

GREAT PUBLIC SCHOOLS FOR EVERY STUDENT

SECRETARY-TREASURER | INDEPENDENT AUDITORS **FINANCIAL REPORTS**



PRESENTED TO THE REPRESENTATIVE ASSEMBLY
JULY 2017

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

John C. Stocks, Executive Director

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**A REPORT FROM
NEA SECRETARY-TREASURER
PRINCESS R. MOSS**

I am pleased to present the financial reports of the National Education Association for the fiscal year that ended August 31, 2016, as well as the interim financial statements through April 30, 2017, with projections to our August 31, 2017 fiscal year end.

Our Association, like public education itself, is under siege by powerful forces looking to push an ideological agenda. We know we will face challenges to fair share fees in the Supreme Court, attempts to curtail or eliminate collective bargaining and other worker rights, attacks on civil rights, and efforts to further a privatization agenda.

We also know that whoever sets the terms of the education reform debate controls it. We have a serious choice: we can either take the lead in the school reform movement or be reformed by it—crushed by it, made irrelevant, and excluded from determining the fate of our schools and our students.

To succeed, we must focus on what we do best: organize, listen to, and engage our members. That is our path to growth and strength. Our efforts to invest in opportunities to transform the union and our efforts to protect and defend the union are rooted in our long-term need to build our capacity at all levels of the Association.

We are also continuing to improve our business operations. We are identifying and assessing our organizational business risks and determining how to monitor, control and mitigate them. Our organization can only maximize our effectiveness when we are financially sound. We must be flexible enough to adapt to changes in our environment and deploy our resources accordingly.

These reports provide you with the information on the fiscal condition of NEA and demonstrate that we also have the economic resources and processes necessary to amend our budget and change our programs as needed.

The reports include three sections: (1) the audit report for 2015–2016; (2) the financial statements detailing our current year expenditures through April 30, 2017, with projections to the end of the 2016–2017 fiscal year, and a schedule of governance allocations from the Contingency Fund; and (3) a summary of our membership by state and membership category.

THE AUDIT REPORT FOR 2015–2016

On pages 5-37, you will find a complete audit report as prepared by our certified public accounting firm, Calibre CPA Group, PLLC. NEA is required to present consolidated financial statements, which includes all of NEA’s various funds as well as our Member Benefits Corporation, 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, 2016 and 2015. 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, 2016 and 2015 (p.7). These statements show total current assets of \$252,735,692 and total current liabilities of \$52,272,060 resulting in a healthy current ratio of 4.8:1. NEA's consolidated Unrestricted Net Assets, which represents the difference between what it owns (total assets of \$380,685,528) and what it owes (total liabilities of \$77,855,075), is a positive \$302,830,453.
2. CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS for the years ended August 31, 2016 and 2015 (p.8). These statements show that the total revenue for the fiscal year 2015-16 was \$420,886,308 and the total expenses, including the Change in Pension Obligation Other Than Net Periodic Pension Cost and Other Charges, were \$417,407,107. The excess of total revenue over total expenses resulted in a surplus of \$3,479,201.
3. CONSOLIDATED STATEMENTS OF CASH FLOWS for the years ended August 31, 2016 and 2015 (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.

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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.
 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 2016–2017

On pages 41-43 you will find the General Operating and Capital Improvement Funds – Statements of Financial Position (unaudited) as of April 30, 2017 and the General Operating Fund – Statement of Activities and Changes in Net Assets (unaudited) for the eight months ended April 30, 2017, 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 2016–2017. We are projecting additional dues revenue of approximately \$2 million. As required by our bylaws, we will also have higher UniServ and Special Dues costs totaling approximately \$825,000 due to the higher membership counts. In addition, we are projecting savings in our contingency fund of \$1.9 million. The net of these changes along with other budget savings and spending variances is expected to result in an increase to Net Assets of approximately \$3.6 million for the fiscal year ending August 31, 2017.

On page 44, you will find a schedule indicating the original amount approved and authorized for the fiscal year 2016–2017 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 15,925 from fiscal year 2015 to 2016. 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, 2016 and 2015, 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, 2016 and 2015, 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.

Other Matter

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 32 through 37 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 2, 2016

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AUGUST 31, 2016 AND 2015

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 200,783,125	\$ 195,396,489
Membership dues receivable – net	30,901,684	31,893,138
Amount due from affiliates and other organizations – net	1,748,220	1,577,473
Accounts receivable	6,915,286	4,675,827
Notes receivable	1,050,000	1,000,000
Prepaid expenses	10,673,830	6,828,713
Deferred income taxes	354,737	374,383
Other current assets	308,810	283,948
Total current assets	<u>252,735,692</u>	<u>242,029,971</u>
LONG-TERM ASSETS		
Notes receivable – net	5,324,320	5,374,320
Deferred rent assets	282,615	368,503
Deferred leasing commission	140,438	183,725
Investments	43,305,642	45,585,498
Pension asset	10,770,466	11,588,285
Property and equipment – net	68,126,355	59,243,239
Total long-term assets	<u>127,949,836</u>	<u>122,343,570</u>
Total assets	<u>\$ 380,685,528</u>	<u>\$ 364,373,541</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 23,809,950	\$ 14,785,126
Accrued liabilities	18,916,936	14,212,580
Deferred income	1,668,039	2,194,962
Accrued annual leave	6,727,847	6,627,010
Amount held for affiliates and other organizations	1,149,288	1,170,743
Total current liabilities	<u>52,272,060</u>	<u>38,990,421</u>
LONG-TERM LIABILITIES		
Grant commitment	400,000	500,000
Accrued severance payable	5,873,707	5,922,654
Deferred income	16,252,183	16,263,897
Deferred income taxes	3,057,125	3,345,317
Total long-term liabilities	<u>25,583,015</u>	<u>26,031,868</u>
Total liabilities	<u>77,855,075</u>	<u>65,022,289</u>
UNRESTRICTED NET ASSETS		
Undesignated net assets	175,318,915	167,173,328
Designated net assets	127,511,538	132,177,924
Total unrestricted net assets	<u>302,830,453</u>	<u>299,351,252</u>
Total liabilities and net assets	<u>\$ 380,685,528</u>	<u>\$ 364,373,541</u>

See accompanying notes to 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, 2016 AND 2015

	2016	2015
OPERATING ACTIVITIES		
UNRESTRICTED REVENUES		
NEA programs:		
Dues	\$ 362,188,445	\$ 359,483,089
Other	3,211,246	4,150,557
Total NEA programs	365,399,691	363,633,646
Member Benefits programs:		
Program revenues – suppliers	53,675,613	51,479,593
Other	152,767	481,653
Total Member Benefits programs	53,828,380	51,961,246
NEA Properties:		
Rental income	1,565,110	2,022,676
Other	93,127	109,627
Total NEA Properties	1,658,237	2,132,303
Total unrestricted revenues	420,886,308	417,727,195
EXPENSES		
Program services:		
NEA programs	302,170,880	284,819,044
Member Benefits programs	43,258,653	42,286,841
NEA Properties	1,487,692	1,616,521
Total program services	346,917,225	328,722,406
Support services:		
NEA programs	60,955,080	58,170,369
Member Benefits programs	7,579,256	8,200,009
NEA Properties	208,978	210,349
Total support services	68,743,314	66,580,727
Total expenses	415,660,539	395,303,133
CHANGE IN NET ASSETS FROM OPERATIONS	5,225,769	22,424,062
NON-OPERATING ACTIVITIES		
CHANGE IN PENSION OBLIGATION OTHER THAN NET PERIODIC PENSION COST AND OTHER CHARGES	(1,746,568)	(5,331,182)
CHANGE IN NET ASSETS	3,479,201	17,092,880
NET ASSETS		
Beginning of year	299,351,252	282,258,372
End of year	\$ 302,830,453	\$ 299,351,252

See accompanying notes to financial statements.

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 3,479,201	\$ 17,092,880
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation and amortization	4,847,806	5,255,747
Bad debt expense	781,441	125,930
Net realized gain on investments	(4,398)	(431,126)
Net unrealized (gain) loss on investments	(978,689)	2,220,946
Write-off of furniture and equipment	13,888	13,479
Deferred income taxes	(268,546)	(3,474,045)
Changes in assets and liabilities:		
Decrease (increase) in membership dues receivable	210,013	(641,987)
(Increase) decrease in amount due from affiliates and other organizations	(170,747)	261,956
(Increase) decrease in accounts receivable	(2,239,459)	2,889,648
Increase in prepaid expenses	(3,845,117)	(3,850,957)
Increase in other current assets	(24,862)	(6,133)
Decrease (increase) in deferred rent assets	85,888	(368,503)
Decrease in deferred leasing commission	43,287	69,696
Decrease in prepaid pension asset	817,819	6,817,867
Increase in accounts payable	9,024,824	1,231,516
Increase in accrued liabilities	4,704,356	33,427
Increase in accrued annual leave	100,837	136,819
(Decrease) increase in amount held for affiliates and other organizations	(21,455)	119,071
Decrease in grant commitment	(100,000)	(100,000)
Decrease in accrued severance payable	(48,947)	(50,157)
(Decrease) increase in deferred income	(538,637)	56,881
Net cash provided by operating activities	<u>15,868,503</u>	<u>27,402,955</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Issuance of notes receivable	(1,000,000)	(100,939)
Repayment of notes receivable	1,000,000	1,100,939
Purchases of investments	(7,932,709)	(12,304,065)
Proceeds from sale of investments	11,195,652	10,461,711
Purchases of property and equipment	<u>(13,744,810)</u>	<u>(7,378,667)</u>
Net cash used in investing activities	<u>(10,481,867)</u>	<u>(8,221,021)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	5,386,636	19,181,934
CASH AND CASH EQUIVALENTS		
Beginning of year	195,396,489	176,214,555
End of year	<u>\$ 200,783,125</u>	<u>\$ 195,396,489</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION – CASH PAID DURING THE YEAR		
Interest	\$ 1,076	\$ 5,204
Income taxes	<u>\$ 1,414,394</u>	<u>\$ 680,243</u>

See accompanying notes to 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, 2016 AND 2015

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 Great Public Schools* – In partnership with state and local affiliates, NEA will aggressively advance an organizing culture designed to build capacity to grow membership, increase member activism, improve fiscal health, enhance public education, and assist affiliates in fending off attacks to member rights and union strength.
- *Uniting the Nation for Great Public Schools* – In partnership with state and local affiliates, NEA will empower educators to collaborate with school and community stakeholders to co-create solutions designed to shape the future of education, improve student learning, achieve educational equity, enhance professional practice and the quality of professionals, and advance successful solutions that drive national, state, and district level policies.

The Core Function areas address regular, ongoing programs and services:

- *Research, Policy, and Practice for Great Public Schools* – Track and identify practices that have been successful in encouraging student learning or in shaping the future of learning. In partnership with organizations supportive of educator led transformation of public education, use key learnings and research to develop, identify, and implement national, state, and district policies that facilitate these practices.
- *Organizing* – In partnership with state and local affiliates, NEA will aggressively advance an Association-wide ‘culture of organizing’ and engage members as a collective by supporting affiliates to activate our vast network in pursuit of the vision.
- *Advocacy and Outreach* – In partnership with state and local affiliates and other organizations supportive of educator-led transformation of public education, advocate educators’ positions to national, state and district policymakers, education stakeholders, and the public (with priority focus on parents, ethnic minority communities, and labor partners) in order to influence policy development and debates to achieve equity of opportunity, access, and quality in public education; advance our members’ views and expertise about policy for great public schools for every student; promote social justice; and advance and preserve members’ voices, rights, and 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, 2016 AND 2015

NOTE 1. ORGANIZATION (CONTINUED)

- *Communications* – Utilize the best communication strategies to engage affiliates, members, partners, parents and communities.
- *Business Operations* – Administer the business operations in a manner that supports the changing needs and priorities of the organization and ensures efficient and effective infrastructure that supports good fiscal management, uses technology for innovation and strengthens NEA’s human capital.
- *Governance* – In partnership with leadership, develop professional development and decision making processes 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, NEA360 LLC (NEA360), 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. NEA360 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 unrealized appreciation (depreciation) and 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, 2016 AND 2015

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), NEA360 LLC (NEA360), 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 Depository Insurance Corporation (FDIC). At August 31, 2016, the cash aggregate balances were in excess of the FDIC insurance limits by approximately \$205,627,000 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 33 percent and 44 percent of revenues, respectively, for the year ended August 31, 2016, and approximately 34 percent and 43 percent of revenues, respectively, for the year ended August 31, 2015. As of August 31, 2016, two entities accounted for approximately 9 percent and 49 percent of MBC's accounts receivable, respectively. As of August 31, 2015, two entities accounted for approximately 13 percent and 38 percent of MBC's total accounts receivable, respectively.

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

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 \$4,398 and \$431,126 for the years ended August 31, 2016 and 2015, respectively. The net unrealized gain included in operating activities was \$832,262 and the unrealized gain included in non-operating activities was \$146,427, for a total net unrealized gain of \$978,689 for the year ended August 31, 2016. The net unrealized loss included in operating activities was \$1,866,892 and the unrealized loss included in non-operating activities was \$354,054, for a total net unrealized loss of \$2,220,946 for the year ended August 31, 2015.

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 five years. All costs incurred during the preliminary project stage are expensed as incurred.

Depreciation and amortization expense was \$4,847,806 and \$5,255,747 for the years ended August 31, 2016 and 2015, 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, 2016 AND 2015

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.

Rental Revenue – NEAPI rents office space to various tenants. Rental revenue from operating leases is recognized on a straight-line basis over the term of the lease.

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 2013 through 2015, are subject to examination by the Internal Revenue Service (IRS), generally for three years after they were filed.

NOTE 3. INVESTMENTS

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

	<u>2016</u>	<u>2015</u>
Equity securities		
Mutual funds – common stocks	\$ 16,111,063	\$ 16,079,489
Exchange traded funds	<u>1,668,772</u>	<u>–</u>
Total equity securities	<u>17,779,835</u>	<u>16,079,489</u>
Debt securities		
Mutual funds – fixed income	20,586,475	21,374,107
Exchange traded funds	<u>4,939,332</u>	<u>8,131,902</u>
Total debt securities	<u>25,525,807</u>	<u>29,506,009</u>
Total investments	<u>\$ 43,305,642</u>	<u>\$ 45,585,498</u>

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

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, 2016 and 2015, the total outstanding note balance is \$11,500,000 and \$12,500,000, 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, 2016 and 2015.

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

The total outstanding note balance is \$12,500,000 as of August 31, 2016.

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at August 31:

	<u>2016</u>	<u>2015</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	82,969,726	82,351,581
MBC headquarters	7,355,741	6,510,447
NEA Properties	15,794,262	15,616,118
Furniture, fixtures, and equipment	28,813,073	27,728,691
Software development costs	<u>64,575,327</u>	<u>53,570,369</u>
	204,042,890	190,311,967
Less: accumulated depreciation and amortization	<u>(135,916,535)</u>	<u>(131,068,728)</u>
Total property and equipment	<u>\$ 68,126,355</u>	<u>\$ 59,243,239</u>

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

NOTE 6. COMMITMENTS AND CONTINGENCIES

MBC leases office space and personal property under non-cancelable operating leases expiring through 2019. Future minimum lease payments under these leases are as follows:

Year Ending August 31,	
2017	\$ 109,167
2018	106,374
2019	<u>15,676</u>
Total future minimum lease payments	<u>\$ 231,217</u>

Rental expense for all operating leases was approximately \$112,000 and \$65,000 for the years ended August 31, 2016 and 2015, respectively.

NEA has been named as a party to a legal matter, the outcome of which cannot presently be determined. In the opinion of management, an appropriate provision has been made to account for probable losses and the ultimate resolution of this matter will not have a material impact on NEA's consolidated financial position or changes in net assets and cash flows.

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

NOTE 7. RETIREMENT BENEFITS

Employee's 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 48% of the employees covered under the plan; the remaining 52% 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, 2016 AND 2015

NOTE 7. RETIREMENT BENEFITS (CONTINUED)

NEA's participation in the above defined benefit plan for the years ended August 31, 2016, 2015 and 2014 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, 2015 and 2014.

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status December 31		Contributions by NEA			Employee Contributions (Y/N)		Expiration Date of Collective Bargaining Agreement
		2015	2014	8/31/2016	8/31/2015	8/31/2014	2015	2014	
Employees' Retirement Plan of the National Education Association of the United States	53-0115260	Green	Green	\$20,718,803	\$19,887,510	\$19,681,283	Y	Y	AFSE 6/1/2014 to 5/31/2017; IUOE 2/1/2014 to 1/31/2017; NEASO 6/1/2015 to 5/31/2018

For the years ended December 31, 2015 and 2014, 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 \$302,063 and \$896,000 for the years ended August 31, 2016 and 2015, 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, 2016 AND 2015

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, 2016 and 2015, none of NEA's net assets were reserved for postretirement benefit obligation.

Postretirement benefit expense under the multiemployer plan was \$11,100,000 and \$15,385,092 for the years ended August 31, 2016 and 2015, 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 employees can make voluntary, tax-deferred contributions within specific 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 \$278,168 and \$251,643, for the years ended August 31, 2016 and 2015, 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, 2016 and 2015 were \$738,945 and \$760,189, 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>2016</u>	<u>2015</u>
Benefit obligation	\$ 35,229,777	\$ 28,978,747
Fair value of plan investments	46,000,243	40,567,032
Funded status of the Plan	10,770,466	11,588,285

The discount rate used in the calculation of the benefit obligation decreased to 3.25% from 4.25%.

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

NOTE 7. RETIREMENT BENEFITS (CONTINUED)

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

	<u>2016</u>	<u>2015</u>
Employer contributions	\$ 3,541,121	\$ 909,239
Benefits paid	441,906	359,531

Amounts recognized in the Statements of Financial Position consisted of:

	<u>2016</u>	<u>2015</u>
Non-current assets	\$ 10,770,466	\$ 11,588,285

Amounts recognized in Accumulated Other Non-Operating Income consisted of:

	<u>2016</u>	<u>2015</u>
Net actuarial loss	\$ 15,729,817	\$ 11,976,023
Prior service cost	<u>2,283,581</u>	<u>2,977,980</u>
Total (before tax effects)	18,013,398	14,954,003
Tax effects	<u>(6,838,162)</u>	<u>(5,743,460)</u>
	<u>\$ 11,175,236</u>	<u>\$ 9,210,543</u>

The accumulated benefit obligation is \$31,877,844 and \$26,131,315 at August 31, 2016 and 2015, respectively.

Net periodic cost (benefit) is \$1,299,545 and \$(353,633) for the years ended August 31, 2016 and 2015, respectively.

Other changes in Plan assets and benefit obligation recognized in Other Non-Operating Income (before tax effects) were as follows:

	<u>2016</u>	<u>2015</u>
Net loss	\$ 5,004,871	\$ 8,775,138
Prior service cost	(1,251,077)	-
Amortization of prior service cost	<u>(694,399)</u>	<u>(694,399)</u>
Total recognized in other non-operating income	<u>\$ 3,059,395</u>	<u>\$ 8,080,739</u>
Total recognized in net periodic benefit cost and other non-operating income	<u>\$ 4,358,940</u>	<u>\$ 7,727,106</u>

Amounts expected to be recognized in Net Periodic Cost in the coming year are as follows:

	<u>2017</u>
Recognized loss	\$ 1,836,599
Prior service cost recognition	694,399

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

NOTE 7. RETIREMENT BENEFITS (CONTINUED)

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

	<u>2016</u>	<u>2015</u>
Discount rate	3.25%	4.25%
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>2016</u>	<u>2015</u>
Discount rate	4.25%	4.25%
Rate of salary increases	4.00%	4.00%
Expected long-term rate of return on 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 percent equity securities, 22 percent fixed income securities, 10 percent alternative investments, and 4 percent 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>2016</u>	<u>2015</u>
Equities	58%	62%
Fixed income securities	20%	27%
Alternative investments	14%	10%
Cash equivalents	8%	1%
Total	<u>100%</u>	<u>100%</u>

During the year ended August 31, 2016, a contribution to the Plan was made on August 25, 2016. Therefore, the asset allocation reflected above indicates a higher allocation in cash equivalents at August 31 than typically exists throughout the year due to the fact that the contribution has not yet been invested in securities at fiscal year end.

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

NOTE 7. RETIREMENT BENEFITS (CONTINUED)

The fair value of MBC's pension plan assets at August 31, 2016 by asset class are as follows (Levels defined in Note 14):

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	\$ 3,794,406	\$ 3,794,406	\$ -	\$ -
Equity securities				
U.S. large-cap	14,006,687	14,006,687	-	-
U.S. mid-cap	3,019,537	3,019,537	-	-
U.S. small-cap	3,399,939	3,399,939	-	-
REIT	1,920,120	1,920,120	-	-
International	4,092,990	4,092,990	-	-
Emerging markets	298,226	298,226	-	-
Other investment funds				
Equity long/short (a)	2,961,865	2,961,865	-	-
Fixed income securities				
U.S. fixed income	7,398,043	7,398,043	-	-
International fixed income	1,543,388	1,543,388	-	-
Alternative investments				
Hedge funds (b)	3,565,041	-	-	3,565,041
	<u>\$ 46,000,242</u>	<u>\$ 42,435,201</u>	<u>\$ -</u>	<u>\$ 3,565,041</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, 2016 was as follows:

Change in Level 3 Category	Hedge Funds
Beginning balance – 9/1/2015	\$ 1,907,832
Purchases	2,000,000
Net losses (realized/unrealized)	(342,791)
Ending balance – 8/31/2016	<u>\$ 3,565,041</u>

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

NOTE 7. RETIREMENT BENEFITS (CONTINUED)

The fair value of MBC's pension plan assets at August 31, 2015 by asset class are as follows:

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	\$ 402,724	\$ 402,724	\$ -	\$ -
Equity securities				
U.S. large-cap	14,462,370	14,462,370	-	-
U.S. mid-cap	2,389,501	2,389,501	-	-
U.S. small-cap	3,234,374	3,234,374	-	-
REIT	1,528,663	1,528,663	-	-
Global equity	814,953	814,953	-	-
International	1,426,007	1,426,007	-	-
Emerging markets	1,413,527	1,413,527	-	-
Other investment funds				
Equity long/short (a)	2,284,697	2,284,697	-	-
Fixed income securities				
U.S. fixed income	6,058,035	6,058,035	-	-
International fixed income	4,644,349	4,644,349	-	-
Alternative investments				
Hedge funds (b)	1,907,832	-	-	1,907,832
	<u>\$ 40,567,032</u>	<u>\$ 38,659,200</u>	<u>\$ -</u>	<u>\$ 1,907,832</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.

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

NOTE 7. RETIREMENT BENEFITS (CONTINUED)

A reconciliation of fair value measurements using significant unobservable inputs (Level 3) as of August 31, 2015 was as follows:

<u>Changes in Level 3 Category</u>	<u>Hedge Funds</u>
Beginning balance – 9/1/2014	\$ 2,000,000
Purchases	<u>(92,168)</u>
Ending balance – 8/31/2015	<u>\$ 1,907,832</u>

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 traded in active markets, they are categorized as Level I.
- *Alternative investments* – Valued based on information provided by Fund manager.

For fiscal year 2017, MBC expects to contribute the maximum deductible amount to its pension plan as determined by the January 1, 2016 actuarial valuation.

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:

2017	\$ 673,857
2018	861,132
2019	1,032,378
2020	1,178,943
2021	1,315,289
2022–2026	8,342,350

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

NOTE 8. NATIONAL EDUCATION EMPLOYEES ASSISTANCE FUND, INC.

The National Education Employees Assistance Fund, Inc. (NEEAF) is a nonprofit corporation established for the purpose of providing financial and other assistance to member organizations and their individual members involved in disputes over terms and conditions of employment. In this capacity, NEEAF, from time to time, has guaranteed loans made by lending institutions to members who were involved in such disputes. These loans are collateralized by letters of credit from those state affiliates that are members of NEEAF. NEA commits the unrestricted resources of the General Operating Fund to fulfill its obligation. NEA's commitment and the state affiliates' line of credit is approximately \$6,247,490. In the event of default on a loan, the bylaws of NEEAF provide that the bank shall first draw upon the letter of credit of the state affiliate from which the funds were transmitted and, thereafter, proportionately from all other letters of credit and/or lines of credit.

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, 2016 and 2015, payments totaling \$1,878,030 and \$1,886,423, 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, 2016 and 2015.

NOTE 10. NEA HEALTHY FUTURES

NEA Healthy Futures, a legally separate 501(c)(3) not-for-profit organization, was created in 1987 (as NEA Health Information Network) to provide a link between the education and health professions to assure that public school employees and their students have the knowledge and skills necessary to make decisions that enhance the quality of their lives, improve the environment in which they work and learn, and build relationships within the communities they serve.

NEA Healthy Futures manages and implements programs that provide health and wellness solutions, advocacy tools, and funding and resource opportunities for NEA members and the education community at large. NEA Healthy Futures secures funds from public and private sources to implement these programs.

NEA Healthy Futures establishes collaborative partnerships with other public and private entities to enhance the content and scope of its activities and to bring the education employee/student perspective into the planning and development process of relevant health initiatives at the national, state, and local levels.

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

NOTE 10. NEA HEALTHY FUTURES (CONTINUED)

NEA's appropriations for NEA Healthy Futures for the years ended August 31, 2016 and 2015 were \$412,500 and \$550,000, respectively.

On March 11, 2016, the NEA Healthy Futures Board of Directors adopted a resolution to dissolve the entity effective August 31, 2016. NEA Healthy Futures sold or transferred all of its tangible and intangible assets in accordance with a dissolution plan adopted by the Board of Directors. Any cash and investments remaining after all liabilities are satisfied will be transferred to the NFIE.

NOTE 11. 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 \$581,351 and \$598,872 for the years ended August 31, 2016 and 2015, respectively.

NOTE 12. 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.

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

NOTE 12. INCOME TAXES (CONTINUED)

The provision 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>2016</u>	<u>2015</u>
Current provision		
Federal	\$ (447,180)	\$ 961,835
State	<u>(48,201)</u>	<u>119,815</u>
	<u>(495,381)</u>	<u>1,081,650</u>
Deferred provision		
Federal	846,382	(326,199)
State	<u>51,472</u>	<u>(44,236)</u>
	<u>897,854</u>	<u>(370,435)</u>
Total	<u>\$ 402,473</u>	<u>\$ 711,215</u>

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

	<u>2016</u>	<u>2015</u>
Federal income tax provision at the statutory rate	\$ 411,893	\$ 532,658
State income tax expense, net of federal benefit	33,390	45,573
Permanent differences	(11,579)	128,675
Temporary differences	<u>(31,231)</u>	<u>4,309</u>
Total	<u>\$ 402,473</u>	<u>\$ 711,215</u>

At August 31, 2016 and 2015, the deferred tax assets and liabilities represent the tax effects of the following temporary differences:

	<u>2016</u>	<u>2015</u>
Assets		
Deferred income	\$ 759,225	\$ 867,986
Accrued vacation	289,523	277,357
State taxes	371,317	353,816
Other	<u>161,015</u>	<u>26,539</u>
Gross deferred tax assets	<u>1,581,080</u>	<u>1,525,698</u>
Liabilities		
Pension costs	(4,111,745)	(4,450,771)
Other	<u>(171,723)</u>	<u>(45,861)</u>
Gross deferred tax liabilities	<u>(4,283,468)</u>	<u>(4,496,632)</u>
Total	<u>\$ (2,702,388)</u>	<u>\$ (2,970,934)</u>

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

NOTE 12. INCOME TAXES (CONTINUED)

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

	<u>2016</u>	<u>2015</u>
Current		
Deferred tax asset	\$ 404,542	\$ 420,244
Deferred tax liability	<u>(49,805)</u>	<u>(45,861)</u>
	<u>354,737</u>	<u>374,383</u>
Non-current		
Deferred tax asset	1,060,058	1,105,454
Deferred tax liability	<u>(4,117,183)</u>	<u>(4,450,771)</u>
	<u>(3,057,125)</u>	<u>(3,345,317)</u>
Total	<u>\$ (2,702,388)</u>	<u>\$ (2,970,934)</u>

NOTE 13. 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 and other charge for the year ended August 31, 2016 and 2015 are:

	<u>2016</u>		
	<u>Before-Tax Amount</u>	<u>Tax (Expense) or Benefit</u>	<u>Net-Tax Amount</u>
Defined benefit pension plan:			
Net gain (loss) arising during period	\$ (5,004,871)	\$ 1,854,056	\$ (3,150,815)
Recognized gain (loss)	1,251,077	(463,462)	787,615
Less: amortization of prior service cost included in net periodic pension cost	<u>694,399</u>	<u>(257,240)</u>	<u>437,159</u>
Total pension related other non-operating expense	<u>(3,059,395)</u>	<u>1,133,354</u>	<u>(1,926,041)</u>
Unrealized gain from investment:			
Tax adjustment	205,426	-	205,426
Unrealized holding gain (loss) arising during period	146,427	(55,906)	90,521
Less: reclassification adjustment for losses realized in net income	<u>(188,409)</u>	<u>71,935</u>	<u>(116,474)</u>
Total unrealized gain from investments	<u>163,444</u>	<u>16,029</u>	<u>179,473</u>
Other non-operating expense	<u>\$ (2,895,951)</u>	<u>\$ 1,149,383</u>	<u>\$ (1,746,568)</u>

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

NOTE 13. CHANGE IN PENSION OBLIGATION OTHER THAN NET PERIODIC PENSION COST (CONTINUED)

		2015	
	Before-Tax Amount	Tax (Expense) or Benefit	Net-Tax Amount
Defined benefit pension plan:			
Net gain (loss) arising during period	\$ (8,775,138)	\$ 3,370,312	\$ (5,404,826)
Less: amortization of prior service cost included in net periodic pension cost	<u>694,399</u>	<u>(266,701)</u>	<u>427,698</u>
Total pension related other non-operating expense	<u>\$ (8,080,739)</u>	<u>\$ 3,103,611</u>	<u>\$ (4,977,128)</u>

NOTE 14. FAIR VALUE MEASUREMENTS

Accounting standards for fair value measurements defines fair value, establishes a framework for measuring fair value and enhances disclosures about fair value measurements. Accounting standards for fair value measurements defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. That framework provides a fair value hierarchy that prioritizes the inputs to the 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 inputs) and the lowest priority to measurements involving significant unobservable inputs (Level 3 inputs). The three levels of the hierarchy are as follows:

- *Level 1* – Observable inputs such as quoted prices for identical assets or liabilities in active markets;
- *Level 2* – Inputs other than the quoted prices in active markets that are observable, either directly or indirectly such as 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 or inputs that are derived principally from or corroborated by observable market data by correlation or other means; and
- *Level 3* – Unobservable inputs in which there is little or no market data, which requires management to develop its own assumptions.

The asset's or liability's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to their fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

NOTE 14. FAIR VALUE MEASUREMENTS (CONTINUED)

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.

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, 2016:

	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)	
Money market funds	\$ 770,225	\$ –	\$ –	\$ 770,225
Exchange traded funds	6,608,104	–	–	6,608,104
Mutual funds – equity securities				
Growth funds	4,907,916	–	–	4,907,916
Value funds	6,592,277	–	–	6,592,277
Blend funds	4,610,870	–	–	4,610,870
Mutual funds – fixed income securities				
U.S. fixed income fund	20,586,475	–	–	20,586,475
	<u>\$ 44,075,867</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 44,075,867</u>

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

NOTE 14. FAIR VALUE MEASUREMENTS (CONTINUED)

The following table presents NEA's fair value hierarchy for financial assets measured on a recurring basis at August 31, 2015:

	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)	
Money market funds	\$ 896,818	\$ -	\$ -	\$ 896,818
Exchange traded funds	8,131,902	-	-	8,131,902
Mutual funds – equity securities				
Growth funds	5,492,505	-	-	5,492,505
Value funds	9,314,974	-	-	9,314,974
Blend funds	1,272,010	-	-	1,272,010
Mutual funds – fixed income securities				
U.S. fixed income fund	21,374,107	-	-	21,374,107
	<u>\$ 46,482,316</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,482,316</u>

NOTE 15. DESIGNATED NET ASSETS

Designated net assets consist of the following at August 31:

	2016	2015
Advocacy Fund	\$ 4,634,389	\$ 98,479
National Education Employees Assistance Fund	76,421	75,354
UniServ Fund	654,847	637,733
Special Dues Ballot Fund	62,765,244	58,555,032
Special Dues Media Fund	28,592,359	40,019,085
Great Public Schools Fund	4,105,799	4,298,917
Capital Improvement Fund	26,682,479	28,493,324
	<u>\$ 127,511,538</u>	<u>\$ 132,177,924</u>

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

NOTE 16. 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, 2016 and 2015 were \$1,565,109 and \$2,022,676, respectively.

As of August 31, 2016, the minimum future payments from all non-cancellable leases were as follows:

Year Ending August 31,	
2017	\$ 1,108,159
2018	844,973
2019	652,983
2020	566,419
2021	231,216
Thereafter	<u>427,736</u>
	<u>\$ 3,831,486</u>

NOTE 17. SUBSEQUENT EVENTS

Management has performed a subsequent event review from September 1, 2016 to December 2, 2016; the date that the consolidated financial statements were available to be issued. On November 14, 2016, NEA360 LLC gave written notice of cancellation to the vendor with responsibility for developing the transactional component of the NEA360 platform. The vendor subsequently proposed a revised agreement, which was rejected by NEA360 LLC. NEA360 LLC has suspended work on the original project design, opting to move forward to develop a product (e.g. platform) to meet short-term needs by leveraging extant systems with a separate vendor's CRM technology. NEA360 LLC is simultaneously considering strategies and technologies with the potential to meet organizational long-term needs, which may lead to re-engaging in future discussions with the original vendor of the transactional component of the platform. As of the report date that determination has not been made. This review revealed no other additional 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, 2016 (WITH COMPARATIVE TOTALS AS OF AUGUST 31, 2015)

	General Operating Fund	Special Purpose Funds	Consolidating Entries	2016 Total Funds	2015 Total Funds
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 69,265,301	\$ 131,513,804	\$ 4,020	\$ 200,783,125	\$ 195,396,489
Membership dues receivable – net	30,901,684	–	–	30,901,684	31,893,138
Amount due from affiliates and other organizations – net	2,460,693	–	(712,473)	1,748,220	1,577,473
Accounts receivable	–	6,915,286	–	6,915,286	4,675,827
Notes receivable	1,050,000	–	–	1,050,000	1,000,000
Prepaid expenses	8,377,814	2,296,016	–	10,673,830	6,828,713
Amount due from other funds	5,284,231	–	(5,284,231)	–	–
Amount due from general fund	–	19,412,643	(19,412,643)	–	–
Deferred income taxes	–	354,737	–	354,737	374,383
Other current assets	308,810	–	–	308,810	283,948
Total current assets	<u>117,648,533</u>	<u>160,492,486</u>	<u>(25,405,327)</u>	<u>252,735,692</u>	<u>242,029,971</u>
LONG-TERM ASSETS					
Notes receivable – net	5,324,320	–	–	5,324,320	5,374,320
Deferred rent assets	–	282,615	–	282,615	368,503
Deferred leasing commission	–	140,438	–	140,438	183,725
Investments	–	43,305,642	–	43,305,642	45,585,498
Pension asset	–	10,770,466	–	10,770,466	11,588,285
Property and equipment – net	5,284,921	62,841,434	–	68,126,355	59,243,239
Total long-term assets	<u>10,609,241</u>	<u>117,340,595</u>	<u>–</u>	<u>127,949,836</u>	<u>122,343,570</u>
TOTAL ASSETS	<u>\$ 128,257,774</u>	<u>\$ 277,833,081</u>	<u>\$ (25,405,327)</u>	<u>\$ 380,685,528</u>	<u>\$ 364,373,541</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable	\$ 9,000,049	\$ 15,518,354	\$ (708,453)	\$ 23,809,950	\$ 14,785,126
Accrued liabilities	12,590,765	6,326,171	–	18,916,936	14,212,580
Deferred income	–	1,668,039	–	1,668,039	2,194,962
Accrued annual leave	6,727,847	–	–	6,727,847	6,627,010
Amount due to other funds	19,412,643	–	(19,412,643)	–	–
Amount due to general fund	–	5,284,231	(5,284,231)	–	–
Amount held for affiliates and other organizations	1,149,288	–	–	1,149,288	1,170,743
Total current liabilities	<u>48,880,592</u>	<u>28,796,795</u>	<u>(25,405,327)</u>	<u>52,272,060</u>	<u>38,990,421</u>
LONG-TERM LIABILITIES					
Grant commitment	400,000	–	–	400,000	500,000
Accrued severance payable	5,873,707	–	–	5,873,707	5,922,654
Deferred income	–	16,252,183	–	16,252,183	16,263,897
Deferred income taxes	–	3,057,125	–	3,057,125	3,345,317
Total long-term liabilities	<u>6,273,707</u>	<u>19,309,308</u>	<u>–</u>	<u>25,583,015</u>	<u>26,031,868</u>
Total liabilities	<u>55,154,299</u>	<u>48,106,103</u>	<u>(25,405,327)</u>	<u>77,855,075</u>	<u>65,022,289</u>
UNRESTRICTED NET ASSETS					
Undesignated net assets	73,103,475	102,215,440	–	175,318,915	167,173,328
Designated net assets	–	127,511,538	–	127,511,538	132,177,924
Total unrestricted net assets	<u>73,103,475</u>	<u>229,726,978</u>	<u>–</u>	<u>302,830,453</u>	<u>299,351,252</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 128,257,774</u>	<u>\$ 277,833,081</u>	<u>\$ (25,405,327)</u>	<u>\$ 380,685,528</u>	<u>\$ 364,373,541</u>

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES AND SUBSIDIARIES

SUPPLEMENTAL SCHEDULE OF FINANCIAL POSITION BY SPECIAL PURPOSE FUND INFORMATION AS OF AUGUST 31, 2016 (WITH COMPARATIVE TOTALS AS OF AUGUST 31, 2015)

	Related Entity Special Purpose Funds	Bylaw Special Purpose Funds	Other Special Purpose Funds	2016 Total Funds	2015 Total Funds
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 18,849,696	\$ 103,375,826	\$ 9,288,282	\$ 131,513,804	\$ 120,273,281
Accounts receivable	6,896,790	–	18,496	6,915,286	4,675,827
Prepaid expenses	1,875,016	421,000	–	2,296,016	2,410,546
Amount due from general fund	9,000	9,188,779	10,214,864	19,412,643	24,145,447
Deferred income tax	354,737	–	–	354,737	374,383
Total current assets	<u>27,985,239</u>	<u>112,985,605</u>	<u>19,521,642</u>	<u>160,492,486</u>	<u>151,879,484</u>
LONG-TERM ASSETS					
Deferred rent assets	282,615	–	–	282,615	368,503
Deferred leasing commission	140,438	–	–	140,438	183,725
Investments	9,939,008	–	33,366,634	43,305,642	45,585,498
Pension asset	10,770,466	–	–	10,770,466	11,588,285
Property and equipment – net	36,158,955	26,682,479	–	62,841,434	52,760,840
Total long-term assets	<u>57,291,482</u>	<u>26,682,479</u>	<u>33,366,634</u>	<u>117,340,595</u>	<u>110,486,851</u>
TOTAL ASSETS	<u>\$ 85,276,721</u>	<u>\$ 139,668,084</u>	<u>\$ 52,888,276</u>	<u>\$ 277,833,081</u>	<u>\$ 262,366,335</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable	\$ 6,155,693	\$ 9,279,938	\$ 82,723	\$ 15,518,354	\$ 5,608,384
Accrued liabilities	3,616,109	2,361,112	348,950	6,326,171	4,314,490
Deferred income	589,558	–	1,078,481	1,668,039	2,194,962
Amount due to general fund	–	5,226,306	57,925	5,284,231	84,869
Total current liabilities	<u>10,361,360</u>	<u>16,867,356</u>	<u>1,568,079</u>	<u>28,796,795</u>	<u>12,202,705</u>
LONG-TERM LIABILITIES					
Deferred income	1,817,502	–	14,434,681	16,252,183	16,263,897
Deferred income taxes	3,057,125	–	–	3,057,125	3,345,317
Total long-term liabilities	<u>4,874,627</u>	<u>–</u>	<u>14,434,681</u>	<u>19,309,308</u>	<u>19,609,214</u>
Total liabilities	<u>15,235,987</u>	<u>16,867,356</u>	<u>16,002,760</u>	<u>48,106,103</u>	<u>31,811,919</u>
UNRESTRICTED NET ASSETS					
Undesignated net assets	65,329,924	–	36,885,516	102,215,440	98,376,492
Designated net assets	4,710,810	122,800,728	–	127,511,538	132,177,924
Total unrestricted net assets	<u>70,040,734</u>	<u>122,800,728</u>	<u>36,885,516</u>	<u>229,726,978</u>	<u>230,554,416</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 85,276,721</u>	<u>\$ 139,668,084</u>	<u>\$ 52,888,276</u>	<u>\$ 277,833,081</u>	<u>\$ 262,366,335</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, 2016

	<u>Budget (Unaudited)</u>	<u>Actual</u>
UNRESTRICTED REVENUES		
Membership income	\$ 359,154,100	\$ 364,006,990
Other income	340,000	(24,621)
NFIE endowment allocation	<u>(1,885,300)</u>	<u>(1,878,030)</u>
TOTAL UNRESTRICTED REVENUES	<u>357,608,800</u>	<u>362,104,339</u>
EXPENSES BY STRATEGIC GOALS AND CORE FUNCTION AREAS		
Strong Affiliates for Great Public Schools		
1. Capacity Building		
– partner with affiliates to integrate, collect and manage data to identify threats and opportunities		
– partner with affiliates to achieve financial stability and sustainable fiscal health		
– partner with affiliates to conduct political, legislative and issue campaigns		
– jointly implement strategies to align and manage member interactions across the Association		
– develop and provide strategic research for NEA and affiliates to identify threats and opportunities		
– develop national communications strategies, resources, and tools to build capacity in state affiliates		
	<u>41,371,723</u>	<u>48,539,525</u>
Total Strong Affiliates for Great Public Schools	<u>41,371,723</u>	<u>48,539,525</u>
Uniting the Nation for Great Public Schools		
1. Educator-Led Student Success		
– identify and advance Association-led, student-centered solutions to meet the needs of the whole child		
– empower educators to become effective instructional, policy, and Association leaders		
– develop strategies that center on achieving educational equity		
– create locally-based or state-based campaigns to improve teaching and learning conditions		
– develop internal and external partnerships to improve the quality of education for all students		
– connect the dots of the collected Association efforts of affiliates and members		
– create mechanisms to enhance internal headquarters and field collaboration		
	<u>19,500,633</u>	<u>16,752,952</u>
Total Uniting the Nation for Great Public Schools	<u>19,500,633</u>	<u>16,752,952</u>
Research, Policy, and Practice		
1. Advocate for federal legislation and regulations that enhance student learning and workforce quality	981,857	1,583,200
2. Provide resources, technical assistance, and training to affiliates	1,742,491	1,556,146
3. Build, maintain, and strengthen partnerships and relationships with external organizations	393,577	1,156,220
4. Provide research, information and expertise to affiliates, leaders, members and staff	<u>3,995,749</u>	<u>3,972,230</u>
Total Research, Policy, and Practice	<u>7,113,674</u>	<u>8,267,796</u>
Organizing		
1. Membership and Organizing		
– develop an organizing culture that grows the NEA Membership		
– develop the necessary skills within our affiliate leaders and staff to thrive as organizers		
– assist state and local affiliates to develop their capacity and enhance their effectiveness		
	<u>101,396,119</u>	<u>101,277,113</u>
Total Organizing	<u>101,396,119</u>	<u>101,277,113</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, 2016

	Budget (Unaudited)	Actual
Advocacy and Outreach		
1. Support the Association's efforts to achieve Great Public Schools through federal legislation	\$ 1,710,948	\$ 3,123,481
2. Provide legal services and insurance programs to support employees, members, students, state affiliates and external partnerships	44,589,978	39,270,755
3. Conduct strategic approach to outreach that leads to meaningful partnerships and organizing opportunities	9,192,843	8,427,991
4. Promote strategies to enhance educator practice and organize, mobilize, and empower educators	4,199,812	2,441,702
5. Support the Association's efforts to achieve Great Public Schools through federal legislation	1,297,820	413,772
6. Provide technical assistance and support to NEA Leaders to advance policy and practice that supports NEA's mission, vision, and core values	<u>1,574,323</u>	<u>1,103,097</u>
Total Advocacy and Outreach	<u>62,565,724</u>	<u>54,780,798</u>
Communications		
1. Design, produce, and distribute communications strategies	360,973	318,543
2. Design and execute strategic communication campaigns that advance Association messaging and strengthens the NEA brand	207,175	14,319
3. Provide resources for state-focused paid media campaigns; design and execute special projects, campaigns, and events that strengthen the NEA brand	4,980,453	5,080,529
4. Provide communication capabilities assessment, strategic planning, personnel training, and support for NEA and affiliate organizing campaigns	474,208	682,469
5. Plan and execute strategic communications initiatives for NEA Projects	<u>27,798,040</u>	<u>26,599,783</u>
Total Communications	<u>33,820,849</u>	<u>32,695,643</u>
Business Operations		
1. Provide financial and legal support to NEA and affiliates to enhance ability to conduct Association business and meet regulatory requirements	14,665,685	14,949,486
2. Provide human resources support to workforce planning and manage human capital operations	11,250,355	9,400,032
3. Provide infrastructure and organization support to lead, direct, and align NEA's programs and services	12,650,867	15,824,960
4. Provide organization and strategy development by conducting on-going Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis	5,586,481	5,795,360
5. Provide technology support to applications, systems, infrastructure and delivery of technology-related products and services for current and future needs of the Association	17,446,393	22,632,180
6. Provide facility management, operational support, meeting logistics, and print media production	<u>14,501,791</u>	<u>13,996,743</u>
Total Business Operations	<u>76,101,572</u>	<u>82,598,761</u>
Governance		
1. Facilitate and support well-informed decision making by the Executive Officers and Committee, Board of Directors, and Representative Assembly	8,456,528	7,885,484
2. Facilitate and support well-informed deliberations of appointed committees and councils	458,253	641,566
3. Provide strong national and global leadership engagement and influence to strengthen NEA's alliances with US and international labor unions	2,153,097	1,597,890
4. Develop and deliver competency-based leadership development	<u>3,068,350</u>	<u>2,760,172</u>
Total Governance	<u>14,136,228</u>	<u>12,885,112</u>
Total Operating Fund Expenses	<u>356,006,522</u>	<u>357,797,700</u>
CHANGES IN NET ASSETS	<u>\$ 1,602,278</u>	<u>4,306,639</u>
NET ASSETS		
BEGINNING OF YEAR		<u>68,796,836</u>
END OF YEAR		<u>\$ 73,103,475</u>

(concluded)

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES

GENERAL OPERATING FUND – SUPPLEMENTAL SCHEDULES OF EXPENSES BY TYPE FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Salaries and benefits	\$ 117,846,289	\$ 118,194,180
Grants to, and joint projects with, state and local associations	111,928,463	109,052,614
Kate Frank/DuShane Unified Legal Services Program	20,405,453	23,335,303
Travel	16,054,751	15,579,921
Publication costs, net of advertising income	2,292,323	1,492,848
Outside services (including Educators Employment Liability Insurance, Media Program, consultants)	39,944,840	39,638,184
Conference and meetings	10,601,851	8,542,722
Machinery rentals, repairs, materials and supplies	6,130,719	5,935,885
Office and administrative	<u>32,593,011</u>	<u>35,019,563</u>
Total Expenses by Type	<u>\$ 357,797,700</u>	<u>\$ 356,791,220</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, 2016 AND 2015

	<u>Related Entity Special Purpose Funds</u>	<u>Bylaw Special Purpose Funds</u>	<u>Other Special Purpose Funds</u>	<u>Totals</u>
NET ASSETS				
September 1, 2014	\$ 64,550,463	\$ 112,616,912	\$ 39,463,914	\$ 216,631,289
Revenues				
NEA Appropriation	5,009,000	107,477,738	11,120,616	123,607,354
MBC Program revenue	51,961,246	–	–	51,961,246
Other	4,132,486	–	2,673,428	6,805,914
Expenses	(69,478,402)	(88,090,559)	(5,551,244)	(163,120,205)
Change in pension obligations other than net periodic pension cost and other charge	<u>(5,331,182)</u>	<u>–</u>	<u>–</u>	<u>(5,331,182)</u>
Investments in NEA360 LLC	<u>10,000,000</u>	<u>–</u>	<u>(10,000,000)</u>	<u>–</u>
NET ASSETS				
August 31, 2015	60,843,611	132,004,091	37,706,714	230,554,416
Revenues				
NEA Appropriation	12,184,000	101,805,738	9,199,771	123,189,509
MBC Program revenue	53,828,380	–	–	53,828,380
Other	1,658,392	15,247	4,279,950	5,953,589
Expenses	(66,727,081)	(111,024,348)	(4,300,919)	(182,052,348)
Change in pension obligations other than net periodic pension cost and other charge	(1,746,568)	–	–	(1,746,568)
Investments in NEA360 LLC	<u>10,000,000</u>	<u>–</u>	<u>(10,000,000)</u>	<u>–</u>
NET ASSETS				
August 31, 2016	<u>\$ 70,040,734</u>	<u>\$ 122,800,728</u>	<u>\$ 36,885,516</u>	<u>\$ 229,726,978</u>

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**2016–2017
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, 2017

	General Operating Fund	Capital Improvement Fund
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 73,687,233	\$ —
Cash held for Special Purpose Funds	19,468,818	—
Membership dues receivable – net	152,125,837	—
Amount due from affiliates and other organizations – net	1,680,218	—
Notes receivable	1,050,000	—
Prepaid expenses	9,727,032	—
Other current assets	710,726	—
Total current assets	<u>258,449,864</u>	<u>—</u>
LONG-TERM ASSETS		
Notes receivable – net	4,574,320	—
Equipment – net	5,064,856	—
Land	—	1,753,777
Building – net	—	23,837,478
Total long-term assets	<u>9,639,176</u>	<u>25,591,255</u>
Total Assets	<u>\$ 268,089,040</u>	<u>\$ 25,591,255</u>
LIABILITIES & NET ASSETS		
CURRENT LIABILITIES		
Deferred membership dues	\$ 123,239,372	\$ —
Accounts payable	763,763	—
Accrued liabilities	3,932,153	—
Accrued annual leave	6,537,226	—
Amount held for affiliates and other organizations	1,255,988	—
Amount due to other funds	19,468,818	—
Total current liabilities	<u>155,197,320</u>	<u>—</u>
LONG-TERM LIABILITIES		
Grant commitment	300,000	—
Accrued severance payable	5,893,718	—
Total long-term liabilities	<u>6,193,718</u>	<u>—</u>
Total liabilities	<u>161,391,038</u>	<u>—</u>
UNRESTRICTED NET ASSETS		
Undesignated net assets	102,330,957	—
Undesignated net assets held for USLP stabilization	1,243,300	—
Undesignated net assets held for Education Assistance Fund	3,123,745	—
Designated net assets	—	25,591,255
Total net assets	<u>106,698,002</u>	<u>25,591,255</u>
Total Liabilities and Net Assets	<u>\$ 268,089,040</u>	<u>\$ 25,591,255</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, 2017 AND PROJECTIONS FOR THE REMAINING FOUR MONTHS ENDING AUGUST 31, 2017

	Actual Eight Months Ended 4/30/2017	Projected Four Months Ending 8/31/2017	Projected Total for Fiscal Year	Annual Budget
REVENUES				
Membership Income	\$ 246,351,295	\$ 122,277,171	\$ 368,628,466	\$ 366,567,200
Other Income	80,264	319,736	400,000	590,000
NFIE Endowment Allocation	<u>(1,268,533)</u>	<u>(649,267)</u>	<u>(1,917,800)</u>	<u>(1,902,800)</u>
TOTAL UNRESTRICTED REVENUES	<u>245,163,026</u>	<u>121,947,640</u>	<u>367,110,666</u>	<u>365,254,400</u>
EXPENSES BY STRATEGIC GOALS AND CORE FUNCTIONS				
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	1,930,991	4,129,499	6,060,490	7,317,108
2. Partner with affiliates to support Association and member-led initiatives that involve key education stakeholders to assure quality public educational options	851,615	504,750	1,356,365	1,972,833
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	114,453	111,322	225,775	325,823
4. Develop a system for integrating and managing data to support the identification of threats and opportunities and to enhance effectiveness in member engagement	<u>6,236,922</u>	<u>5,790,800</u>	<u>12,027,722</u>	<u>12,354,711</u>
Total Goals' Shared Tactics	<u>9,133,981</u>	<u>10,536,371</u>	<u>19,670,352</u>	<u>21,970,475</u>
Strong Affiliates for Educator Voice and Empowerment				
1. Partner with affiliates to advance political, legislative and issue campaigns that secure educator voice	23,293,070	14,458,381	37,751,451	35,871,873
2. Partner with affiliates to secure opportunities to codify the inclusion of educator voice in decision-making	220,724	214,358	435,082	334,909
3. Partner with affiliates to achieve financial stability and sustainable fiscal health	<u>402,633</u>	<u>290,937</u>	<u>693,570</u>	<u>536,684</u>
Total Strong Affiliates for Educator Voice and Empowerment	<u>23,916,427</u>	<u>14,963,676</u>	<u>38,880,103</u>	<u>36,743,466</u>
Empowered Educators for Successful Students				
1. Partner with affiliates to assure quality professional practice among educators	7,089,530	3,821,463	10,910,993	11,671,398
2. Partner with affiliates to improve affiliate capacity for assuring quality professional practice and growth	2,572,645	2,344,971	4,917,616	4,640,405
3. Partner with affiliates to engage members in assuring quality public education and student-centered policies and practices	762,771	552,994	1,315,765	1,978,366
4. Partner with affiliates to improve member capacity to raise their voices and participate in education decision making that shape teaching and learning	<u>580,385</u>	<u>762,628</u>	<u>1,343,013</u>	<u>1,784,015</u>
Total Empowered Educators for Successful Students	<u>11,005,331</u>	<u>7,482,056</u>	<u>18,487,387</u>	<u>20,074,184</u>
Research, Policy, and Practice				
1. Analyze federal legislation and regulations and advocate and provide information and technical assistance for affiliates and members	472,149	356,317	828,466	465,983
2. Provide research, information, and expertise to support efforts to improve teaching and learning	<u>1,024,402</u>	<u>761,308</u>	<u>1,785,710</u>	<u>1,038,942</u>
Total Research, Policy, and Practice	<u>1,496,551</u>	<u>1,117,625</u>	<u>2,614,176</u>	<u>1,504,925</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	<u>62,899,952</u>	<u>39,921,741</u>	<u>102,821,693</u>	<u>101,998,645</u>
Total Organizing	<u>62,899,952</u>	<u>39,921,741</u>	<u>102,821,693</u>	<u>101,998,645</u>

(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, 2017 AND PROJECTIONS FOR THE REMAINING FOUR MONTHS ENDING AUGUST 31, 2017

	Actual Eight Months Ended 4/30/2017	Projected Four Months Ending 8/31/2017	Projected Total for Fiscal Year	Annual Budget
Advocacy and Outreach				
1. Advance and pass pro-public education legislation and policy maintaining focus on students most in need	\$ 1,639,607	\$ 1,246,322	\$ 2,885,929	\$ 2,348,342
2. Provide legal services and insurance programs to support employees, members, students, state affiliates and external partnerships	24,231,791	17,667,562	41,899,353	44,788,239
3. Conduct a strategic approach to outreach that leads to meaningful partnerships and organizing opportunities	4,151,362	3,243,792	7,395,154	7,322,544
4. Mobilize and empower educators through Association-led leadership training and development	1,049,815	985,511	2,035,326	2,228,483
5. Support the Association's efforts to achieve Great Public Schools through federal legislation	270,337	211,228	481,565	1,098,481
6. Provide technical assistance and support to NEA leaders to advance policy and practice that supports NEA's mission, vision, and core values	103,940	89,150	193,090	956,258
Total Advocacy and Outreach	<u>31,446,852</u>	<u>23,443,565</u>	<u>54,890,417</u>	<u>58,742,347</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	746,712	654,109	1,400,821	1,391,292
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	348,346	360,308	708,654	1,007,041
3. Plan and execute special projects and events that strengthen the NEA brand and reputation	759,809	262,745	1,022,554	789,400
4. Provide affiliate communications strategic support, training, and services	2,549,583	1,736,889	4,286,472	4,155,077
5. Provide communication capabilities assessment, strategic planning, personnel training, product production, campaign execution support, and campaign performance analysis	504,422	502,330	1,006,752	910,571
6. Plan and execute strategic communications initiatives for NEA projects, for organizing campaign, and produce its member publications	16,272,961	9,370,816	25,643,777	25,729,768
Total Communications	<u>21,181,833</u>	<u>12,887,197</u>	<u>34,069,030</u>	<u>33,983,149</u>
Business Operations				
1. Provide financial and legal support to NEA and affiliates to enhance ability to conduct Association business and meet regulatory requirements	9,717,583	7,218,953	16,936,536	15,426,532
2. Provide human resources support to workforce planning and manage human capital operations	5,254,875	3,363,274	8,618,149	10,688,861
3. Provide infrastructure and organization support to lead, direct, and align NEA's programs and services	8,476,938	5,776,255	14,253,193	11,580,692
4. Provide organization and strategy development by conducting on-going Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis	3,867,476	2,561,300	6,428,776	5,733,914
5. Provide technology support to applications, systems, infrastructure and delivery of technology-related products and services for current and future needs of the Association	9,883,312	7,249,204	17,132,516	16,101,535
6. Provide facility management, operational support, meeting logistics and print media production	5,792,301	8,566,206	14,358,507	13,805,126
Total Business Operations	<u>42,992,485</u>	<u>34,735,192</u>	<u>77,727,677</u>	<u>73,336,660</u>
Governance				
1. Facilitate and support well-informed decision making by the Executive Officers and Committee, Board of Directors, and Representative Assembly	4,636,502	4,242,238	8,878,740	9,404,119
2. Engage, support, and align well-informed deliberations of appointed committees and councils	331,146	170,315	501,461	555,815
3. Engage the voice of Association leadership to align priorities and relationships that advance NEA's goals	838,885	534,659	1,373,544	1,622,079
4. Develop, identify and deliver competency-based leadership development	1,688,554	1,869,593	3,558,147	3,368,461
Total Governance	<u>7,495,087</u>	<u>6,816,805</u>	<u>14,311,892</u>	<u>14,950,474</u>
Total Operating Fund Expenses	<u>211,568,499</u>	<u>151,904,228</u>	<u>363,472,727</u>	<u>363,304,325</u>
CHANGES IN NET ASSETS	<u>\$ 33,594,527</u>	<u>\$ (29,956,588)</u>	<u>\$ 3,637,939</u>	<u>\$ 1,950,075</u>

(concluded)

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES

GENERAL OPERATING FUND – CONTINGENCY FUND EXPENDITURES AS OF MAY 31, 2017

<u>Amount</u>	<u>Governance Approval</u>	<u>Purpose</u>
\$ 3,000,000		Beginning Balance
<u>(1,049,925)</u>	Approved at the October Board of Directors' Meeting	To fund the implementation of 2016 Representative Assembly New Business Items
<u>\$ 1,950,075</u>		Available Balance

MEMBERSHIP COMPARISON BY STATE

STATE	ACTIVE			Other Memberships*			Total Memberships		
	Professional, ESP and Life								
	2015–2016	2014–2015	Increase (Decrease)	2015–2016	2014–2015	Increase (Decrease)	2015–2016	2014–2015	Increase (Decrease)
ALABAMA	51,492	51,720	(228)	26,940	26,757	183	78,432	78,477	(45)
ALASKA	11,274	11,149	125	1,747	1,692	55	13,021	12,841	180
ARIZONA	15,362	14,927	435	3,153	2,567	586	18,515	17,494	1,021
ARKANSAS	9,012	9,567	(555)	2,422	2,452	(30)	11,434	12,019	(585)
CALIFORNIA	306,148	297,304	8,844	18,547	18,027	520	324,695	315,331	9,364
COLORADO	32,674	32,955	(281)	4,325	4,338	(13)	36,999	37,293	(294)
CONNECTICUT	37,776	37,672	104	6,202	6,151	51	43,978	43,823	155
DELAWARE	11,639	11,584	55	1,353	1,276	77	12,992	12,860	132
DISTRICT OF COLUMBIA	288	275	13	1,168	2,051	(883)	1,456	2,326	(870)
FEDERAL	5,201	5,387	(186)	589	566	23	5,790	5,953	(163)
FLORIDA	123,312	123,763	(451)	5,433	4,906	527	128,745	128,669	76
GEORGIA	22,618	24,128	(1,510)	5,053	5,117	(64)	27,671	29,245	(1,574)
HAWAII	12,620	12,555	65	6,435	6,167	268	19,055	18,722	333
IDAHO	8,300	8,254	46	1,948	1,846	102	10,248	10,100	148
ILLINOIS	127,688	128,059	(371)	12,128	11,528	600	139,816	139,587	229
INDIANA	33,796	34,007	(211)	5,787	5,727	60	39,583	39,734	(151)
IOWA	34,758	34,528	230	2,490	2,578	(88)	37,248	37,106	142
KANSAS	21,042	21,934	(892)	3,477	3,289	188	24,519	25,223	(704)
KENTUCKY	28,978	28,911	67	14,562	13,630	932	43,540	42,541	999
LOUISIANA	9,100	9,361	(261)	1,062	1,074	(12)	10,162	10,435	(273)
MAINE	17,920	18,106	(186)	5,456	5,412	44	23,376	23,518	(142)
MARYLAND	68,954	67,601	1,353	3,488	3,407	81	72,442	71,008	1,434
MASSACHUSETTS	103,822	102,486	1,336	10,832	10,790	42	114,654	113,276	1,378
MICHIGAN	94,677	100,818	(6,141)	36,990	36,042	948	131,667	136,860	(5,193)
MINNESOTA	77,016	76,950	66	13,016	12,604	412	90,032	89,554	478
MISSISSIPPI	4,847	4,933	(86)	2,476	2,446	30	7,323	7,379	(56)
MISSOURI	25,793	25,437	356	6,094	6,575	(481)	31,887	32,012	(125)
MONTANA	16,953	16,415	538	1,751	1,934	(183)	18,704	18,349	355
NEBRASKA	20,802	21,044	(242)	7,101	7,041	60	27,903	28,085	(182)
NEVADA	21,758	22,715	(957)	1,602	1,585	17	23,360	24,300	(940)

STATE	ACTIVE			Other Memberships*			Total Memberships		
	Professional, ESP and Life								
	2015-2016	2014-2015	Increase (Decrease)	2015-2016	2014-2015	Increase (Decrease)	2015-2016	2014-2015	Increase (Decrease)
NEW HAMPSHIRE	15,074	14,727	347	1,840	1,790	50	16,914	16,517	397
NEW JERSEY	173,157	172,790	367	29,477	28,400	1,077	202,634	201,190	1,444
NEW MEXICO	7,476	7,555	(79)	1,360	1,363	(3)	8,836	8,918	(82)
NEW YORK	402,991	387,407	15,584	6,084	7,001	(917)	409,075	394,408	14,667
NORTH CAROLINA	21,494	23,480	(1,986)	11,424	12,518	(1,094)	32,918	35,998	(3,080)
NORTH DAKOTA	8,647	8,647	0	1,925	1,941	(16)	10,572	10,588	(16)
OHIO	111,677	110,344	1,333	9,086	8,853	233	120,763	119,197	1,566
OKLAHOMA	17,495	18,561	(1,066)	2,348	2,529	(181)	19,843	21,090	(1,247)
OREGON	41,643	38,703	2,940	2,817	2,675	142	44,460	41,378	3,082
PENNSYLVANIA	143,629	143,131	498	35,076	34,817	259	178,705	177,948	757
RHODE ISLAND	9,366	9,430	(64)	2,371	2,387	(16)	11,737	11,817	(80)
SOUTH CAROLINA	6,189	6,464	(275)	2,736	2,449	287	8,925	8,913	12
SOUTH DAKOTA	4,760	4,742	18	1,565	1,496	69	6,325	6,238	87
TENNESSEE	28,802	31,042	(2,240)	12,422	12,545	(123)	41,224	43,587	(2,363)
TEXAS	41,347	45,127	(3,780)	2,844	2,906	(62)	44,191	48,033	(3,842)
UTAH	15,004	14,981	23	2,037	2,008	29	17,041	16,989	52
UTAH-USEA	4,173	4,350	(177)	71	68	3	4,244	4,418	(174)
VERMONT	12,358	11,785	573	1,364	1,297	67	13,722	13,082	640
VIRGINIA	41,173	42,746	(1,573)	5,962	6,055	(93)	47,135	48,801	(1,666)
WASHINGTON	85,521	82,593	2,928	6,863	6,521	342	92,384	89,114	3,270
WEST VIRGINIA	8,430	8,701	(271)	1,485	1,483	2	9,915	10,184	(269)
WISCONSIN	33,785	36,074	(2,289)	12,603	12,670	(67)	46,388	48,744	(2,356)
WYOMING	5,049	5,073	(24)	1,129	1,104	25	6,178	6,177	1
DIRECT **	118	118	0	46	48	(2)	164	166	(2)
GRAND TOTALS	2,594,978	2,583,116	11,862	368,562	364,499	4,063	2,963,540	2,947,615	15,925

* 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.

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