

Financial Reports

Secretary-Treasurer | Independent Auditors

Presented to the Representative Assembly July 2019

National Education Association

The National Education Association is the nation's largest professional employee organization, representing 3 million elementary and secondary teachers, higher education faculty, education support professionals, school administrators, retired educators, and students preparing to become teachers.

NEA Executive Officers

Lily Eskelsen García, President

Rebecca S. Pringle, Vice President

Princess R. Moss, Secretary-Treasurer

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A REPORT FROM
NEA SECRETARY-TREASURER
PRINCESS R. MOSS

“Don’t follow the path. Go where there is no path and begin the trail. When you start a new trail equipped with courage, strength and conviction, the only thing that can stop you is you.” —Ruby Bridges, integrated an all-white elementary school in New Orleans in 1960

Sixty-five years ago, *Brown v. Board of Education* ruled that separate is never equal, and that the fundamental promise of public education, “perhaps the most important function of state and local governments,” must be provided equally to all.

Yet, sixty-five years after *Brown*, we’ve seen the challenge of inequity and segregated schools persist in our nation. The glaring disparities can be observed in schools that are only a few miles apart. One school is state-of-the-art where students are thriving. The other suffers from decades of neglect, disinvestment, and long-term austerity agendas born out of a reckless belief system that tax cuts will pay for themselves.

These disparities and bad education policy are at the root of what sparked the wave of nationwide walkouts last year. We’ve heard the U.S. Secretary of Education proclaim recently that “strikes hurt kids.” Breaking news: slashing billions from public education and redirecting scarce public dollars from public schools to private schools hurts ninety percent of the students in the country that still go to public schools—that’s more than any strike ever could. In fact, not only have the strikes helped to prioritize the needs of our students and educators across the nation, our union and the public education movement have become stronger.

Public education is one of the last institutions in this country that hasn’t been fully privatized. We must continue the struggle to save public education. We will continue to fight to reach and support our most disadvantaged students because we know what happens when kids get what they need. We see the daily miracles that occur when students break the code of language for the first time, when they ace the spelling bee, win the county science fair, understand the beauty of a sonnet—or prove a theorem—or simply become the very first person in their family to earn a bachelor’s degree.

We must demand that this nation do the right thing for **ALL** students and ensure that all public schools are as good as our best ones. If we don’t stand up for our students, who will?

THE AUDIT REPORT FOR 2017–2018

On pages 5-37, you will find a complete audit report as prepared by our independent public accounting firm, Calibre CPA Group, PLLC. NEA is required to present consolidated financial statements, which include all of NEA’s various funds, as well as our Member Benefits Corporation and NEA Properties, Inc., and NEA360 LLC. The audit report is divided into four parts:

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1. The auditor's opinion letter;
 2. The actual financial statements on which the audit is based;
 3. Footnotes to the financial statements which help explain some of the individual items; and
 4. Supplemental schedules showing additional detail by fund.

The auditor's opinion letter states that their work was conducted in accordance with generally accepted auditing standards and that the consolidated financial statements and the supplemental schedules fairly present the financial position and results of operations. It is an unmodified opinion, or a "clean opinion," meaning it was issued without any qualifying comments. An unmodified opinion is the highest level of opinion given by an independent auditor.

The Consolidated Statements of Financial Position present the Association's assets, liabilities, and net assets as of August 31, 2018 and 2017. One important indicator of an organization's financial strength is its net assets (*the difference between total assets and total liabilities*). Net assets should be a positive balance, sufficient to support future growth, and stabilize an organization in troubled times. NEA's consolidated net assets carry a positive balance and are at an acceptable level, enabling the Association to weather the current economic environment. In addition, NEA has a healthy current ratio, which means that we are in a solid position to meet our current obligations as they become due.

The accompanying footnotes provide supplemental information that gives a more detailed explanation of aspects of the financial statements presented. I encourage you to read them.

The supplemental schedules reflect a detailed breakdown of the general operations and special purpose funds that, taken together, represent the consolidated statements.

The General Operating Fund Supplemental Statement of Activities and Changes in Net Assets reflects total revenue and expenses by strategic goals and core function areas.

Financial statements contained within the audit include:

1. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION as of August 31, 2018 and 2017 (p.7). This statement shows total current assets of \$276,406,775 and total current liabilities of \$46,809,326 resulting in a healthy current ratio of 5.90:1. NEA's consolidated Unrestricted Net Assets, which represents the difference between what it owns (total assets of \$407,497,870) and what it owes (total liabilities of \$73,382,835), is a positive \$334,115,035.
2. CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS for the years ended August 31, 2018 and 2017 (p.8). This statement shows that the total revenue for the fiscal year 2017-18 was \$430,064,090 and the total expenses, including the Change in Pension Obligation Other Than Net Periodic Pension Cost and Other Charges, were \$409,196,527. The excess of total revenue over total expenses resulted in a surplus of \$20,867,563.
3. CONSOLIDATED STATEMENTS OF CASH FLOWS for the years ended August 31, 2018 and 2017 (p.9). These statements reflect the sources and uses of cash for the two fiscal years, and are designed to analyze the period-to-period fluctuations in key elements in the Consolidated Statements of Financial Position.
4. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (pp. 10-31). The notes to the financial statements discuss the significant accounting policies of the Association as well as provide explanatory information on elements of the financial statements.

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5. SUPPLEMENTAL SCHEDULES (pp. 32-37). The supplemental schedules provide additional details for the NEA General Operating Fund and Special Purpose Funds.

INTERIM FINANCIAL STATEMENTS FOR 2018–2019

On pages 41-43 you will find the General Operating and Capital Improvement Funds Statements of Financial Position (unaudited) as of April 30, 2019 and the General Operating Fund – Statement of Activities and Changes in Net Assets (unaudited) for the eight months ended April 30, 2019, which includes a projection of revenue and expenses for the remaining four months of our current fiscal year.

The General Operating Fund – Statement of Activities and Changes in Net Assets (unaudited) indicates that we anticipate exceeding our budgeted revenue for 2018–2019. We are projecting additional dues revenue resulting from less than anticipated membership losses. As required by our bylaws, we will therefore have higher UniServ and Special Dues allocations due to the higher membership counts. We plan to make additional investments into the 2020 Elections, additional contributions to help shore up the funded status of our post-retirement medical trust, additional investment in infrastructure and information technology, provide for legal defense of Janus spawned lawsuits, and additional funding for Growth and Strength activities. These changes, along with other spending variances is expected to result in an increase to Net Assets of approximately \$3.7 million for the fiscal year ending August 31, 2019.

On page 44, you will find a schedule indicating the original amount approved and authorized for the fiscal year 2018–2019 Contingency Fund adopted at last year’s Representative Assembly. It also identifies the dates, level of governance approval, and purposes for which allocations from the fund were made.

MEMBERSHIP COMPARISON BY STATE

Pages 46-47 contain a detailed schedule arranged by state and membership category reflecting an increase in membership of 17,267 from fiscal year 2017 to 2018. Membership is the lifeblood of our organization. Efforts to maintain our membership base and expand it are essential to our fiscal health.

I hope the information in this report is informative and provides you with a glimpse of the complex financial network in place to meet the varied needs of our 3 million members as well as to advance our vision of **A Great Public School for Every Student**.

Respectfully submitted,



Princess R. Moss
NEA Secretary-Treasurer

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REPORT OF INDEPENDENT AUDITORS

To the Executive Committee and Members of the
National Education Association of the United States

We have audited the accompanying consolidated financial statements of the National Education Association of the United States and its subsidiaries (NEA), which comprise the consolidated statements of financial position as of August 31, 2018 and 2017, and the related consolidated statements of activities and 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 the 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 auditor's 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 auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the National Education Association of the United States and its subsidiaries as of August 31, 2018 and 2017, 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.

Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying information included on pages 31 through 36 is presented for purposes of additional analysis and is not a required part of the 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 information, except for the budgeted amounts (which is unaudited), 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.

Calibre CPA Group, PLLC

Bethesda, MD

December 17, 2018

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AUGUST 31, 2018 AND 2017

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 229,875,920	\$ 196,206,085
Membership dues receivable – net	31,086,987	30,879,433
Amount due from affiliates and other organizations – net	1,075,655	1,437,156
Accounts receivable	7,452,647	7,762,292
Notes receivable	1,116,666	1,116,666
Prepaid expenses	5,115,601	6,897,274
Deferred income taxes	345,415	390,654
Other current assets	337,884	322,368
Total current assets	<u>276,406,775</u>	<u>245,011,928</u>
LONG-TERM ASSETS		
Notes receivable – net	4,468,765	4,385,432
Deferred rent assets	245,461	247,832
Deferred leasing commission	311,181	221,844
Investments	44,669,010	41,745,388
Pension asset	18,561,562	16,019,741
Property and equipment – net	62,835,116	64,110,686
Total long-term assets	<u>131,091,095</u>	<u>126,730,923</u>
Total assets	<u>\$ 407,497,870</u>	<u>\$ 371,742,851</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 25,798,674	\$ 11,981,250
Accrued liabilities	12,575,066	10,341,745
Deferred income	1,526,631	1,681,770
Notes payable	8,119	–
Accrued annual leave	5,620,396	6,366,763
Amount held for affiliates and other organizations	1,280,440	1,235,263
Total current liabilities	<u>46,809,326</u>	<u>31,606,791</u>
LONG-TERM LIABILITIES		
Notes payable	10,751	–
Accrued severance payable	5,805,317	6,042,740
Deferred income	16,048,910	15,752,126
Deferred income taxes	4,708,531	5,093,722
Total long-term liabilities	<u>26,573,509</u>	<u>26,888,588</u>
Total liabilities	<u>73,382,835</u>	<u>58,495,379</u>
UNRESTRICTED NET ASSETS		
Undesignated net assets	212,737,114	189,872,321
Designated net assets	121,377,921	123,375,151
Total unrestricted net assets	<u>334,115,035</u>	<u>313,247,472</u>
Total liabilities and net assets	<u>\$ 407,497,870</u>	<u>\$ 371,742,851</u>

See accompanying notes to consolidated financial statements.

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
OPERATING ACTIVITIES		
UNRESTRICTED REVENUES		
NEA programs:		
Dues	\$ 369,928,472	\$ 366,358,879
Other	<u>4,077,985</u>	<u>3,236,879</u>
Total NEA programs	<u>374,006,457</u>	<u>369,595,758</u>
Member Benefits programs:		
Program revenues – suppliers	53,779,831	54,088,126
Other	<u>244,172</u>	<u>205,846</u>
Total Member Benefits programs	<u>54,024,003</u>	<u>54,293,972</u>
NEA Properties:		
Rental income	1,842,473	1,652,033
Other	<u>191,157</u>	<u>154,004</u>
Total NEA Properties	<u>2,033,630</u>	<u>1,806,037</u>
Total unrestricted revenue	<u>430,064,090</u>	<u>425,695,767</u>
EXPENSES		
Program services:		
NEA programs	300,409,859	309,541,266
Member Benefits programs	40,821,526	43,694,932
NEA Properties	<u>1,606,979</u>	<u>1,506,660</u>
Total program services	<u>342,838,364</u>	<u>354,742,858</u>
Support services:		
NEA programs	58,396,774	58,446,542
Member Benefits programs	6,863,993	6,279,936
NEA Properties	<u>247,578</u>	<u>215,438</u>
Total support services	<u>65,508,345</u>	<u>64,941,916</u>
Total expenses	<u>408,346,709</u>	<u>419,684,774</u>
CHANGE IN NET ASSETS FROM OPERATIONS	21,717,381	6,010,993
NON-OPERATING ACTIVITIES		
CHANGE IN PENSION OBLIGATION OTHER THAN NET PERIODIC PENSION COST AND OTHER CHARGES	<u>(849,818)</u>	<u>4,406,026</u>
CHANGE IN NET ASSETS	20,867,563	10,417,019
NET ASSETS		
Beginning of year	<u>313,247,472</u>	<u>302,830,453</u>
End of year	<u>\$ 334,115,035</u>	<u>\$ 313,247,472</u>

See accompanying notes to consolidated financial statements.

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 20,867,563	\$ 10,417,019
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation and amortization	5,004,936	4,174,808
Bad debt expense	658,442	589,685
Net realized gain on investments	(778,389)	(1,112,090)
Net unrealized gain on investments	(892,462)	(274,771)
Write-off of software and equipment	603	8,916,405
Deferred income taxes	(339,952)	2,000,680
Changes in assets and liabilities:		
Membership dues receivable	(865,996)	(567,434)
Amount due from affiliates and other organizations	361,501	311,064
Accounts receivable	309,644	(847,006)
Prepaid expenses	1,781,673	3,776,556
Other current assets	(15,516)	(13,558)
Deferred rent assets	2,371	34,783
Deferred leasing commission	(89,337)	(81,406)
Pension asset	(2,541,821)	(5,249,275)
Accounts payable	13,817,424	(11,828,700)
Accrued liabilities	2,233,321	(8,575,191)
Accrued annual leave	(746,367)	(361,084)
Amount held for affiliates and other organizations	45,178	85,975
Note payable	18,870	–
Grant commitment	–	(400,000)
Accrued severance payable	(237,423)	169,033
Deferred income	141,645	(486,326)
Net cash provided by operating activities	<u>38,735,908</u>	<u>679,167</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Issuance of notes receivable	(1,200,000)	(200,000)
Repayment of notes receivable	1,116,667	1,072,222
Purchases of investments	(14,350,009)	(27,179,716)
Proceeds from sale of investments	13,097,238	30,126,831
Purchases of property and equipment	<u>(3,729,969)</u>	<u>(9,075,544)</u>
Net cash used in investing activities	<u>(5,066,073)</u>	<u>(5,256,207)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	33,669,835	(4,577,040)
CASH AND CASH EQUIVALENTS		
Beginning of year	196,206,085	200,783,125
End of year	<u>\$ 229,875,920</u>	<u>\$ 196,206,085</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION – CASH PAID DURING THE YEAR		
Interest	\$ <u>83</u>	\$ <u>1,581</u>
Income taxes	<u>\$ 2,502,433</u>	<u>\$ 3,608,303</u>

See accompanying notes to consolidated financial statements.

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017

NOTE 1. ORGANIZATION

The National Education Association of the United States (NEA) is a not-for-profit organization incorporated under an Act of the United States Congress. Its mission statement reads: “our mission is to advocate for education professionals and to unite our members and the nation to fulfill the promise of public education to prepare every student to succeed in a diverse and interdependent world.”

To help realize this mission, the NEA adopted a vision of “a great public school for every student.” This vision guided NEA’s strategic plan and budget, which is organized around two Strategic Goals and six Core Function Areas.

The Strategic Goals address two key challenges:

- *Strong Affiliates for Educator Voice and Empowerment* – NEA will partner with state and local affiliates to strengthen their organizational capacity to: secure opportunities for empowered educators to transform the conditions of teaching and learning through supportive policies, practices, and structures; engage and continually deepen relationships with and relevance to members; and grow Association membership and strength while thwarting attacks on member rights and union strength.
- *Empower Educators for Successful Students* – In partnership with state and local affiliates, parents, and communities, NEA will enhance the quality of education professions by supporting the development of educators across their professional continuums for empowerment roles that elevate the quality of professional practice, shape the future of teaching and learning, achieve educational opportunity and equity, advance national, state, and district level policies, and create solutions designed to improve student outcomes.

The Core Function Areas address key, ongoing programs and services essential to NEA and our work:

- *Research, Policy, and Practice* – In partnership with state and local affiliates and allied organizations, NEA will research and synthesize key learnings to develop, identify, and implement national, state, and district policies that facilitate successful practices and models for teaching and learning that promote student success.
- *Organizing* – In partnership with state and local affiliates, parents, and communities, NEA will organize to grow and strengthen our Association at all levels to improve student outcomes, secure the proper teaching and learning conditions, and achieve educational opportunity and equity for all students.
- *Advocacy and Outreach* – NEA and its affiliates, in partnership with parents, communities, and allied organizations, will advocate educators’ views to national, state, and district policymakers, stakeholders, and the public to advance policy that achieves equity of opportunity, access, and excellence for students in public education; promotes social, economic, and racial justice for America’s students and their families; and secures members’ rights and greater empowerment as experts to determine and shape optimal conditions for teaching and learning.

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017

NOTE 1. ORGANIZATION (CONTINUED)

- *Communications* – NEA will utilize the best communication strategies to advance the organization’s mission and vision by understanding key audiences, engaging state and local affiliates, members, partners, parents and communities, coordinating message development and delivery across the Association, and enhancing the Association’s brand and reputation.
- *Business Operations* – NEA will administer the business operations in a manner that supports the changing needs and priorities of the organization by ensuring efficient and effective infrastructure and sound strategic and fiscal management, leveraging technology, and strengthening the Association’s human capital.
- *Governance* – NEA will develop and maintain leadership development and decision-making structures and processes across the Association and its affiliates that clearly advance the organization’s mission and vision.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation – The consolidated financial statements include the accounts of NEA and its wholly owned subsidiaries: NEA Properties, Inc. (NEAPI), NEA’s Member Benefits Corporation (MBC), and MBC’s wholly-owned subsidiary, the NEA Professional Services Corporation, NEA Advocacy Fund, NEA 360 LLC, and an affiliated entity, National Education Employees Assistance Fund, Inc. (NEEAF). NEAPI’s primary purpose is to hold title to and manage certain commercial real property in Indiana, collect income from that property and periodically surrender the net proceeds derived to NEA. MBC serves as a contractor for NEA’s member benefits functions. The NEA Advocacy Fund was established as a separate segregated fund to engage in exempt function advocacy. The NEA Advocacy Fund is registered with the Federal Election Commission and files reports with the FEC as required. NEA 360 LLC is an entity that was established to finance and implement a new state-of-the-art membership management system (the NEA360 System) in furtherance of NEA’s mission of advancing public education and MBC’s mission to develop and promote member benefits. NEEAF is combined with the accounts of NEA due to common control and an economic interest. All intercompany accounts and transactions have been eliminated in consolidation.

Measure of Operations – NEA includes in its measure of operations all revenue and expenses that are integral to its continuing core program services with the key objective being predictability of indicated results. Non-operating income and expenses include defined benefit pension charges included in the change in pension obligation other than net periodic pension cost and other charges.

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting – The accompanying consolidated statements are prepared on the accrual basis of accounting. To ensure observance of its bylaws, the resources of NEA are classified internally for accounting and reporting purposes into funds established according to their nature and purpose. The assets, liabilities, net assets, and changes in net assets are reported in the following two fund groups:

- **General Operating Fund** – The bylaws of NEA provide that the General Operating Fund shall comprise all income received in the form of dues, interest, dividends, fees, earnings from advertising, sales of NEA publications, payments for services, and funds received by gift, bequest, devise, or transfer to NEA, which are not specifically designated for deposit in the Capital Improvement Fund.
- **Special Purpose Funds** – The Special Purpose Funds are grouped for reporting purposes into Related Entity, Bylaw, and Other Special Purpose Funds. The Related Entity Special Purpose Funds are Member Benefits Corporation (MBC), NEA Properties, Inc. (NEAPI), NEA 360 LLC, NEA Advocacy Fund, and the National Education Employees Assistance Fund (NEEAF). The Bylaw mandated Special Purpose Funds are the Capital Improvement Fund, Great Public Schools Fund, Special Dues Ballot Fund, Special Dues Media Fund and the UniServ Fund. The Other Special Purpose Funds are the Cash Stabilization, External Partnership Grants, Infrastructure Reserve Fund, National Issues Advancement Fund, Membership Organizing, and the NEA-Life Membership Fund.

Use of Estimates – The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the deferred revenue, useful life of fixed assets, pension liability, reserve for uncollectible receivables, reserve for contingent liabilities, and deferred tax. Actual results could differ materially, in the near term, from the amounts reported.

Concentration of Risks – Financial instruments that potentially subject NEA to significant concentrations of credit risk principally consist of cash, accounts receivable, and investments. NEA places its cash in a financial institution that is federally insured under the Federal Deposit Insurance Corporation (FDIC). At August 31, 2018, the cash aggregate balances were in excess of the FDIC insurance limits by approximately \$234,940,000 and therefore, bear some risk, since they were not collateralized. NEA has not experienced any losses on its cash to date related to FDIC insurance limits.

MBC had material revenues from two entities representing approximately 75% and 77% of revenues for the years ended August 31, 2018 and 2017, respectively.

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents – Cash equivalents consist of interest-bearing deposits and securities with original maturity of less than three months when purchased and are recorded at cost, which approximates fair value.

Investments – Investments consist of mutual funds and exchange traded funds and are recorded at fair value, with any gains or losses reflected in the consolidated statements of activities and changes in net assets. Net realized gains from operating activities were \$778,389 and \$1,112,090 for the years ended August 31, 2018 and 2017, respectively. The net unrealized gain included in operating activities was \$984,747 and the unrealized loss included in non-operating activities was \$(92,285), for a total net unrealized gain of \$892,462 for the year ended August 31, 2018. The net unrealized gain included in operating activities was \$201,034 and the unrealized gain included in non-operating activities was \$73,737, for a total net unrealized gain of \$274,771 for the year ended August 31, 2017.

Property and Equipment – Property and equipment are recorded at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets. The estimated useful lives range from 2 to 15 years for furniture, fixtures, and equipment and 25 to 40 years for buildings and leasehold improvements.

NEA capitalizes direct costs incurred during the application development and implementation stages for developing software for internal use. These software costs are depreciated using the straight-line method over the estimated useful life of the software, generally three to ten years. All costs incurred during the preliminary project stage are expensed as incurred.

Depreciation and amortization expense was \$5,004,936 and \$4,174,808 for the years ended August 31, 2018 and 2017, respectively, and is reflected in NEA's support services expenses in the consolidated statements of activities and changes in net assets.

Accrued Severance Payable – NEA has a policy entitling employees with over 10 years of service to severance pay equal to 10 weeks of salary. NEA's accrued severance pay has been calculated in accordance with Accounting Standards for *Compensation-Nonretirement Postemployment Benefits*.

NEA-Life Membership Fund (NEA-Life) – NEA offers life membership through a Special Purpose Fund known as the NEA-Life Membership Fund. NEA-Life dues qualify retired members for certain services provided to active members, as well as services designed specifically for retired persons. NEA-Life dues income is recorded as deferred income when received and amortized using the straight-line method over the estimated life expectancy of its members.

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Membership Dues – Membership dues are recognized as income over the membership year, which is September 1 through August 31. Dues are assessed to members as provided in the bylaws. An estimated provision for uncollectible receivables, write-offs, and cancellations is charged against membership dues revenues.

In accordance with the bylaws, a percentage of the membership dues is allocated to UniServ grants, which are included in NEA's program services expenses, whereby NEA provides grants to state affiliates to assist in funding their staff representatives, whose responsibilities are to implement, improve, and coordinate programs of NEA and the state affiliates.

Program Revenue – MBC's program revenues from suppliers represent fees from contracts with various program suppliers. Fees are recognized as revenue in the period in which they are earned. Revenue received in advance and not yet earned is deferred to the applicable period and included on the balance sheet as deferred revenue.

Rental Revenue – NEAPI leases office space to various tenants. Certain leases allow for reimbursement of operating costs and/or increase in rent based on increases in real estate taxes and operating expenses.

Income Taxes – NEA follows the authoritative guidance relating to accounting for uncertainty in income taxes included in the Accounting Standards Codification (ASC) Topic on *Income Taxes*. These provisions provide consistent guidance for the accounting for the uncertainty in income taxes recognized in an entity's 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. NEA believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements. NEA Form 990, *Return of Organization Exempt from Income Tax*, for the fiscal years 2015 through 2017, are subject to examination by the Internal Revenue Service (IRS), generally for three years after they were filed.

New Accounting Pronouncements – In August 2016, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 represents phase 1 of FASB's Not-for-Profit financial reporting project and reduces the number of net asset classes, requires expense presentation by functional and natural classification, requires quantitative and qualitative information in liquidity, retains the option to present the cash flow statement on a direct or indirect method as well as includes various other additional disclosure requirements. ASU 2016-14 is effective for annual reporting periods beginning after December 15, 2017 with retrospective application. Early adoption of ASU 2016-14 is permitted. The requirements of this statement are effective for NEA for the fiscal year ending August 31, 2019.

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In February 2016, FASB issues ASU 2016-02, *Leases*. ASU 2016-02 requires entities to recognize all leased assets as assets on the statement of financial position with a corresponding liability resulting in a gross up of the statement of financial position. Entities will also be required to present additional disclosures regarding the nature and extent of leasing activities. ASU 2016-02 is effective for non-public entities for the annual reporting period beginning after December 31, 2018. The requirements of this statement are effective for NEA for the fiscal year ending August 31, 2020. The Association has not evaluated the impact of this statement.

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. This ASU establishes principles for reporting useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers. Particularly, that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The requirements of this statement are effective for NEA for the fiscal year ending August 31, 2019.

NOTE 3. INVESTMENTS

Investments, at fair value, consist of the following at August 31:

	<u>2018</u>	<u>2017</u>
Equity securities		
Mutual funds – common stocks	\$ 15,335,959	\$ 12,347,118
Exchange traded funds	<u>7,003,035</u>	<u>7,043,979</u>
Total equity securities	<u>22,338,994</u>	<u>19,391,097</u>
Debt securities		
Mutual funds – fixed income	<u>22,330,016</u>	<u>22,354,291</u>
Total debt securities	<u>22,330,016</u>	<u>22,354,291</u>
Total investments	<u>\$ 44,669,010</u>	<u>\$ 41,745,388</u>

NOTE 4. NOTES RECEIVABLE

On May 16, 2009, NEA entered into a long-term promissory note agreement with the Indiana State Teachers Association (ISTA) to provide supplemental support and direct loans. The promissory note was unsecured and bore interest at one half of one percent above the London Interbank Offered Rate (LIBOR) per annum. On January 13, 2014, the promissory note was reduced to \$15,000,000 and is payable in full on or before January 1, 2028. The new loan bears a fixed interest rate of 2.5%. ISTA will receive an annual discount equivalent to the annual interest accrued if all payments are received by due dates for the fiscal year. As of August 31, 2018 and 2017, the total outstanding note balance is \$9,500,000 and \$10,500,000, respectively. Due to the unsecure nature of the ISTA promissory note, NEA recognized an uncollectible allowance of \$6,125,680 for fiscal years ended August 31, 2018 and 2017.

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017

NOTE 4. NOTES RECEIVABLE (CONTINUED)

On March 1, 2016, NEA entered into a five-year promissory note agreement with National Board for Professional Teaching Standards (NBPTS). The promissory note is secured and bears no interest. As of August 31, 2018 and 2017, the outstanding note balance is \$900,000 and \$950,000, respectively.

On February 7, 2017, NEA entered into a three-year promissory note agreement with Mississippi Association of Educators (MAE). The promissory note is secured and bears an annual interest rate of 3.5%. As of August 31, 2018 and 2017, the outstanding note balance is \$111,111 and \$177,778, respectively.

On February 28, 2018, NEA entered into a three-year loan agreement with Nevada State Education Association. The loan will bear a fixed rate of interest of 3.5%. No interest shall be accrued prior to the conclusion of NSEA vs. CCEA Litigation. As of August 31, 2018, the outstanding loan balance is \$1,200,000.

The total outstanding note receivable balance at August 31, 2018 is reported at \$5,585,431 in the accompanying financial statements, which represents the total note amount of \$11,711,111, net of the allowance of \$6,125,680.

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at August 31:

	<u>2018</u>	<u>2017</u>
Land		
NEA headquarters	\$ 1,753,777	\$ 1,753,777
MBC headquarters	837,002	837,002
NEA Properties	1,943,982	1,943,982
Building improvements		
NEA headquarters	83,569,469	83,406,560
MBC headquarters	7,683,733	7,434,330
NEA Properties	16,922,186	16,261,892
Furniture, fixtures, and equipment	30,211,882	29,476,010
Software development costs	<u>65,009,364</u>	<u>63,088,476</u>
	207,931,395	204,202,029
Less: accumulated depreciation and amortization	<u>(145,096,279)</u>	<u>(140,091,343)</u>
Total property and equipment	<u>\$ 62,835,116</u>	<u>\$ 64,110,686</u>

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017

NOTE 6. COMMITMENTS AND CONTINGENCIES

MBC leases office space and personal property under non-cancelable operating leases that expire over the next year.

Future minimum lease payments, under agreements classified as operating leases with noncancelable terms in excess of one year, are as follows:

Year Ended August 31,	
2019	\$ 16,122

Personal property lease expense was \$111,124 and \$103,447 for the years ended August 31, 2018 and 2017, respectively.

The Department of Labor has been reviewing certain issues surrounding the NEA Members Insurance Plan of which NEA is the sponsor and administrator. The status and outcome of this review is unknown at this time.

NOTE 7. RETIREMENT BENEFITS

Employees' Retirement Plan of the National Education Association of the United States – NEA participates in a multiemployer, defined benefit retirement plan for NEA employees that covers substantially all permanent employees. On June 1, 2009, the plan was amended to require employee contributions at a rate of 3.5% for employees hired by NEA on or after June 9, 2009. NEA employs approximately 45% of the employees covered under the plan; the remaining 55% are employees of participating state and local affiliates of NEA.

NEA contributes to the multiemployer pension plan jointly administered by NEA's management and union representatives. The risk of participating in U.S. multiemployer pension plans is different from single employer pension plans in the following aspects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits of employment to other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If NEA stops participating in its multiemployer pension plan, it may be required to pay the plan an amount based on the underfunded status of the entire plan.

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017

NOTE 7. RETIREMENT BENEFITS (CONTINUED)

NEA's participation in the above defined benefit plan for the years ended August 31, 2018 and 2017 is outlined in the following table. All information in the table is as of August 31 of the relevant year unless otherwise noted. The Pension Protection Act (PPA) zone status column ranks the funded status of multiemployer pension plans depending upon a plan's current and projected funding. The zone status is based on information that the NEA received from the plan. Among other factors, the plan is in the Red Zone (Critical) if it has a current funded percentage of less than 65%. A plan is in the Yellow Zone (Endangered) or Orange Zone (Seriously Endangered) if it has a current funded percentage of less than 80%, or projects a credit balance deficit within seven years. A plan is in the Green Zone (Healthy) if it has a current funded percentage greater than 80% and does not have a projected credit balance deficit within seven years.

The following table contains information about NEA's multiemployer pension plan for the years ended December 31, 2017 and 2016.

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status December 31,		Contributions from NEA		Employer Contributions (Y/N)		Expiration Date of Collective-Bargaining Agreement
		2017	2016	8/31/18	8/31/17	2017	2016	
Employees' Retirement Plan of the National Education Association of the United States	53-0115260	Green	Green	\$ 21,455,200	\$ 22,126,390	Y	Y	AFSE 6/1/2017 to 5/31/2020; IUOE 2/1/2017 to 1/31/2019; NEASO 6/1/2018 to 5/31/2021

For the years ended December 31, 2017 and 2016, NEA was listed on the Plan's 5500 as providing more than five (5) percent of the total contributions for the Plan years. NEA currently has no intention of withdrawing from this multiemployer pension plan.

NEA – 401(k) Retirement Savings Plan – NEA's employees are also eligible to participate in the 401(k) Retirement Savings Plan of the National Education Association (the Plan) in which the employee can make voluntary, tax-deferred contributions within specified limits. The Plan was established under the provisions of Internal Revenue Code Subsection 401(k) and has received a favorable determination as to its tax status. NEA's contributions to the Plan amounted to \$272,853 and \$573,094 for the years ended August 31, 2018 and 2017, respectively.

NEA – Postretirement Benefit Plan – In addition to providing pension benefits, NEA provides certain healthcare and life insurance benefits to retirees. Prior to March 1, 2000, NEA provided these benefits under a single employer defined postretirement plan.

Effective March 1, 2000, NEA established and adopted the National Education Association and Affiliate Retiree Health Plan (the Plan) and Trust (the Trust) for the purpose of providing certain healthcare and life insurance benefits to eligible and retired employees of NEA and to participating affiliates. The Plan is a multiemployer postretirement benefits plan. The Internal Revenue Service has approved the Plan and the Trust.

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017

NOTE 7. RETIREMENT BENEFITS (CONTINUED)

As a result of the adoption of the multiemployer plan, the Trust assumed the responsibility for the payment of benefits and all future obligations under the Plan. NEA's liability under the single employer plan as of March 1, 2000, which amounted to \$29,427,901 was recognized as a non-operating charge in NEA's consolidated statements of activities and changes in net assets. As of August 31, 2018 and 2017, none of NEA's net assets were reserved for postretirement benefit obligation.

Postretirement benefit expense under the multiemployer plan was \$18,603,900 and \$12,186,000 for the years ended August 31, 2018 and 2017, respectively.

MBC – 401(k) Salary Deferral Plan – NEA's Member Benefits Corporation (MBC) maintains a Section 401(k) cash or deferred plan in which the employee can make voluntary, tax-deferred contributions within specified limits. The Plan was established under the provision of the Internal Revenue Code Subsection 401(k) and has received a favorable determination as to its tax status.

MBC's contributions to the Plan, based upon a set percentage of employee contributions, amounted to \$285,057 and \$264,415, for the years ended August 31, 2018 and 2017, respectively.

MBC – Defined Contribution Plan – MBC maintains a Defined Contribution Plan and Trust, which is noncontributory for MBC's employees, and covers substantially all members of the NEA Staff Organization (NEASO) Collective Bargaining Unit. MBC contributes to the Plan a percentage of compensation as set forth in a collective bargaining agreement with NEASO. MBC's contributions to the Plan during the years ended August 31, 2018 and 2017 were \$761,557 and \$735,816, respectively.

MBC – Defined Benefit Plan – MBC maintains a noncontributory defined benefit pension plan covering substantially all employees not covered by a collective bargaining agreement. MBC has an August 31 measurement date for its pension plan.

Benefit obligation, plan assets, and the funded status of the Plan at August 31, were as follows:

	<u>2018</u>	<u>2017</u>
Benefit obligation	\$ 36,251,180	\$ 33,531,874
Fair value of plan investments	\$ 54,812,742	\$ 49,551,615
Funded status of the Plan	\$ 18,561,562	\$ 16,019,741

The discount rate used in the calculation of the benefit obligation increased to 4.00% from 3.75%.

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017

NOTE 7. RETIREMENT BENEFITS (CONTINUED)

Contributions to the Plan and benefits paid for the year ended August 31, were as follows:

	<u>2018</u>	<u>2017</u>
Employer contributions	\$ 2,400,000	\$ –
Benefits paid	\$ 725,213	\$ 633,016

Amounts recognized in the Statements of Financial Position consisted of:

	<u>2018</u>	<u>2017</u>
Non-current assets	\$ 18,561,562	\$ 16,019,741

Amounts recognized in accumulated non-operating income consisted of:

	<u>2018</u>	<u>2017</u>
Net actuarial loss	\$ 9,944,123	\$ 9,559,623
Prior service cost	<u>894,783</u>	<u>1,589,182</u>
Total (before tax effects)	10,838,906	11,148,805
Tax effects	<u>(3,153,284)</u>	<u>(4,256,180)</u>
	<u>\$ 7,685,622</u>	<u>\$ 6,892,625</u>

The accumulated benefit obligation is \$33,672,495 and \$31,176,725 at August 31, 2018 and 2017, respectively.

Net periodic cost is \$168,078 and \$1,615,318 for the years ended August 31, 2018 and 2017, respectively.

Other changes in Plan assets and benefit obligations recognized in non-operating (income) loss (before tax effects) were as follows:

	<u>2018</u>	<u>2017</u>
Net (gain) loss	\$ 1,127,155	\$ (4,333,595)
Recognized gain	(742,655)	(1,836,599)
Amortization of prior service cost	<u>(694,399)</u>	<u>(694,399)</u>
Total recognized in other comprehensive income	<u>\$ (309,899)</u>	<u>\$ (6,864,593)</u>
Total recognized in net periodic benefit cost and other comprehensive income	<u>\$ (141,821)</u>	<u>\$ (5,249,275)</u>

Amounts expected to be recognized in net periodic cost in the coming year are as follows:

Recognized loss	\$ 710,645
Prior service cost recognition	442,160

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017

NOTE 7. RETIREMENT BENEFITS (CONTINUED)

Weighted-average assumptions used to determine benefit obligations at August 31, were as follows:

	<u>2018</u>	<u>2017</u>
Discount rate	4.00%	3.75%
Rate of salary increases	4.00%	4.00%

Weighted-average assumptions used to determine net periodic benefit cost for the years ended August 31 were as follows:

	<u>2018</u>	<u>2017</u>
Discount rate	3.75%	3.25%
Rate of salary increases	4.00%	4.00%
Expected long-term rate of return of asset	8.00%	8.00%

MBC determines the long-term expected rate of return on Plan assets by examining historic capital market returns, correlations between asset classes and the Plan's normal asset allocation. Current and near-term market factors such as inflation and interest rates are then evaluated to arrive at the expected return on Plan assets. Peer group, or benchmarking data are also reviewed to ensure a reasonable and appropriate return assumption.

MBC utilizes a total return investment approach based on modern portfolio theory. Multiple asset classes are implemented in order to obtain the benefits of diversification and maximize long-term total return for a given level of risk. Risk tolerance is developed by reviewing the funded status of the Plan, duration of the Plan liabilities, the income and liquidity requirements, legal constraints, and the financial condition of MBC. The investment portfolio is comprised of a diversified combination of equities, fixed income securities, alternative investments, and cash equivalents. MBC's investment policy states that the target allocations for plan assets are 64% equity securities, 22% fixed income securities, 10% alternative investments, and 4% cash equivalents. The allocation among equities and fixed income securities is determined by prevailing market conditions and relative valuations between asset classes. The Plan's financial condition is monitored on an ongoing basis by means of quarterly investment portfolio reviews, an annual independent actuarial valuation, and periodic asset/liability studies.

Pension plan allocations at August 31, were as follows:

	<u>2018</u>	<u>2017</u>
Equities	58%	62%
Fixed income securities	23%	19%
Alternative investments	10%	14%
Cash equivalents	9%	5%
Total	<u>100%</u>	<u>100%</u>

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017

NOTE 7. RETIREMENT BENEFITS (CONTINUED)

The fair value of MBC's pension plan investments at August 31, 2018 by asset class are as follows (Levels defined in Note 13):

Asset Class	Fair Value Measurements at Reporting Date Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	\$ 4,696,287	\$ 4,696,287	\$ -	\$ -
Equity securities:				
U.S. large-cap	15,125,756	15,125,756	-	-
U.S. mid-cap	5,779,671	5,779,671	-	-
U.S. small-cap	2,882,513	2,882,513	-	-
REIT	2,509,628	2,509,628	-	-
International	4,285,348	4,285,348	-	-
Emerging markets	1,211,350	1,211,350	-	-
Other investment funds:				
Equity long/short (a)	3,370,544	3,370,544	-	-
Fixed income securities:				
U.S. fixed income	10,871,362	10,871,362	-	-
International fixed income	1,861,350	1,861,350	-	-
Alternative investments:				
Hedge funds (b)	2,218,933	-	-	2,218,933
	<u>\$ 54,812,742</u>	<u>\$ 52,593,809</u>	<u>\$ -</u>	<u>\$ 2,218,933</u>

(a) This mutual fund class includes funds that by prospectus, have the ability to take both long and short positions within the portfolio. The primary investment vehicle is Exchange Traded Funds (ETFs). The manager of this fund has the ability to rotate investments between various equity styles: value, growth and/or blended, as well as multiple market capitalizations: large-cap, mid-cap, and small-cap.

(b) This is a private, commingled investment vehicle which is not registered as an investment company, issues securities only to accredited investors or qualified purchases under an exemption from registration and engages primarily in strategic trading of securities and other financial instruments.

A reconciliation of fair value measurements using significant unobservable inputs (Level 3) as of August 31, 2018 was as follows:

Beginning balance – 9/1/2017	\$ 3,555,793
Sale	(1,528,139)
Net gain (realized/unrealized)	<u>191,279</u>
Ending balance – 8/31/2018	<u>\$ 2,218,933</u>

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017

NOTE 7. RETIREMENT BENEFITS (CONTINUED)

The fair value of MBC's pension plan assets at August 31, 2017 by asset class are as follows:

Asset Class	Total	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	\$ 2,748,216	\$ 2,748,216	\$ -	\$ -
Equity securities:				
U.S. large-cap	15,943,437	15,943,437	-	-
U.S. mid-cap	4,042,116	4,042,116	-	-
U.S. small-cap	3,917,241	3,917,241	-	-
REIT	1,895,324	1,895,324	-	-
International	3,642,188	3,642,188	-	-
Emerging markets	1,110,439	1,110,439	-	-
Other investment funds:				
Equity long/short (a)	3,377,273	3,377,273	-	-
Fixed income securities:				
U.S. fixed income	7,833,905	7,833,905	-	-
International fixed income	1,485,683	1,485,683	-	-
Alternative investments:				
Hedge funds (b)	<u>3,555,793</u>	<u>-</u>	<u>-</u>	<u>3,555,793</u>
	<u>\$ 49,551,615</u>	<u>\$ 45,995,822</u>	<u>\$ -</u>	<u>\$ 3,555,793</u>

(a) This mutual fund class includes funds that by prospectus, have the ability to take both long and short positions within the portfolio. The primary investment vehicle is Exchange Traded Funds (ETFs). The manager of this fund has the ability to rotate investments between various equity styles: value, growth and/or blended, as well as multiple market capitalizations: large-cap, mid-cap, and small-cap.

(b) This is a private, commingled investment vehicle which is not registered as an investment company, issues securities only to accredited investors or qualified purchases under an exemption from registration, and engages primarily in strategic trading of securities and other financial instruments.

A reconciliation of fair value measurements using significant unobservable inputs (Level 3) as of August 31, 2017 was as follows:

Beginning balance – 9/1/2016	\$ 3,565,041
Net losses (realized/unrealized)	<u>(9,248)</u>
Ending balance – 8/31/2017	<u>\$ 3,555,793</u>

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017

NOTE 7. RETIREMENT BENEFITS (CONTINUED)

The following estimates and assumptions were used to determine the fair value of each class of financial instruments listed above:

- *Cash Equivalents* – Cash equivalents include cash deposits in investment funds, money market funds, and short-term U.S. Treasury securities, which are actively traded. Cash equivalents are priced using independent market prices in the primary trading market and are classified as Level I based on the availability of quotes for identical assets.
- *Equity Securities* – Equity investments include stocks, separately held accounts, and mutual funds. These securities are valued daily based on the quoted market price at the end of the business day. These assets, which are grouped by investment objective, consist of publicly traded securities, diversified globally, and are classified as Level I.
- *Fixed Income Securities* – These assets include mutual funds with fixed income portfolios. These assets are valued using market prices, such as broker quotes, for the same instruments; as these securities typically trade in active markets, they are categorized as Level I.
- *Alternative Investments* – Valued based on information provided by Fund manager.

For the 2019 plan year, the MBC's funding policy is to contribute at least the amount of the Funding Target Normal Cost for the fiscal year ending August 31, 2019.

Benefit payments expected to be paid over the next five years and accumulated over the five years thereafter are as follows as of August 31:

2019	\$ 950,141
2020	1,137,482
2021	1,308,339
2022	1,481,060
2023	1,646,862
2024–2028	10,174,451

NOTE 8. NATIONAL EDUCATION EMPLOYEES ASSISTANCE FUND, INC.

The National Education Employee Assistance Fund, Inc. (NEEAF) is a nonprofit corporation established to guarantee loans for members of the NEA and participating state affiliates during work stoppages through the pooling of credit of NEEAF and participating state affiliates. Participating state affiliates are required to secure either a letter of credit or designate cash as part of the guarantee. Loans are guaranteed for one year following the end of the work stoppage, unless approved by the NEEAF Board of Directors. Two-thirds of the interest on the loans is paid by the participating state affiliate while NEEAF, pays one-third of the interest. The participating state affiliate and NEEAF share one-half each of any unpaid principal on defaulted loans.

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017

NOTE 8. NATIONAL EDUCATION EMPLOYEES ASSISTANCE FUND, INC. (CONTINUED)

At its annual meeting held on June 29, 2017, the members of NEEAF unanimously authorized the dissolution of NEEAF as an entity. As of August 31, 2018, all participating state affiliates withdrew their membership from NEEAF and, as a result, NEEAF ceased to exist as an entity. NEEAF is still obligated for its share of interest and defaulted loans on all outstanding loans as of August 31, 2018 through their maturity dates. The outstanding loans at year-end mature between October 2018 and April 2019. NEEAF accrued \$42,718 to fulfill its obligation for payment of any interest expense and defaulted loan principal for loans outstanding as of August 31, 2018.

NOTE 9. THE NEA FOUNDATION FOR THE IMPROVEMENT OF EDUCATION

The NEA Foundation for the Improvement of Education (NFIE) was created in 1969 by NEA as a tax-exempt public charity to improve the quality of public education in the United States. The NFIE has a separate Board of Directors and operates independently of NEA. Accordingly, the accompanying financial statements do not include the activities of NFIE.

The NFIE empowers public education employees to innovate, take risks, and become agents for change to improve teaching and learning in our society.

During the years ended August 31, 2018 and 2017, payments totaling \$1,844,132 and \$1,878,509, respectively, were made to NFIE for an endowment that will help fund programs to meet critical needs of students and education employees in years to come. Such amounts are reflected as reductions in "NEA Programs - Dues" in the consolidated statements of activities and changes in net assets for the years ended August 31, 2018 and 2017.

NOTE 10. NEA MEMBERS INSURANCE TRUST

The National Education Association Members Insurance Trust (NEA-MIT) was organized to provide certain employee welfare benefits to NEA members and their dependents, pursuant to the NEA Members Insurance Plan.

NEA is the sponsor and administrator of the welfare plans that NEA-MIT provides. NEA may appoint and remove the trustees of NEA-MIT. NEA-MIT maintains an agreement with MBC to provide administrative and promotional services for the programs.

NEA and NEA-MIT have an agreement whereby NEA provided systems administration, maintenance, software development and facilities management in the amount of \$603,705 and \$607,197 for the years ended August 31, 2018 and 2017, respectively.

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017

NOTE 11. INCOME TAXES

Under provisions of Section 501(c) of the Internal Revenue Code and the applicable income tax regulations of the District of Columbia, NEA is exempt from taxes on income, other than taxes on unrelated business income.

MBC follows the liability method of accounting for income taxes as required by the FASB Accounting Standards *Income Taxes*. Income tax expense is recognized based on the amount of income taxes currently payable or refundable plus the net change during the year in the deferred tax liability or asset. The current or deferred tax consequences of all events that have been recognized in the consolidated financial statements are measured based on provisions of enacted tax law.

The (provision) benefit for Federal and State income taxes is included in MBC's support service expenses on the consolidated statements of activities and changes in net assets and consists of the following:

	<u>2018</u>	<u>2017</u>
Current benefit		
Federal	\$ 240,935	\$ 190,682
State	<u>34,394</u>	<u>21,501</u>
	<u>275,329</u>	<u>212,183</u>
Deferred (provision) benefit		
Federal	(1,481,778)	(471,224)
State	<u>74,395</u>	<u>(60,401)</u>
	<u>(1,407,383)</u>	<u>(531,625)</u>
Total	<u>\$ (1,132,054)</u>	<u>\$ (319,442)</u>

A reconciliation of income taxes at the statutory rate to the (provision) benefit for income taxes in the consolidated financial statements is as follows:

	<u>2018</u>	<u>2017</u>
Federal income tax provision at the statutory rate	\$ 755,822	\$ 383,090
State income tax expense, net of federal benefit	91,497	(63,052)
Permanent differences	42,797	(89,323)
Temporary differences	<u>(2,022,170)</u>	<u>(550,157)</u>
Total	<u>\$ (1,132,054)</u>	<u>\$ (319,442)</u>

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017

NOTE 11. INCOME TAXES (CONTINUED)

At August 31, 2018 and 2017, the deferred tax assets and liabilities represent the tax effects of the following temporary differences:

	<u>2018</u>	<u>2017</u>
Assets		
Deferred income	\$ 440,804	\$ 655,695
Accrued vacation	274,263	305,878
State taxes	280,212	350,780
Other	<u>145,425</u>	<u>149,493</u>
Gross deferred tax assets	<u>1,140,704</u>	<u>1,461,846</u>
Liabilities		
Pension costs	(5,461,852)	(6,115,713)
Other	<u>(41,968)</u>	<u>(49,201)</u>
Gross deferred tax liabilities	<u>(5,503,820)</u>	<u>(6,164,914)</u>
Total	<u>\$ (4,363,116)</u>	<u>\$ (4,703,068)</u>

Amounts recognized in the consolidated statements of financial positions at August 31:

	<u>2018</u>	<u>2017</u>
Current		
Deferred tax asset	\$ 384,663	\$ 437,527
Deferred tax liability	<u>(39,248)</u>	<u>(46,873)</u>
	<u>345,415</u>	<u>390,654</u>
Non-current		
Deferred tax asset	756,041	1,024,319
Deferred tax liability	<u>(5,464,572)</u>	<u>(6,118,041)</u>
	<u>(4,708,531)</u>	<u>(5,093,722)</u>
Total	<u>\$ (4,363,116)</u>	<u>\$ (4,703,068)</u>

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017

NOTE 12. CHANGE IN PENSION OBLIGATION OTHER THAN NET PERIODIC PENSION COST

The tax effects allocated to each component of the change in actuarial gain (loss) from the MBC defined benefit plan for the years ended August 31, 2018 and 2017 are:

	2018		
	Before-Tax Amount	Tax (Expense) or Benefit	Net-Tax Amount
Defined Benefit Pension Plan			
Net gain (loss) arising during period	\$ (1,127,155)	\$ 3,880,008	\$ 2,752,853
Recognized gain (loss)	742,655	(2,556,443)	(1,813,788)
Less: amortization of prior service cost included in net periodic pension cost	<u>694,399</u>	<u>(2,390,331)</u>	<u>(1,695,932)</u>
Total pension related other non-operating income (loss)	<u>309,899</u>	<u>(1,066,766)</u>	<u>(756,867)</u>
Unrealized gain from investments:			
Unrealized holding gain arising during period	<u>(92,286)</u>	<u>(665)</u>	<u>(92,951)</u>
Total unrealized gain from investments	<u>(92,286)</u>	<u>(665)</u>	<u>(92,951)</u>
Other non-operating income (loss)	<u>\$ 217,613</u>	<u>\$ (1,067,431)</u>	<u>\$ (849,818)</u>
	2017		
	Before-Tax Amount	Tax (Expense) or Benefit	Net-Tax Amount
Defined Benefit Pension Plan			
Net gain (loss) arising during period	\$ 4,333,595	\$ (1,654,398)	\$ 2,679,197
Recognized gain (loss)	1,836,599	(701,142)	1,135,457
Less: amortization of prior service cost included in net periodic pension cost	<u>694,399</u>	<u>(265,094)</u>	<u>429,305</u>
Total pension related other non-operating income (loss)	<u>6,864,593</u>	<u>(2,620,634)</u>	<u>4,243,959</u>
Unrealized gain from investments:			
Unrealized holding gain arising during period	<u>73,738</u>	<u>88,329</u>	<u>162,067</u>
Total unrealized gain from investments	<u>73,738</u>	<u>88,329</u>	<u>162,067</u>
Other non-operating income (loss)	<u>\$ 6,938,331</u>	<u>\$ (2,532,305)</u>	<u>\$ 4,406,026</u>

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017

NOTE 13. FAIR VALUE MEASUREMENTS

The framework for measuring fair value 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 or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC 820, *Fair Value Measurements*, are described as follows:

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

Level 2 – inputs to the valuation methodology include the following:

- 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 observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation techniques used for assets measured at fair value:

- *Money market funds* – Valued at cost, which approximates fair value. Valuation is from an unadjusted quoted price;
- *Exchange traded funds* – Valued at the closing price reported in an active market in which the securities are traded; and
- *Mutual funds – equity and fixed income securities* – Valued at trading value on an exchange and is calculated at the end of each business day.

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017

NOTE 13. FAIR VALUE MEASUREMENTS (CONTINUED)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while NEA believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table presents NEA's fair value hierarchy for financial assets measured on a recurring basis at August 31, 2018:

	Fair Value Measurements at Reporting Date Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Exchange traded funds	\$ 7,003,035	\$ 7,003,035	\$ -	\$ -
Mutual funds – equity securities				
Growth funds	7,163,919	7,163,919	-	-
Value funds	3,116,892	3,116,892	-	-
Blend funds	5,055,149	5,055,149	-	-
Mutual funds – fixed income securities				
U.S. fixed income fund	22,330,015	22,330,015	-	-
	<u>\$44,669,010</u>	<u>\$44,669,010</u>	<u>\$ -</u>	<u>\$ -</u>

The following table presents NEA's fair value hierarchy for financial assets measured on a recurring basis at August 31, 2017:

	Fair Value Measurements at Reporting Date Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Exchange traded funds	\$ 7,043,979	\$ 7,043,979	\$ -	\$ -
Mutual funds – equity securities				
Growth funds	5,744,744	5,744,744	-	-
Value funds	3,513,130	3,513,130	-	-
Blend funds	3,089,244	3,089,244	-	-
Mutual funds – fixed income securities				
U.S. fixed income fund	22,354,291	22,354,291	-	-
	<u>\$41,745,388</u>	<u>\$41,745,388</u>	<u>\$ -</u>	<u>\$ -</u>

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017

NOTE 14. DESIGNATED NET ASSETS

Designated net assets consist of the following at August 31:

	<u>2018</u>	<u>2017</u>
NEA Advocacy Fund	\$ 374,286	\$ 1,418,286
National Education Employees Assistance Fund	-	29,928
UniServ Fund	644,993	655,497
Special Dues Ballot Fund	65,298,944	65,575,509
Special Dues Media Fund	23,186,343	25,100,834
Great Public Schools Fund	8,491,336	5,557,632
Capital Improvement Fund	<u>23,382,019</u>	<u>25,037,465</u>
	<u>\$ 121,377,921</u>	<u>\$ 123,375,151</u>

NOTE 15. RENTAL INCOME

NEAPI leases office space to various tenants. Certain leases allow for reimbursement of operating costs and/or increase in rent based on increases in real estate taxes and operating expenses. The total rental income for the years ended August 31, 2018 and 2017 were \$1,842,473 and \$1,652,033, respectively.

As of August 31, 2018, the minimum future payments from all non-cancellable leases were as follows:

Year Ending August 31,	
2019	\$ 1,539,374
2020	1,385,501
2021	957,939
2022	921,904
2023	778,114
Thereafter	<u>1,063,196</u>
	<u>\$ 6,646,028</u>

NOTE 16. SUBSEQUENT EVENTS

Management has performed a subsequent event review from September 1, 2018 to December 17, 2018; the date that the consolidated financial statements were available to be issued. This review revealed no material events or transactions which would require an additional adjustment or disclosure in the accompanying consolidated financial statements.

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES AND SUBSIDIARIES

SUPPLEMENTAL SCHEDULE OF FINANCIAL POSITION BY FUND INFORMATION AS OF AUGUST 31, 2018 (WITH COMPARATIVE TOTALS AS OF AUGUST 31, 2017)

	General Operating Fund	Special Purpose Funds	Consolidating Entries	2018 Total Funds	2017 Total Funds
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 104,461,191	\$ 125,414,729	\$ –	\$ 229,875,920	\$ 196,206,086
Membership dues receivable – net	31,086,987	–	–	31,086,987	30,879,433
Amount due from affiliates and other organizations – net	1,703,381	–	(627,726)	1,075,655	1,437,156
Accounts receivable	–	8,360,651	(908,004)	7,452,647	7,762,292
Notes receivable	1,116,666	–	–	1,116,666	1,116,666
Prepaid expenses	3,800,842	1,314,759	–	5,115,601	6,897,273
Amount due from other funds	–	28,324,965	(28,324,965)	–	–
Deferred income taxes	–	345,415	–	345,415	390,654
Other current assets	337,884	–	–	337,884	322,368
Total current assets	<u>142,506,951</u>	<u>163,760,519</u>	<u>(29,860,695)</u>	<u>276,406,775</u>	<u>245,011,928</u>
LONG-TERM ASSETS					
Notes receivable – net	4,468,765	–	–	4,468,765	4,385,432
Deferred rent assets	–	245,461	–	245,461	247,832
Deferred leasing commission	–	311,181	–	311,181	221,844
Investments	–	44,669,010	–	44,669,010	41,745,388
Pension asset	–	18,561,562	–	18,561,562	16,019,741
Property and equipment – net	4,524,820	58,310,296	–	62,835,116	64,110,686
Total long-term assets	<u>8,993,585</u>	<u>122,097,510</u>	<u>–</u>	<u>131,091,095</u>	<u>126,730,923</u>
TOTAL ASSETS	<u>\$ 151,500,536</u>	<u>\$ 285,858,029</u>	<u>\$ (29,860,695)</u>	<u>\$ 407,497,870</u>	<u>\$ 371,742,851</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable	\$ 18,684,519	\$ 7,114,155	\$ –	\$ 25,798,674	\$ 11,981,250
Accrued liabilities	11,902,383	2,208,413	(1,535,730)	12,575,066	10,341,745
Deferred income	–	1,526,631	–	1,526,631	1,681,770
Note payable	–	8,119	–	8,119	–
Accrued annual leave	5,620,396	–	–	5,620,396	6,366,763
Amount due to other funds	28,223,301	–	(28,223,301)	–	–
Amount due to general fund	–	101,664	(101,664)	–	–
Amount held for affiliates and other organizations	1,280,440	–	–	1,280,440	1,235,263
Total current liabilities	<u>65,711,039</u>	<u>10,958,982</u>	<u>(29,860,695)</u>	<u>46,809,326</u>	<u>31,606,791</u>
LONG-TERM LIABILITIES					
Note payable	–	10,751	–	10,751	–
Accrued severance payable	5,805,317	–	–	5,805,317	6,042,740
Deferred income	–	16,048,910	–	16,048,910	15,752,126
Deferred income taxes	–	4,708,531	–	4,708,531	5,093,722
Total long-term liabilities	<u>5,805,317</u>	<u>20,768,192</u>	<u>–</u>	<u>26,573,509</u>	<u>26,888,588</u>
TOTAL LIABILITIES	<u>71,516,356</u>	<u>31,727,174</u>	<u>(29,860,695)</u>	<u>73,382,835</u>	<u>58,495,379</u>
UNRESTRICTED NET ASSETS					
Undesignated net assets	79,984,180	132,752,934	–	212,737,114	189,872,321
Designated net assets	–	121,377,921	–	121,377,921	123,375,151
Total unrestricted net assets	<u>79,984,180</u>	<u>254,130,855</u>	<u>–</u>	<u>334,115,035</u>	<u>313,247,472</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 151,500,536</u>	<u>\$ 285,858,029</u>	<u>\$ (29,860,695)</u>	<u>\$ 407,497,870</u>	<u>\$ 371,742,851</u>

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES AND SUBSIDIARIES

SUPPLEMENTAL SCHEDULE OF FINANCIAL POSITION BY SPECIAL PURPOSE FUND INFORMATION AS OF AUGUST 31, 2018 (WITH COMPARATIVE TOTALS AS OF AUGUST 31, 2017)

	Related Entity Special Purpose Funds	Bylaw Special Purpose Funds	Other Special Purpose Funds	2018 Total Funds	2017 Total Funds
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 14,309,637	\$ 89,744,329	\$ 21,360,763	\$ 125,414,729	\$ 111,714,283
Accounts receivable	8,333,801	–	26,850	8,360,651	7,762,292
Prepaid expenses	1,314,759	–	–	1,314,759	1,714,234
Amount due from general fund	17,794	9,375,706	18,931,465	28,324,965	28,888,607
Deferred income taxes	345,415	–	–	345,415	390,654
Total current assets	<u>24,321,406</u>	<u>99,120,035</u>	<u>40,319,078</u>	<u>163,760,519</u>	<u>150,470,070</u>
LONG-TERM ASSETS					
Deferred rent assets	245,461	–	–	245,461	247,832
Deferred leasing commission	311,181	–	–	311,181	221,844
Investments	6,107,502	–	38,561,508	44,669,010	41,745,388
Pension asset	8,561,562	–	–	18,561,562	16,019,741
Property and equipment – net	34,928,277	23,382,019	–	58,310,296	59,132,244
Total long-term assets	<u>60,153,983</u>	<u>23,382,019</u>	<u>38,561,508</u>	<u>122,097,510</u>	<u>117,367,049</u>
TOTAL ASSETS	<u>\$ 84,475,389</u>	<u>\$ 122,502,054</u>	<u>\$ 78,880,586</u>	<u>\$ 285,858,029</u>	<u>\$ 267,837,119</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable	\$ 5,645,198	\$ 1,468,957	\$ –	\$ 7,114,155	\$ 6,558,787
Accrued liabilities	2,178,951	29,462	–	2,208,413	2,355,277
Deferred income	484,129	–	1,042,502	1,526,631	1,681,770
Notes payable	8,119	–	–	8,119	–
Amount due to general fund	–	–	101,664	101,664	1,471
Total current liabilities	<u>8,316,397</u>	<u>1,498,419</u>	<u>1,144,166</u>	<u>10,958,982</u>	<u>10,597,305</u>
LONG-TERM LIABILITIES					
Notes payable	10,751	–	–	10,751	–
Deferred income	1,331,411	–	14,717,499	16,048,910	15,752,126
Deferred income taxes	4,708,531	–	–	4,708,531	5,093,722
Total long-term liabilities	<u>6,050,693</u>	<u>–</u>	<u>14,717,499</u>	<u>20,768,192</u>	<u>20,845,848</u>
Total liabilities	<u>14,367,090</u>	<u>1,498,419</u>	<u>15,861,665</u>	<u>31,727,174</u>	<u>31,443,153</u>
UNRESTRICTED NET ASSETS					
Undesignated net assets	69,734,013	–	63,018,921	132,752,934	113,018,815
Designated net assets	374,286	121,003,635	–	121,377,921	123,375,151
Total unrestricted net assets	<u>70,108,299</u>	<u>121,003,635</u>	<u>63,018,921</u>	<u>254,130,855</u>	<u>236,393,966</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 84,475,389</u>	<u>\$ 122,502,054</u>	<u>\$ 78,880,586</u>	<u>\$ 285,858,029</u>	<u>\$ 267,837,119</u>

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES

GENERAL OPERATING FUND – SUPPLEMENTAL SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEAR ENDED AUGUST 31, 2018

	Budget (Unaudited)	Actual
UNRESTRICTED REVENUES		
Membership income	\$ 367,995,300	\$ 371,946,803
Other income	590,000	592,798
NFIE endowment allocation	(1,885,300)	(1,844,132)
TOTAL UNRESTRICTED REVENUES	<u>366,700,000</u>	<u>370,695,469</u>
EXPENSES BY STRATEGIC GOALS AND CORE FUNCTION AREAS		
Goals' Shared Tactics		
1. Organize for educator empowerment by engaging educators in the use of collective power to create opportunities for educators' voices to be elevated on issues that matter to them	8,014,025	7,411,910
2. Partner with affiliates to support Association and member led initiatives that involve key education stakeholders to assure quality public educational options	1,961,510	1,140,233
3. Partner with affiliates to develop message strategies and train messengers to engage stakeholders and shape narrative on students having better outcomes and public education having a stronger impact	329,481	305,368
4. Develop a system for integrating and managing data to support the identification of threats and opportunities and to enhance effectiveness in member engagement	11,980,072	13,835,509
Total Goals' Shared Tactics	<u>22,285,088</u>	<u>22,693,020</u>
Strong Affiliates for Educator Voice and Empowerment		
1. Partner with affiliates to advance political, legislative and issue campaigns that secure educator voice	35,284,430	39,469,148
2. Partner with affiliates to secure opportunities to codify the inclusion of educator voice in decision-making	735,074	1,708,862
3. Partner with affiliates to achieve financial stability and sustainable fiscal health	1,038,708	657,447
Total Strong Affiliates for Educator Voice and Empowerment	<u>37,058,212</u>	<u>41,835,457</u>
Empowered Educators for Successful Students		
1. Partner with affiliates to assure quality professional practice among educators	12,829,192	12,899,372
2. Partner with affiliates to improve affiliate capacity for assuring quality professional practice and growth	4,468,732	4,609,383
3. Partner with affiliates to engage members in assuring quality public education and student-centered policies and practices	556,702	94,705
4. Partner with affiliates to improve member capacity to raise their voices and participate in education decision making that shape teaching and learning	1,702,137	1,825,383
Total Empowered Educators for Successful Students	<u>19,556,763</u>	<u>19,428,843</u>
Research, Policy, and Practice		
1. Analyze federal legislation and regulations and advocate and provide information and technical assistance for affiliates and members	522,526	577,563
2. Provide research, information, and expertise to support efforts to improve teaching and learning	1,170,400	1,657,324
Total Research, Policy, and Practice	<u>1,692,926</u>	<u>2,234,887</u>
Organizing		
1. In partnership with state and local affiliates, parents, and communities, NEA will organize to grow and strengthen the Association at all levels	101,621,420	98,721,156
Total Organizing	<u>101,621,420</u>	<u>98,721,156</u>

(continued)

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES

GENERAL OPERATING FUND – SUPPLEMENTAL SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEAR ENDED AUGUST 31, 2018

	<u>Budget (Unaudited)</u>	<u>Actual</u>
Advocacy and Outreach		
1. Advance and pass pro-public education legislation and policy maintaining focus on students most in need	\$ 2,394,172	\$ 3,004,293
2. Provide legal services and insurance programs to support employees, members, students, state affiliates and external partnerships	45,003,445	40,838,073
3. Conduct a strategic approach to outreach that leads to meaningful partnerships and organizing opportunities	7,329,936	7,901,537
4. Mobilize and empower educators through Association-led leadership training and development	2,240,244	1,794,917
5. Support the Association's efforts to achieve Great Public Schools through federal legislation	1,123,297	435,805
6. Provide technical assistance and support to NEA leaders to advance policy and practice that supports NEA's mission, vision, and core values	951,323	138,081
Total Advocacy and Outreach	<u>59,042,471</u>	<u>54,112,706</u>
Communications		
1. Develop national communications strategies, resources, and tools to build capacity in state affiliates and partner with them to conduct political, legislative, and issue campaigns	1,358,379	1,537,249
2. Develop multi-level communications strategies, leverage resources, and tools to build capacity to increase member engagement and activism; design and execute strategic multi-disciplinary communications campaigns	1,074,201	638,839
3. Plan and execute special projects and events that strengthen the NEA brand and reputation	797,577	634,150
4. Provide affiliate communications strategic support, training, and services	4,133,533	4,057,823
5. Provide communication capabilities assessment, strategic planning, personnel training, product production, campaign execution support, and campaign performance analysis	1,316,553	1,128,500
6. Plan and execute strategic communications initiatives for NEA projects, for organizing campaign, and produce its member publications	25,551,565	25,772,284
Total Communications	<u>34,231,808</u>	<u>33,768,845</u>
Business Operations		
1. Provide financial and legal support to NEA and affiliates to enhance ability to conduct Association business and meet regulatory requirements	15,220,222	20,827,540
2. Provide human resources support to workforce planning and manage human capital operations	11,656,002	8,077,001
3. Provide infrastructure and organization support to lead, direct, and align NEA's programs and services	11,167,903	15,162,688
4. Provide organization and strategy development by conducting on-going Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis	6,165,699	6,680,903
5. Provide technology support to applications, systems, infrastructure and delivery of technology-related products and services for current and future needs of the Association	16,360,130	16,471,176
6. Provide facility management, operational support, meeting logistics and print media production	14,014,902	12,778,161
Total Business Operations	<u>74,584,858</u>	<u>79,997,469</u>
Governance		
1. Facilitate and support well-informed decision making by the Executive Officers and Committee, Board of Directors, and Representative Assembly	9,446,135	9,312,203
2. Engage, support, and align well-informed deliberations of appointed committees and councils	560,119	375,331
3. Engage the voice of Association leadership to align priorities and relationships that advance NEA's goals	1,323,870	1,416,829
4. Develop, identify and deliver competency-based leadership development	3,399,665	3,668,048
Total Governance	<u>14,729,789</u>	<u>14,772,411</u>
Total Operating Fund Expenses	<u>364,803,281</u>	<u>367,564,794</u>
CHANGES IN NET ASSETS	<u>\$ 1,896,719</u>	<u>\$ 3,130,675</u>
NET ASSETS		
BEGINNING OF YEAR		<u>76,853,505</u>
END OF YEAR		<u>\$ 79,984,180</u>

(concluded)

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES

GENERAL OPERATING FUND – SUPPLEMENTAL SCHEDULES OF EXPENSES BY TYPE FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Salaries and benefits	\$ 122,332,105	\$ 119,672,764
Grants to, and joint projects with, state and local associations	113,950,202	112,886,885
Kate Frank/DuShane Unified Legal Services Program	20,553,371	20,330,343
Travel	15,671,280	15,942,622
Publication costs, net of advertising income	1,656,865	2,097,075
Outside services (including Educators Employment Liability Insurance, Media Program, consultants)	39,729,834	38,439,625
Conference and meetings	9,145,933	9,820,009
Machinery rentals, repairs, materials and supplies	4,220,037	4,670,374
Office and administrative	<u>40,305,167</u>	<u>39,041,932</u>
TOTAL EXPENSES BY TYPE	<u>\$ 367,564,794</u>	<u>\$ 362,901,629</u>

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES

SPECIAL PURPOSE FUNDS – SUPPLEMENTAL SCHEDULES OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017

	<u>Related Entity Special Purpose Funds</u>	<u>Bylaw Special Purpose Funds</u>	<u>Other Special Purpose Funds</u>	<u>Total</u>
NET ASSETS				
September 01, 2016	\$ 70,040,734	\$ 122,800,728	\$ 36,885,516	\$ 229,726,978
Revenue				
NEA Appropriation	7,009,000	107,077,384	17,079,767	131,166,151
MBC Program revenue	54,293,972	–	–	54,293,972
Other	2,075,093	3,344	3,671,698	5,750,135
Expenses	(77,625,560)	(107,954,519)	(3,369,217)	(188,949,296)
Change in pension obligations other than net periodic pension cost and other charge	4,406,026	–	–	4,406,026
Investments in NEA360 LLC	<u>8,000,000</u>	<u>–</u>	<u>(8,000,000)</u>	<u>–</u>
NET ASSETS				
August 31, 2017	68,199,265	121,926,937	46,267,764	236,393,966
Revenue				
NEA Appropriation	3,000,000	102,282,030	19,275,000	124,557,030
MBC Program revenue	54,024,004	–	–	54,024,004
Other	2,135,500	–	4,459,118	6,594,618
Expenses	(60,400,652)	(103,205,332)	(2,982,961)	(166,588,945)
Change in pension obligations other than net periodic pension cost and other charge	(849,818)	–	–	(849,818)
Investments in NEA360 LLC	<u>4,000,000</u>	<u>–</u>	<u>(4,000,000)</u>	<u>–</u>
NET ASSETS				
August 31, 2018	<u>\$ 70,108,299</u>	<u>\$ 121,003,635</u>	<u>\$ 63,018,921</u>	<u>\$ 254,130,855</u>

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**2018–2019
INTERIM
FINANCIAL STATEMENTS
(UNAUDITED)**

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NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES

GENERAL OPERATING AND CAPITAL IMPROVEMENT FUNDS STATEMENTS OF FINANCIAL POSITION (UNAUDITED) AS OF APRIL 30, 2019

	General Operating Fund	Capital Improvement Fund
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 82,669,189	\$ —
Cash held for Special Purpose Funds	35,037,468	—
Membership dues receivable – net	158,930,345	—
Amount due from affiliates and other organizations – net	1,557,303	—
Notes receivable	1,116,666	—
Prepaid expenses	7,341,392	—
Other current assets	517,491	—
Total current assets	<u>287,169,854</u>	<u>—</u>
LONG-TERM ASSETS		
Notes receivable – net	4,274,321	—
Equipment – net	4,542,175	—
Land	—	1,753,777
Building – net	—	20,530,141
Total long-term assets	<u>8,816,496</u>	<u>22,283,918</u>
Total Assets	<u>\$ 295,986,350</u>	<u>\$ 22,283,918</u>
LIABILITIES & NET ASSETS		
CURRENT LIABILITIES		
Deferred membership dues	\$ 123,539,072	\$ —
Accounts payable	1,734,976	—
Accrued liabilities	3,224,380	—
Accrued annual leave	5,891,826	—
Amount held for affiliates and other organizations	1,243,515	—
Amount due to other funds	35,037,468	—
Total current liabilities	<u>170,671,237</u>	<u>—</u>
LONG-TERM LIABILITIES		
Accrued severance payable	6,014,824	—
Total long-term liabilities	<u>6,014,824</u>	<u>—</u>
Total liabilities	<u>176,686,061</u>	<u>—</u>
UNRESTRICTED NET ASSETS		
Undesignated net assets	118,125,289	—
Undesignated net assets held for ULSP stabilization	1,175,000	—
Undesignated net assets held for Education Assistance Fund	—	—
Designated net assets	—	22,283,918
Total net assets	<u>119,300,289</u>	<u>22,283,918</u>
Total Liabilities and Net Assets	<u>\$ 295,986,350</u>	<u>\$ 22,283,918</u>

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES

GENERAL OPERATING FUND – STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (UNAUDITED) FOR THE EIGHT MONTHS ENDED APRIL 30, 2019 AND PROJECTIONS FOR THE REMAINING FOUR MONTHS ENDING AUGUST 31, 2019

	Actual Eight Months Ended 4/30/2019	Projected Four Months Ending 8/31/2019	Projected Total for Fiscal Year	Annual Budget
UNRESTRICTED REVENUES				
Membership income	\$ 247,194,961	\$ 124,367,838	\$ 371,562,799	\$ 339,574,275
Other Income	1,097,954	(550,000)	547,954	620,000
NFIE endowment allocation	(1,141,250)	(750,625)	(1,891,875)	(1,711,875)
TOTAL UNRESTRICTED REVENUES	247,151,665	123,067,213	370,218,878	338,482,400
EXPENSES BY STRATEGIC OBJECTIVES AND ENTERPRISE OPERATIONS				
Strategic Objective 1: Increase Educator Voice, Influence, and Professional Authority				
1. Develop and sustain effective structures, processes, and leaders to increase educator voice and influence in decision-making at the worksite, district, state, and national levels.	5,044,183	5,524,319	10,568,502	9,374,537
Total Increase Educator Voice, Influence, and Professional Authority	5,044,183	5,524,319	10,568,502	9,374,537
Strategic Objective 2: Recruit and Engage New and Early Career Educators				
1. Identify, recruit, support, and engage new educators in our Association, and connect them with opportunities for professional learning, leadership, and advocacy.	3,704,169	3,971,726	7,675,895	9,604,153
Total Recruit and Engage New and Early Career Educators	3,704,169	3,971,726	7,675,895	9,604,153
Strategic Objective 3: Advance Racial Justice in Education				
1. Support members in advancing racial justice in education and improving conditions for students, families, and communities through awareness, capacity-building, partnership, and individual and collective action.	5,861,593	6,795,551	12,657,144	13,528,355
Total Advance Racial Justice in Education	5,861,593	6,795,551	12,657,144	13,528,355
Strategic Objective 4: Provide Professional Supports				
1. Develop and test new professional supports in collaboration with members and affiliates. Identify and cultivate promising professional supports developed by affiliates and external organizations.	6,893,009	4,736,577	11,629,586	10,752,083
2. Create and maintain a robust and sustainable system to track and disseminate professional supports developed by members, affiliates, and partner organizations.	3,136,057	4,190,664	7,326,721	6,370,277
3. Support and engage in activities that promote a system that establishes the value of a quality, professionalized educator workforce and the role of the Association in creating and sustaining a system of professional supports.	3,362,148	2,735,070	6,097,218	6,557,599
Total Provide Professional Supports	13,391,214	11,662,311	25,053,525	23,679,959

(continued)

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES

GENERAL OPERATING FUND – STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (UNAUDITED) FOR THE EIGHT MONTHS ENDED APRIL 30, 2019 AND PROJECTIONS FOR THE REMAINING FOUR MONTHS ENDING AUGUST 31, 2019

	Actual Eight Months Ended 4/30/2019	Projected Four Months Ending 8/31/2019	Projected Total for Fiscal Year	Annual Budget
Strategic Objective 5: Secure the Environment to Advance the Mission of the NEA and its Affiliates				
1. Use all available means, including organizing, legal, legislative, electoral, and collective action, to secure the environment necessary to protect the rights of students and educators, and the future of public education.	\$ 48,380,885	\$ 33,533,286	\$ 81,914,171	\$ 73,957,165
Total Secure the Environment to Advance the Mission of the NEA and its Affiliates	<u>48,380,885</u>	<u>33,533,286</u>	<u>81,914,171</u>	<u>73,957,165</u>
Strategic Objective 6: Enhance Organizational Capacity				
1. Partner with state and local affiliates to develop and expand their organizing capacity and enhance their effectiveness to grow membership and develop leaders and staff to thrive as organizers.	58,351,045	34,749,939	93,100,984	88,996,751
2. Partner with affiliates to develop and enhance their capacity to adopt, implement, and apply technology tools to support their plans and goals. Develop plans to improve NEA's ability to gather and analyze data about their members, to communicate effectively, and to support their business practices.	4,101,463	5,486,709	9,588,172	7,024,191
3. Partner with affiliates to achieve financial stability and sustainable fiscal health, improve the effectiveness of accounting and operating controls, and design and deliver effective financial training for staff, management, and leaders at all levels of the Association.	633,323	422,757	1,056,080	980,402
4. In partnership with governance and affiliates, develop and enhance members' capacity to lead relevant and thriving Associations and measurably advance the organization's Strategic Objectives by effectively expanding the use of NEA's Leadership Competency Framework.	3,154,463	1,550,678	4,705,141	4,805,942
5. Improve the Association's ability to have optimal impact, reach, and influence through its external partnerships.	<u>4,611,257</u>	<u>8,449,459</u>	<u>13,060,716</u>	<u>7,479,632</u>
Total Enhance Organizational Capacity	<u>70,851,551</u>	<u>50,659,542</u>	<u>121,511,093</u>	<u>109,286,918</u>
Enterprise Operations				
1. Leadership Services	9,281,570	11,541,951	20,823,521	19,083,530
2. Business and Financial Services	21,770,813	16,280,154	38,050,967	34,737,887
3. Information Technology Services	10,438,470	6,451,374	16,889,844	16,211,058
4. Enterprise Communications Services	18,048,576	11,003,189	29,051,765	25,515,374
5. Infrastructure	<u>1,062,532</u>	<u>1,295,014</u>	<u>2,357,546</u>	<u>1,854,419</u>
Total Enterprise Operations	<u>60,601,961</u>	<u>46,571,682</u>	<u>107,173,643</u>	<u>97,402,268</u>
Total Operating Fund Expenses	<u>207,835,556</u>	<u>158,718,417</u>	<u>366,553,973</u>	<u>336,833,355</u>
CHANGES IN NET ASSETS	<u>\$ 39,316,109</u>	<u>\$ (35,651,204)</u>	<u>\$ 3,664,905</u>	<u>\$ 1,649,045</u>

(concluded)

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES

GENERAL OPERATING FUND – CONTINGENCY FUND EXPENDITURES 2018–2019 AS OF MAY 31, 2019

<u>Amount</u>	<u>Governance Approval</u>	<u>Purpose</u>
\$ 2,000,000		Beginning Balance
<u>(345,455)</u>	Approved at the September Board of Directors' Meeting	To fund the implementation of 2018 Representative Assembly New Business Items
<u>\$ 1,654,545</u>		Available Balance

MEMBERSHIP COMPARISON BY STATE

STATE	ACTIVE Professional, ESP and Life			OTHER Memberships*			TOTAL Memberships		
	2017-2018	2016-2017	Increase (Decrease)	2017-2018	2016-2017	Increase (Decrease)	2017-2018	2016-2017	Increase (Decrease)
ALABAMA	54,372	53,071	1,301	26,062	26,306	(244)	80,434	79,377	1,057
ALASKA	11,277	11,272	5	1,814	1,810	4	13,091	13,082	9
ARIZONA	17,510	15,870	1,640	2,708	2,697	11	20,218	18,567	1,651
ARKANSAS	8,288	8,363	(75)	2,436	2,455	(19)	10,724	10,818	(94)
CALIFORNIA	326,141	318,219	7,922	19,495	18,734	761	345,636	336,953	8,683
COLORADO	32,068	31,884	184	4,320	4,394	(74)	36,388	36,278	110
CONNECTICUT	37,609	37,994	(385)	6,144	6,216	(72)	43,753	44,210	(457)
DELAWARE	12,155	11,994	161	1,430	1,314	116	13,585	13,308	277
DISTRICT OF COLUMBIA	275	286	(11)	1,110	1,210	(100)	1,385	1,496	(111)
FEDERAL	5,206	5,174	32	615	602	13	5,821	5,776	45
FLORIDA	133,418	127,287	6,131	5,425	5,397	28	138,843	132,684	6,159
GEORGIA	20,867	22,120	(1,253)	5,527	5,126	401	26,394	27,246	(852)
HAWAII	12,979	12,619	360	6,720	6,391	329	19,699	19,010	689
IDAHO	8,719	8,550	169	2,113	2,030	83	10,832	10,580	252
ILLINOIS	129,797	128,593	1,204	12,289	12,120	169	142,086	140,713	1,373
INDIANA	34,121	33,704	417	5,817	5,726	91	39,938	39,430	508
IOWA	32,209	34,691	(2,482)	2,615	2,541	74	34,824	37,232	(2,408)
KANSAS	20,511	20,661	(150)	3,587	3,656	(69)	24,098	24,317	(219)
KENTUCKY	28,009	28,497	(488)	16,076	15,353	723	44,085	43,850	235
LOUISIANA	9,626	9,416	210	994	1,065	(71)	10,620	10,481	139
MAINE	18,142	17,990	152	5,454	5,442	12	23,596	23,432	164
MARYLAND	71,185	70,045	1,140	3,570	3,504	66	74,755	73,549	1,206
MASSACHUSETTS	105,021	104,674	347	10,863	10,760	103	115,884	115,434	450
MICHIGAN	86,912	90,412	(3,500)	36,563	36,515	48	123,475	126,927	(3,452)
MINNESOTA	79,659	78,103	1,556	13,622	13,189	433	93,281	91,292	1,989
MISSISSIPPI	4,561	4,762	(201)	2,479	2,516	(37)	7,040	7,278	(238)
MISSOURI	25,151	25,957	(806)	6,134	6,102	32	31,285	32,059	(774)
MONTANA	16,713	17,055	(342)	1,727	1,599	128	18,440	18,654	(214)
NEBRASKA	20,494	20,636	(142)	7,100	7,211	(111)	27,594	27,847	(253)
NEVADA	11,137	21,468	(10,331)	1,766	1,624	142	12,903	23,092	(10,189)

STATE	ACTIVE Professional, ESP and Life			OTHER Memberships*			TOTAL Memberships		
	2017-2018	2016-2017	Increase (Decrease)	2017-2018	2016-2017	Increase (Decrease)	2017-2018	2016-2017	Increase (Decrease)
NEW HAMPSHIRE	14,967	15,144	(177)	1,957	1,840	117	16,924	16,984	(60)
NEW JERSEY	173,529	173,105	424	28,733	29,303	(570)	202,262	202,408	(146)
NEW MEXICO	6,841	7,231	(390)	1,315	1,332	(17)	8,156	8,563	(407)
NEW YORK	420,538	409,224	11,314	5,623	6,104	(481)	426,161	415,328	10,833
NORTH CAROLINA	18,380	19,729	(1,349)	10,345	10,832	(487)	28,725	30,561	(1,836)
NORTH DAKOTA	8,512	8,625	(113)	2,416	1,948	468	10,928	10,573	355
OHIO	113,508	113,403	105	9,482	9,048	434	122,990	122,451	539
OKLAHOMA	16,384	16,667	(283)	2,341	2,445	(104)	18,725	19,112	(387)
OREGON	43,965	42,475	1,490	3,022	2,993	29	46,987	45,468	1,519
PENNSYLVANIA	144,211	144,278	(67)	35,629	35,447	182	179,840	179,725	115
RHODE ISLAND	9,654	9,670	(16)	2,348	2,324	24	12,002	11,994	8
SOUTH CAROLINA	5,875	5,928	(53)	2,334	2,446	(112)	8,209	8,374	(165)
SOUTH DAKOTA	4,902	4,883	19	1,620	1,609	11	6,522	6,492	30
TENNESSEE	26,275	26,595	(320)	11,988	12,261	(273)	38,263	38,856	(593)
TEXAS	37,841	38,795	(954)	3,525	3,325	200	41,366	42,120	(754)
UTAH	15,599	15,038	561	2,384	2,209	175	17,983	17,247	736
UTAH-USEA	3,875	3,849	26	81	76	5	3,956	3,925	31
VERMONT	13,035	12,751	284	1,374	1,359	15	14,409	14,110	299
VIRGINIA	39,556	40,225	(669)	5,726	5,806	(80)	45,282	46,031	(749)
WASHINGTON	90,638	87,935	2,703	7,830	7,472	358	98,468	95,407	3,061
WEST VIRGINIA	8,257	7,955	302	1,450	1,475	(25)	9,707	9,430	277
WISCONSIN	31,105	32,130	(1,025)	12,920	12,677	243	44,025	44,807	(782)
WYOMING	4,636	4,908	(272)	1,211	1,194	17	5,847	6,102	(255)
DIRECT**	1	117	(116)	22	43	(21)	23	160	(137)
TOTALS	2,626,216	2,612,027	14,189	372,251	369,173	3,078	2,998,467	2,981,200	17,267

* Includes Substitute, Staff, Reserve, Student and Retired Memberships (Pre-Retired excluded)

** In general, this category refers to those members ineligible for state membership such as administrators, private schools, etc., who join NEA directly, not through a local affiliate.

