 and 2021, respectively.

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, 2022 is as follows:

Year Ending June 30,	2023	\$	304,067
	2024		527,671
	2025		609,946
	2026		529,265
	2027		426,946
	Thereafter		<u>1,838,818</u>
		\$	<u>4,236,713</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, 2022 were approximately \$35.3 million. Additionally, the Federation had approximately \$22.3 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

Subsequent events have been evaluated through January 26, 2023, which is the date the consolidated financial statements were available to be issued and revealed no events requiring adjustment to or disclosure in the accompanying consolidated financial statements.



## SUPPLEMENTAL INFORMATION



## AMERICAN FEDERATION OF TEACHERS, AFL-CIO

### CONSOLIDATING SCHEDULE – BUILDING FUND SCHEDULE OF FINANCIAL POSITION

JUNE 30, 2022

	Building Fund	555 New Jersey Avenue N.W., Inc.	Capitol Place I Associates Limited Partnership	Elimination Entries	Consolidated Building Fund
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	\$ 3,440	\$ -	\$ 1,727,700	\$ -	\$ 1,731,140
Due (to) from other funds	6,691,390	(112,741)	-	-	6,578,649
Other receivables	-	-	134,460	-	134,460
Prepaid expenses	-	-	5,960	-	5,960
Total current assets	<u>6,694,830</u>	<u>(112,741)</u>	<u>1,868,120</u>	<u>-</u>	<u>8,450,209</u>
<b>Investments</b>	-	-	12,152,943	-	12,152,943
<b>Interest rate swap agreement</b>	-	-	445,972	-	445,972
<b>Property and equipment</b>	-	-	7,879,168	2,202,051	10,081,219
<b>Other assets</b>					
Investment in Capitol Place I Associates Limited Partnership	<u>11,320,073</u>	<u>(155,584)</u>	<u>-</u>	<u>(11,164,489)</u>	<u>-</u>
Total assets	<u>\$ 18,014,903</u>	<u>\$ (268,325)</u>	<u>\$ 22,346,203</u>	<u>\$ (8,962,438)</u>	<u>\$ 31,130,343</u>
<b>Liabilities and Net Assets</b>					
<b>Current liabilities</b>					
Accounts payable	\$ 3,399	\$ -	\$ 611,096	\$ -	\$ 614,495
Current maturities of mortgage note	-	-	768,898	-	768,898
Total current liabilities	<u>3,399</u>	<u>-</u>	<u>1,379,994</u>	<u>-</u>	<u>1,383,393</u>
<b>Mortgage note payable, excluding current maturities, net of unamortized debt issuance cost</b>	<u>-</u>	<u>-</u>	<u>19,814,622</u>	<u>-</u>	<u>19,814,622</u>
Total liabilities	<u>3,399</u>	<u>-</u>	<u>21,194,616</u>	<u>-</u>	<u>21,198,015</u>
<b>Net assets and partners' equity</b>	<u>18,011,504</u>	<u>(268,325)</u>	<u>1,151,587</u>	<u>(8,962,438)</u>	<u>9,932,328</u>
Total liabilities and net assets	<u>\$ 18,014,903</u>	<u>\$ (268,325)</u>	<u>\$ 22,346,203</u>	<u>\$ (8,962,438)</u>	<u>\$ 31,130,343</u>

## AMERICAN FEDERATION OF TEACHERS, AFL-CIO

### CONSOLIDATING SCHEDULE – BUILDING FUND SCHEDULE OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

	Building Fund	555 New Jersey Avenue N.W., Inc.	Capital Place I Associates Limited Partnership	Elimination Entries	Consolidated Building Fund
<b>Revenue</b>					
Per capita taxes	\$ 959,196	\$ -	\$ -	\$ -	\$ 959,196
Investment revenue, net of expenses of \$74,765	-	-	266,614	-	266,614
Net appreciation in fair value of investments	-	-	(2,209,794)	-	(2,209,794)
Rental income, net	-	-	290,532	-	290,532
Appreciation in fair value of swap agreement	-	-	1,755,806	-	1,755,806
Equity in (loss) income of Capital Place I Associates Limited Partnership - AFT	(6,039,122)	(61,001)	-	6,100,123	-
Other	-	-	20,991	-	20,991
Total revenue	<u>(5,079,926)</u>	<u>(61,001)</u>	<u>124,149</u>	<u>6,100,123</u>	<u>1,083,345</u>
<b>Expenses</b>					
General operations - depreciation and amortization	-	-	1,204,508	268,788	1,473,296
Operating expenses	-	-	4,187,964	-	4,187,964
Interest expense	-	-	839,092	-	839,092
Total expenses	<u>-</u>	<u>-</u>	<u>6,231,564</u>	<u>268,788</u>	<u>6,500,352</u>
<b>Excess (deficiency) of revenue over expenses</b>	(5,079,926)	(61,001)	(6,107,415)	5,831,335	(5,417,007)
<b>Net assets and partners' equity,</b>					
Beginning of year	23,091,430	(207,324)	5,259,002	(12,793,773)	15,349,335
Net partnership transactions affecting equity	-	-	2,000,000	(2,000,000)	-
Net assets and partners' equity, end of year	<u>\$ 18,011,504</u>	<u>\$ (268,325)</u>	<u>\$ 1,151,587</u>	<u>\$ (8,962,438)</u>	<u>\$ 9,932,328</u>