Report of Independent Auditors

To the International Executive Council of the International Brotherhood of Electrical Workers

We have audited the accompanying consolidated financial statements of the International Brotherhood of Electrical Workers and subsidiaries (collectively, the International Union or IBEW), which comprise the consolidated statements of financial position as of June 30, 2017 and 2016, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated 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 consolidated financial position of the International Brotherhood of Electrical Workers and subsidiaries as of June 30, 2017 and 2016, and the consolidated changes in their net assets and their consolidated cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Calibre CPA Group, PLLC

Bethesda, MD
October 12, 2017

International Brotherhood of Electrical Workers and Subsidiaries

Consolidated Statements of Financial Position

JUNE 30, 2017 AND 2016

	2017	2016
Assets		
Cash and cash equivalents	$ 10,396,835	$ 10,775,106
Receivables		
Loans and advances to chartered bodies	1,685,110	538,500
Per capita tax receivable	11,241,702	9,940,676
Unbilled rent	5,824,292	5,090,837
Accrued interest and dividends	549,493	531,196
Security sales pending settlement	95,785	1,159,466
Other	4,748,025	3,181,210
Total receivables	24,144,407	20,441,885
Investments - at fair value	442,987,344	431,772,402
Property and equipment - at cost		
Land, building and improvements	137,028,914	135,449,532
Furniture and equipment	45,611,874	45,497,972
	182,640,788	180,947,504
Accumulated depreciation	(68,204,668)	(63,191,771)
Net property and equipment	114,436,120	117,755,733
Other assets		
Deferred leasing, organization and financing costs (net of amortization)	3,370,952	3,321,211
Prepaid expenses	959,007	2,804,453
Inventory of merchandise and office supplies, at cost	1,308,233	1,129,132
Other	473,172	150,423
Total other assets	6,111,364	7,405,219
Total assets	$ 598,076,070	$ 588,150,345
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 5,000,004	$ 7,702,951
Due to Trust for the IBEW Pension Benefit Fund	2,821,480	971,672
Excess of projected benefit obligation over pension plan assets	61,673,856	70,804,863
Liability for postretirement benefits	66,290,000	63,801,000
Security purchases pending settlement	4,556,351	1,509,614
Deferred per capita tax revenue	9,000,174	8,924,040
Reciprocity Agreement funds pending settlement	6,183,884	5,137,281
Mortgage loan payable	45,067,832	48,766,062
Other	1,154,151	781,682
Total liabilities	201,747,732	208,399,165
Unrestricted net assets		
Appropriated for additional postretirement benefits	153,693,000	146,140,000
Unappropriated	242,635,338	233,611,180
Total net assets	396,328,338	379,751,180
Total liabilities and net assets	$ 598,076,070	$ 588,150,345

International Brotherhood of Electrical Workers and Subsidiaries

Consolidated Statements of Activities and Changes in Net Assets

YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
Operating revenue		
Per capita tax	$ 137,008,526	$ 131,370,617
Initiation and reinstatement fees	1,649,944	1,701,024
Rental income, net	12,495,592	12,318,969
Sales of supplies	1,131,068	843,791
Other income	4,440,262	4,897,949
Total operating revenue	156,725,392	151,132,350
Operating expenses		
Program services expenses		
Field services and programs	104,359,095	101,752,550
Media relations	8,733,846	8,155,402
Industry trade programs	18,234,379	16,804,290
Per capita tax expense	7,343,029	7,247,995
Legal defense	2,631,004	2,686,681
Total program services	141,301,353	136,646,918
Supporting services expenses		
Governance and oversight	7,035,183	6,893,602
General administration	9,512,696	8,528,984
Total supporting services	16,547,879	15,422,586
Total operating expenses	157,849,232	152,069,504
Change in net assets from operations before investment and other income	(1,123,840)	(937,154)
Investment income		
Interest and dividends	6,616,448	6,579,893
Net appreciation (depreciation) in fair value of investments	26,626,634	(4,674,659)
Investment expenses	(1,148,297)	(1,321,980)
Net investment income	32,094,785	583,254
Other income (expense)		
Convention expense	(15,658,409)	–
Gain (loss) on sale of property and equipment	(1,844)	1,944
Currency translation adjustment	(1,478,039)	(1,355,932)
Total other income (expense)	(17,138,292)	(1,353,988)
Change in net assets from operations after investment and other income	$ 13,832,653	$ (1,707,888)

Change in net assets from operations after investment and other income	$ 13,832,653	$ (1,707,888)
Defined benefit pension and postretirement benefit changes other than net periodic benefit cost		
Settlement gain - postretirement health care benefits	–	117,025,000
Pension benefits	3,638,191	(30,330,160)
Postretirement health care benefits	(893,686)	(8,608,464)
Appropriation of net assets to fund postretirement benefits not yet accrued	(7,553,000)	(146,140,000)
Change in unrestricted net assets, unappropriated	9,024,158	(69,761,512)
Unrestricted net assets, unappropriated		
Beginning of year	233,611,180	303,372,692
End of year	$ 242,635,338	$ 233,611,180
Unrestricted net assets, appropriated		
Beginning of year	$ 146,140,000	$ –
Appropriation of net assets to fund postretirement benefits not yet accrued	7,553,000	146,140,000
End of year	$ 153,693,000	$ 146,140,000

International Brotherhood of Electrical Workers and Subsidiaries

Consolidated Statements of Cash Flows

YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
Cash flows from operating activities		
Cash flows from		
Affiliated chartered bodies	$ 138,564,646	$ 136,161,834
Interest and dividends	6,598,151	6,579,058
Rental income	11,762,137	10,548,973
Participant contributions collected on behalf of PBF	73,274,900	69,192,666
Reimbursement of administrative expenses from PBF	2,750,000	2,500,000
Other	4,440,262	4,897,949
Cash provided by operations	237,390,096	229,880,480
Cash paid for		
Salaries, payroll taxes, and employee benefits	(107,652,976)	(104,488,848)
Service providers, vendors and others	(59,179,582)	(47,862,354)
Participant contributions remitted to PBF	(71,175,092)	(68,908,475)
Per capita tax	(7,343,029)	(7,247,995)
Interest	(2,633,716)	(2,836,662)
Cash used for operations	(247,984,395)	(231,344,334)
Net cash used for operating activities	(10,594,299)	(1,463,854)
Cash flows from investing activities		
Loans and advances made to chartered bodies	(3,375,000)	(21,000)
Repayments on loans and advances made to chartered bodies	2,228,390	–
Purchase of property and equipment	(2,992,143)	(3,517,174)
Purchase of investments	(256,039,069)	(221,534,266)
Proceeds from sale of property and equipment	8,940	143,237
Proceeds from sale of investments	269,998,674	248,031,629
Net short-term cash investment transactions	5,562,505	(19,412,424)
Net cash provided by investing activities	15,392,297	3,690,002
Cash flows from financing activities		
Payments on mortgages and other notes	(3,698,230)	(3,496,233)
Net cash used for financing activities	(3,698,230)	(3,496,233)
Effect of exchange rate changes on cash	(1,478,039)	(1,355,932)
Net change in cash	(378,271)	(2,626,017)
Cash and cash equivalents		
Beginning of year	10,775,106	13,401,123
End of year	$ 10,396,835	$ 10,775,106
Reconciliation of change in net assets to net cash used for operating activities		
Change in net assets		
Noncash charges (credits) included in income	$ 16,577,158	$ 76,378,488
Depreciation and amortization	6,251,231	6,138,493
Net appreciation in fair value investments	(26,626,634)	4,674,659
(Gain) loss on sale of property and equipment	1,844	(1,944)
Settlement gain - postretirement health care benefits	–	(117,025,000)
Currency translation adjustment	1,478,039	1,355,932
Changes in accruals of operating assets and liabilities		
Receivables	(2,886,138)	(349,025)
Unbilled rent receivable	(733,455)	(1,769,996)
Other assets	1,343,596	(1,317,882)
Excess or deficiency of pension plan assets over projected benefit obligation	(9,131,007)	20,554,329
Accounts payable and accrued expenses	(2,702,947)	2,578,111
Accrued postretirement benefit cost	2,489,000	10,749,000
Deferred revenue	76,134	1,234,376
Reciprocity Agreement funds pending settlement	1,046,603	(4,718,938)
Payroll deductions and other liabilities	2,222,277	55,543
Net cash used for operating activities	$ (10,594,299)	$ (1,463,854)

International Brotherhood of Electrical Workers and Subsidiaries

Notes to Consolidated Financial Statements

YEARS ENDED JUNE 30, 2017 AND 2016

Note 1. Summary of Significant Accounting Policies

Nature of Operations — The International Brotherhood of Electrical Workers (International Union or IBEW) is an international labor union established to organize all workers for the moral, economic and social advancement of their condition and status. The significant portion of the International Union's revenue comes from per capita taxes of members paid by the local unions.

Basis of Presentation — The consolidated financial statements include the accounts of the International Brotherhood of Electrical Workers, the IBEW Headquarters Building LLC, of which the International Brotherhood of Electrical Workers owns 99%, and the IBEW Relocation Holdings LLC, of which the International Brotherhood of Electrical Workers is the sole member. The IBEW Headquarters Building LLC holds title to an office building that serves as the headquarters for the International Brotherhood of Electrical Workers. The IBEW Relocation Holdings LLC's purpose is to acquire, hold, own, maintain, hold for investment, operate, lease, convey interests in, mortgage or otherwise encumber, sell, exchange or dispose of, and otherwise invest in and deal with real estate property and any personal or intangible property associated with the real estate. All inter-organization accounts and transactions have been eliminated in consolidation. The International Union appropriates a portion of unrestricted net assets representing the estimated liability for additional postretirement benefits not yet accrued.

Method of Accounting — The financial statements have been prepared using the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

Investments — Generally, investments are carried at fair value. Changes in fair value of investments are recognized as unrealized gains and losses. For the purpose of recording realized gains or losses the average cost method is used. Purchases and sales are recorded on a trade-date basis. The purchases and sales pending settlement are recorded as either assets or liabilities in the consolidated statement of financial position. Pending sales represent amounts due from brokers while pending purchases represent amounts due to brokers for trades not settled. All pending transactions at June 30, 2017 and 2016 were settled in July 2017 and 2016, respectively.

Accounts Receivable — Trade accounts receivable are reported net of an allowance for expected losses. Based on management's evaluation of receivables, the allowance account has a balance of $-0- and $237,434 at June 30, 2017 and 2016, respectively.

Property and Equipment — Building, improvements, furniture and equipment are carried at cost. Major additions are capitalized. Replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are expensed currently. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which are as follows:

Building and improvements	10–40 years
Tenant improvements	Life of respective lease
Furniture and equipment	2–10 years

Inventory — The International Union maintains an inventory of supplies for use and for resale to local unions and individual members. Inventory is stated at average inventory cost which approximates the selling price of items held.

Canadian Exchange — The International Union maintains assets and liabilities in Canada as well as the United States. It is the intent of the International Union to receive and expend Canadian dollars in Canada and not, on a regular basis, convert them to U.S. dollars. For financial statement purposes, all assets and liabilities are expressed in U.S. dollar equivalents.

REPORT OF INDEPENDENT AUDITORS *continued on page 14*

Canadian dollars included in the consolidated statement of financial position are translated at the appropriate year-end exchange rates. Canadian dollars included in the consolidated statements of activities and changes in net assets are translated at the average exchange rates for the year.

Unrealized increases and decreases due to fluctuations in exchange rates are included in "Currency translation adjustment" in the consolidated statements of activities and changes in net assets.

Statements of Cash Flows — For purposes of the consolidated statements of cash flows, cash is considered to be amounts on hand and in demand deposit bank accounts subject to immediate withdrawal.

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

Note 2. Tax Status

The International Union is generally exempt from federal income and District of Columbia franchise taxes as an organization described in Section 501(c)(5) of the Internal Revenue Code. The International Union is, however, subject to tax on net profits generated by activities defined as unrelated business activities under applicable tax law. IBEW Headquarters Building, LLC and IBEW Relocation Holdings, LLC are not taxpaying entities for federal income tax purposes.

Income of these companies is taxed to the members in their respective returns. The International Union's Form 990, Return of Organization Exempt from Income Tax, and Form 990-T, Exempt Organization Unrelated Business Income Tax Return, for the years ended June 30, 2014 through 2016 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

Note 3. Investments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments which are listed below. For short-term cash investments, the cost approximates fair value because of the short maturity of the investments. Generally, government and government agency obligations, corporate bonds and notes, stocks, the AFL-CIO Housing Investment Trust, and mutual funds fair values are estimated using quoted market prices. For mortgage loans, the fair value is determined based on the discounted present value of future cash flows using the current quoted yields of similar securities. Investments in 103-12 entities are generally carried at fair value using net asset value per share as reported by the investee, while the fair values of investments in limited partnerships and other alternative investments are estimated based on financial information provided by each investment entity.

	June 30, 2017	
	Cost	Fair Value
Short-term cash investments	$ 29,119,304	$ 29,119,304
Government and government agency obligations	31,692,841	31,423,385
Corporate bonds and notes	42,929,303	42,542,930
Stock	137,467,587	168,248,936
Mortgage loans	2,244,221	2,319,608
Mutual funds	447,825	484,312
103-12 entities	71,223,194	121,359,773
Limited partnership	14,600,000	15,803,809
Other alternative investments	17,737,275	13,498,846
AFL-CIO Housing Investment Trust	18,566,196	18,186,441
	$ 366,027,746	$ 442,987,344

	June 30, 2016	
	Cost	Fair Value
Short-term cash investments	$ 31,288,262	$ 31,288,262
Government and government agency obligations	30,780,022	31,125,782
Corporate bonds and notes	37,711,075	36,998,047
Stock	134,162,315	163,721,376
Mortgage loans	2,398,498	2,501,501
Mutual funds	361,666	385,627
103-12 entities	73,377,651	120,252,759
Limited partnership	14,600,000	14,712,223
Other alternative investments	16,520,064	12,530,524
AFL-CIO Housing Investment Trust	18,084,602	18,256,301
Fair Value Measurement	$ 359,284,155	$ 431,772,402

Fair Value Measurement

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

Basis of Fair Value Measurement

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities

Level 2 Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly

Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable

The following tables set forth, by level within the fair value hierarchy, the International Union's investment assets at fair value as of June 30, 2017, and a summary of the changes in fair value of the Plan's Level 3 assets for the year ended June 30, 2017. As required, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Description	Total Investments	Quoted Market Prices for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	$ 29,119,304	$ –	$ 29,119,304	$ –
Stock	168,248,936	152,631,596	–	15,617,340
Corporate bonds and notes	42,542,930	–	42,542,930	–
Government and government agency obligations	31,423,385	11,745,061	19,678,324	–
Mortgage loans	2,319,608	–	2,319,608	–
Mutual funds	484,312	484,312	–	–
Total	274,138,475	$ 164,860,969	$ 93,660,166	$ 15,617,340
Investments measured at net asset value*	168,848,869			
Investments at fair value	$ 442,987,344			

*Investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated statements of financial position.

Changes in Level 3 Category	Stock
Beginning Balance – 7/1/2016	$ 15,617,340
Net gains (realized/unrealized)	–
Purchases	–
Sales	–
Transfers in/out Level 3	–
Ending Balance – 6/30/2017	$ 15,617,340

The following tables set forth, by level within the fair value hierarchy, the International Union's investment assets at fair value as of June 30, 2016, and a summary of the changes in fair value of the Plan's Level 3 assets for the year ended June 30, 2016. As required, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Description	Total Investments	Quoted Market Prices for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	$ 31,288,262	$ –	$ 31,288,262	$ –
Corporate stock	163,721,376	148,104,036	–	15,617,340
Corporate bonds and notes	36,998,047	–	36,998,047	–
Government and government agency obligations	31,125,782	7,590,209	23,535,573	–
Mortgage loans	2,501,501	–	2,501,501	–
Mutual funds	385,627	385,627	–	–
Total	266,020,595	$ 156,079,872	$ 94,323,383	$ 15,617,340
Investments measured at net asset value*	165,751,807			
Investments at fair value	$ 431,772,402			

*Investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated statements of financial position.

Changes in Level 3 Category	Stock
Beginning Balance – 7/1/2015	$ 15,617,340
Net gains (realized/unrealized)	–
Purchases	–
Sales	–
Transfers in/out Level 3	–
Ending Balance – 6/30/2016	$ 15,617,340

Level 1 Inputs
Equity securities, except the ULLICO Stock, U.S. Treasury bonds and notes, and mutual funds are traded in active markets on national and international securities exchanges and are valued at closing prices on the last business day of each period.

Level 2 Inputs
Most Government and government agency obligations, municipal bonds, corporate obligations, and mortgage loans are generally valued by benchmarking model-derived prices to quoted market prices and trade data for identical or comparable securities. To the extent that quoted prices are not available, fair value is determined based on a valuation model that includes inputs such as interest rate yield curves and credit spreads. Securities traded in markets that are not considered active are valued based on quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency.

Cash and cash equivalent investments are valued at cost which approximates fair value.

Level 3 Inputs
Corporate stock represents stock holdings of ULLICO Inc. and fair market value is determined by management based on valuations performed by an independent third party. The stock is not actively traded and there are no directly comparable inputs.

Note 4. Investments in Investment Entities

Authoritative guidance on fair value measurements permits the International Union to measure the fair value of an investment in an investment entity that does not have a readily determinable fair value based upon the NAV of the investment. This guidance does not apply if it is probable that the investment will be sold at a value different than NAV.

The International Union's investment in investment entities is subject to the terms of the respective private placement memoranda and governing agreements. Income or loss from investments in these investment entities is net of the International Union's proportionate share of fees and expenses incurred or charged by these investment entities.

The International Union's risk of loss in these entities is limited to its investment. The International Union may increase or decrease its level of investment in these entities at its discretion. The International Union typically has the ability to redeem its investment from these entities on a daily or quarterly basis but longer lock-up periods can apply to certain investments.

The following table summarizes the International Union's investments in certain entities that calculate net asset value per share as fair value measurement as of June 30, 2017 by investment strategy:

Description	Fair Value (in millions)	Unfunded commitments (in millions)	Redemption frequency	Redemption notice period
a. 103-12 investment entities	$ 44.1	$ –	Daily, Monthly	One day, 30 days
b. Common/collective trusts	18.2	–	Monthly	15 days
c. INDURE REIT LLC	77.3	–	Maximum 20% redemptions allowed for 24 months following initial investment, daily redemptions after	One day
d. Other alternative investment	13.5	–	Monthly	One Year
e. Limited partnership	15.8	–	Quarterly	70 days

The following summarizes the investment strategy for each of the Plan's investments in the table presented above:

a. 103-12 investment entities represent investments with two entities: one in the Western Asset U.S. Core Plus LLC for $34.6 million and another in the ULLICO Diversified International Equity Fund for $9.4 million. The Western Asset U.S. Core Plus LLC is a "master fund" in a "master/feeder" structure which primarily invests in investment grade debt and fixed income securities. Redemption is permitted daily with one-day notice.

   The ULLICO Diversified International Equity Fund invests primarily in equity securities traded in equity market of, or issued by, companies located in countries represented in the Morgan Stanley Capital International Europe, Australasia, and Far East Index (the Index) with the goal of exceeding the investment returns of the Index. Redemptions are permitted monthly with a 30-day notice period which can be waived at the discretion of the General Partner.

b. Common/collective trusts represent a single investment in the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO) Housing Investment Trust (HIT) which invests in a portfolio composed primarily of mortgage securities, with higher yield, higher credit quality and similar interest rate risks as the Barclays Capital Aggregate Bond Index. Redemptions are permitted monthly with a 15-day notice period.

c. The INDURE REIT LLC invests solely in the INDURE Build to Core Fund, LLC which is a fund that is valued based on NAV. During the first two years following initial investment, redemption was limited to a maximum of 20% of investment balance. Following the two-year period, redemptions are permitted daily with a one-day notice period.

d. The International Union's alternative investment is comprised of $13.5 million invested in Permal Fixed Income Holding N.V. which is a multi-manager fund organized as a limited liability company. The fund invests primarily with managers who focus on fixed income securities in worldwide markets. Redemption is permitted monthly with one-year notice but may be limited by the underlying holdings of the fund which have redemption restrictions ranging from daily to annually or are non-redeemable.

e. Limited partnerships represent an ownership interest in the Grosvenor Institutional Partners, L.P. (the Fund). The fair value is based on the ownership interest as a percent of the International Union's net assets. The ownership interest percent was 0.3175% at June 30, 2017. The Fund invests primarily in the Grosvenor Institutional Partners Master Fund (Master Fund) as well as various portfolio funds. The Master Fund's fair value equals the pro rata interest in the net assets of the Master Fund. The portfolio funds' fair values are reported at net asset value (NAV).

The following table summarizes the International Union's investments in certain entities that calculate net asset value per share as fair value measurement as of June 30, 2016 by investment strategy:

Description	Fair Value (in millions)	Unfunded commitments (in millions)	Redemption frequency	Redemption notice period
a. 103-12 investment entities	$ 44.1	$ –	Daily, Monthly	One day, 30 days
b. Common/collective trusts	18.3	–	Monthly	15 days
c. INDURE REIT LLC	76.2	–	Maximum 20% redemptions allowed for 24 months following initial investment, daily redemptions after	One day
d. Other alternative investment	12.5	–	Quarterly	90 days
e. Limited partnership	14.7	–	Quarterly	70 days

The following summarizes the investment strategy for each of the Plan's investments in the table presented above:

a. 103-12 investment entities represent investments with two entities: one in the Western Asset U.S. Core Plus LLC for $33.4 million and another in the ULLICO Diversified International Equity Fund for $10.7 million. The Western Asset U.S. Core Plus LLC is a "master fund" in a "master/feeder" structure which primarily invests in investment grade debt and fixed income securities. Redemption is permitted daily with one-day notice.

   The ULLICO Diversified International Equity Fund invests primarily in equity securities traded in equity market of, or issued by, companies located in countries represented in the Morgan Stanley Capital International Europe, Australasia, and Far East Index (the Index) with the goal of exceeding the investment returns of the Index. Redemptions are permitted monthly with a 30-day notice period which can be waived at the discretion of the General Partner.

b. Common/collective trusts represent a single investment in the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO) Housing Investment Trust (HIT) which invests in a portfolio composed primarily of mortgage securities, with higher yield, higher credit quality and similar interest rate risks as the Barclays Capital Aggregate Bond Index. Redemptions are permitted monthly with a 15-day notice period.

c. The INDURE REIT LLC invests solely in the INDURE Build to Core Fund, LLC which is a fund that is valued based on NAV. During the first two years following initial investment, redemption was limited to a maximum of 20% of investment balance. Following the two-year period, redemptions are permitted daily with a one-day notice period.

d. The International Union's alternative investment is comprised of $12.5 million invested in Permal Fixed Income Holding N.V. which is a multi-manager fund organized as a limited liability company. The fund invests primarily with managers who focus on fixed income securities in worldwide markets. Redemption is permitted monthly with one-year notice but may be limited by the underlying holdings of the fund which have redemption restrictions ranging from daily to annually or are non-redeemable.

e. Limited partnerships represent an ownership interest in the Grosvenor Institutional Partners, L.P. (the Fund). The fair value is based on the ownership interest as a percent of the International Union's net assets. The ownership interest percent was 0.2875% at June 30, 2016. The Fund invests primarily in the Grosvenor Institutional Partners Master Fund (Master Fund) as well as various portfolio funds. The Master Fund's fair value equals the pro rata interest in the net assets of the Master Fund. The portfolio funds' fair values are reported at net asset value (NAV).

Note 5. Pension Plans

The International Union maintains two defined benefit pension plans to cover all of its employees. Employer contributions to the plans are based on actuarial costs as calculated by the actuary. The actuarial valuations are based on the unit credit cost method as required under the Pension Protection Act of 2006.

The annual measurement date is June 30. The net periodic pension cost for the plans for the years ended June 30, 2017 and 2016 is summarized as follows:

	2017	2016
Service cost	$ 16,981,327	$ 15,160,383
Interest cost	20,806,483	20,597,057
Expected return on plan assets	(28,025,621)	(27,767,830)
Net amortization of loss	6,603,258	3,095,956
Net periodic pension cost	$ 16,365,447	$ 11,085,566

Total amounts recognized as changes in unrestricted net assets separate from expenses and reported in the consolidated statements of activities and changes in net assets as pension-related changes other than net periodic pension cost for the years ended June 30, 2017 and 2016 are as follows:

	2017	2016
Net actuarial (gain) loss	$ (3,638,191)	$ 30,330,160

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Amounts that have not yet been recognized as components of net periodic pension cost as of June 30, 2017 consist of the following:

Net actuarial loss	$ 28,430,860

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

	2017	2016
Discount rate	4.50%	4.75%
Average rate of compensation increase	4.50%	4.50%
Expected long-term rate of return on plan assets	7.00%	7.00%

The Plans' obligations and funded status as of June 30, 2017 and 2016 are summarized as follows:

	2017	2016
Fair value of plan assets	$ 466,204,301	$ 416,557,226
Projected benefit obligation	527,878,157	487,362,089
Deficiency of plan assets over projected benefit obligation	$ 61,673,856	$ 70,804,863

Benefit obligations are based on the following weighted average assumptions at the end of the year:

	2017	2016
Discount rate	4.50%	4.50%
Average rate of compensation increase	4.50%	4.50%

Employer contributions, employee contributions and benefit payments for the years ended June 30, 2017 and 2016 were as follows:

	2017	2016
Employer contributions	$ 23,009,063	$ 21,868,144
Employee contributions	1,756,834	1,698,871
Benefit payments	25,760,284	25,195,220

Total expected employer contributions for the year ending June 30, 2018 are $19.9 million. Total expected benefit payments for the next 10 fiscal years are as follows:

Year ending June 30,2018	$ 27,768,272
2019	28,310,572
2020	28,891,893
2021	29,743,421
2022	29,743,421
Years 2023 - 2027	163,199,521

The expected long-term rate of return on plan assets of 7% reflects the average rate of earnings expected on plan assets invested or to be invested to provide for the benefits included in the benefit obligations. The assumption has been determined by reflecting expectations regarding future rates of return for plan investments, with consideration given to the distribution of investments by asset class and historical rates of return for each individual asset class.

Total pension plan weighted-average asset allocations at June 30, 2017 and 2016, by asset category, are as follows:

	2017	2016
Asset category		
Cash and cash equivalents	4%	6%
Equity securities	62%	59%
Debt securities	18%	17%
Real estate and other	16%	18%
	100%	100%

The plans' investment strategies are based on an expectation that equity securities will outperform debt securities over the long term, and that the plans should maximize investment return while minimizing investment risk through appropriate portfolio diversification. All investments are actively managed by a diversified group of professional investment managers, whose performance is routinely evaluated by a professional investment consultant. Target allocation percentages are 50% for equities, 30% for fixed income securities, 13% for real estate, and 7% for other investments (principally limited partnerships).

The following is a summary of the inputs used as of June 30, 2017, in valuing the assets carried at fair value by the two plans:

Description	Total Investments at June 30, 2017	Quoted Market Prices for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Unitized Pool Investments				
Common stock	$169,452,370	$169,452,370	$ –	$ –
Corporate bonds	18,165,885	–	18,165,885	–
U.S. Government and government agency obligations	24,762,537	8,886,395	15,876,142	–
Registered investment companies	923,004	923,004	–	–
Common/collective trusts	12,051,970	–	–	12,051,970
	225,355,766	$179,261,769	$ 34,042,027	$12,051,970
Investments measured at net asset value	217,560,757			
Total	$442,916,523			
Non-Pool Investments				
Cash and cash equivalents	$ 1,331,918	$ 1,331,918	$ –	$ –
Common/collective trusts	5,982,662	–	–	5,982,662
Canadian Government obligations	4,366,454	1,211,888	3,154,566	–
Corporate obligations	6,951,999	–	6,951,999	–
Common stocks	22,165,371	22,165,371	–	–
	40,798,404	$ 24,709,177	$ 10,106,565	$ 5,982,662
Investments measured at net asset value	1,601,455			
Total	42,399,859			
Other Assets and Liabilities				
Cash	2	$ 2	$ –	$ –
Accrued investment income receivable	589,554	589,554	–	–
Accounts payable and accrued expenses	(328,506)	(328,506)	–	–
Net transactions pending settlement	(7,126,068)	(7,126,068)	–	–
Total	(6,865,018)	$ (6,865,018)	$ –	$ –
Net assets, total	478,451,364			
Less: share to other employers	(12,247,063)			
Fair value of plan assets	$466,204,301			

The following is a summary of the inputs used as of June 30, 2016, in valuing the assets carried at fair value by the two plans:

Description	Total Investments at June 30, 2016	Quoted Market Prices for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Unitized Pool Investments				
Common stock	$ 142,317,337	$142,317,337	$ –	$ –
Corporate bonds	15,788,818	–	15,788,818	–
U.S. Government and government agency obligations	16,705,743	8,141,873	8,563,870	–
Registered investment companies	749,994	749,994	–	–
Common/collective trusts	15,065,334	–	–	15,065,334
	190,627,226	$151,209,204	$ 24,352,688	$15,065,334
Investments measured at net asset value	194,364,367			
Total	$ 384,991,593			
Non-Pool Investments				
Cash and cash equivalents	$ 849,892	$ 849,892	$ –	$ –
Common/collective trusts	7,251,164	–	–	7,251,164
Canadian Government obligations	3,595,620	1,391,586	2,204,034	–
Corporate obligations	7,927,522	–	7,927,522	–
Common stocks	19,742,763	19,742,763	–	–
	39,366,961	$ 21,984,241	$ 10,131,556	$ 7,251,164
Investments measured at net asset value	1,920,891			
Total	41,287,852			

Other Assets and Liabilities				
Cash	1,566	$ 1,566	$ –	$ –
Accrued investment income receivable	523,766	523,766	–	–
Accounts payable and accrued expenses	(301,856)	(301,856)	–	–
Net transactions pending settlement	303,036	303,036	–	–
Total	526,512	$ 526,512	$ –	$ –
Net assets, total	426,805,957			
Less: share to other employers	(10,248,731)			
Fair value of plan assets	$ 416,557,226			

The following is a summary of the changes in Level 3 investments for the years ended June 30, 2017 and 2016:

Changes in Level 3 Category	Common/Collective Trusts
Beginning balance - 7/1/2016	$ 22,316,498
Net gains (realized/unrealized)	–
Purchases	78,001,327
Sales	(82,283,193)
Ending balance - 6/30/2017	$ 18,034,632

Changes in Level 3 Category	Common/Collective Trusts
Beginning balance - 7/1/2015	$ 18,444,634
Net gains (realized/unrealized)	–
Purchases	102,377,342
Sales	(98,505,478)
Ending balance - 6/30/2016	$ 22,316,498

The International Union maintains a Supplemental Plan under Internal Revenue Code Section 457 to pay pension benefits required under its Constitution that cannot be paid from its qualified defined benefit plans. The liability for amounts due under the Supplemental Plan have been actuarially determined and total $485,304 and $384,468 as of June 30, 2017 and 2016, respectively. The International Union also contributes to a multiemployer defined benefit pension plan on behalf of its employees. Contributions to this plan were $1,115,610 and $1,080,689 for the years ended June 30, 2017 and 2016, respectively.

Note 6. Postretirement Benefits

During the year ended June 30, 2016, the International Union changed its arrangement for providing medical and prescription coverage for both active and retired employees. These benefits are now provided through the NECA/IBEW Family Medical Care Plan, a multiemployer defined benefit health and welfare plan. In accordance with U.S. generally accepted accounting principles, the International Union will no longer report a liability for the excess of the postretirement benefit obligation over plan assets in connection with the provision of these benefits. This plan amendment resulted in a settlement gain of approximately $110.2 million.

The International Union still provides certain health care, life insurance and legal benefits for substantially all employees who reach normal retirement age while working for the International Union, in addition to providing pension benefits.

Postretirement benefit costs for the years ended June 30, 2017 and 2016 include the following components:

	2017	2016
Service cost	$ 2,598,000	$ 3,125,000
Interest cost	2,914,000	3,833,000
Amortization of prior service cost	(1,699,000)	(1,699,000)
Total postretirement benefit cost	$ 3,813,000	$ 5,259,000

The accumulated postretirement benefit obligation and funded status at June 30, 2017 and 2016 are as follows:

	2017	2016
Postretirement benefit obligation	$ 66,290,000	$ 63,801,000
Fair value of plan assets	–	–
Excess of postretirement benefit obligation over plan assets	$ 66,290,000	$ 63,801,000

The above postretirement benefit cost does not represent the actual amount paid (net of estimated Medicare Part D subsidies) of $2,725,000 and $3,023,000 for the years ended June 30, 2017 and 2016, respectively. The net actuarial loss that will be amortized from unrestricted net assets into net periodic benefit cost during 2018 is $1,088,000.

During the year ended June 30, 2017, the International Union paid the NECA/IBEW Family Medical Care Plan approximately $13,100,000 for medical and prescription coverage for both active and retired employees.

Weighted-average assumptions used to determine net postretirement benefit cost at beginning of year:

	2017	2016
Discount rate	4.75%	4.75%

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

	2017	2016
Discount rate	4.75%	4.75%

The assumed health care cost trend rates used to measure the expected cost of benefits for the year ended June 30, 2017, were assumed to increase by 5.5% for medical, 5.5% for green shield, 4.25% for dental/vision, 4.25% for Medicare Part B premiums, and 3% for legal costs.

Thereafter, rates for increases in medical, dental, drug costs and the Medicare Part D subsidy were assumed to gradually decrease until they reach 4.25% after 2028. If the assumed rates increased by one percentage point it would increase the benefit obligation and net periodic benefit cost as of June 30, 2017 by $10,561,000 and $1,136,000, respectively. However, if the assumed rates decreased by one percentage point it would decrease the benefit obligation and net periodic benefit cost as of June 30, 2017 by $8,734,000 and $894,000, respectively.

Total expected benefit payments, net of Medicare Part D subsidies, for the next 10 fiscal years are as follows:

Year ending June 30, 2018	$ 2,842,000
2019	2,966,000
2020	3,079,000
2021	3,229,000
2022	3,375,000
Years 2023 - 2027	19,503,000

The International Union appropriated investments of $219,983,000 at June 30, 2017 to pay for future postretirement benefit costs.

Note 7. Mortgages Payable

The IBEW Headquarters Building LLC (the Company) has two mortgages payable, $40 million to Massachusetts Mutual Life Insurance Company and $40 million to New York Life Insurance Company, secured by substantially all of the Company's assets. The mortgage loans bear interest at an annual rate of 5.63% and are payable in monthly installments of principal and interest totaling $529,108, and mature on July 1, 2019, at which time the remaining principal and interest amounts of $37,191,698 are due in full. Future minimum payments on the mortgage obligations are due as follows:

Year ending June 30, 2018	$ 6,349,298
2019	6,349,298
2020	37,191,698
	49,890,294
Less: interest portion	(4,822,462)
	$45,067,832

Note 8. Royalty Income

The International Union has entered into a multi-year License Agreement and a List Use Agreement with the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO) under which the AFL-CIO has obtained rights to use certain intangible property belonging to the International Union, including the rights to use the name, logo, trademarks and membership lists of the International Union, in exchange for specified royalty payments to be paid to the International Union by the AFL-CIO. In turn, the AFL-CIO has sub-licensed the rights to use the International Union intangible property to Capital One Bank, for use by the bank in connection with its marketing of credit card and certain other financial products to members of the International Union. These agreements commenced on March 1, 1997. In 2012, these agreements were extended to December 2022. For the years ended June 30, 2017 and 2016, the International Union recognized as revenue $1,874,680 and $1,909,870, respectively.

Note 9. Litigation

The International Union is a party to a number of routine lawsuits, some involving substantial amounts. In all of the cases, the complaint is filed for damages against the International Union and one or more of its affiliated local unions. The General Counsel is of the opinion that these cases should be resolved without a material adverse effect on the financial condition of the International Union.

Note 10. Related Party Transactions

The IBEW provides certain administrative services to the International Brotherhood of Electrical Workers' Pension Benefit Fund (Fund), for which the International Union is reimbursed. These services include salaries and benefits, facilities, computer systems, and other administrative services. The amount reimbursed totaled $2,750,000 and $2,500,000, for the years ended June 30, 2017 and 2016, respectively.

In addition, the International Union collects and remits contributions received on behalf of the Fund from members.

The International Union also pays administrative services on behalf of the Pension Plan for the International Officers, Representatives and Assistants of the International Brotherhood of Electrical Workers, and the Pension Plan for Office Employees of the International Brotherhood of Electrical Workers. The administrative services include auditing, legal and actuarial services. The costs of the administrative services are not readily determinable.

Note 11. Operating Leases

The International Union, through the IBEW Headquarters Building LLC, has entered into agreements to lease space in its building. In addition, the International Union subleases a portion of its office space. These leases, which expire at various dates through 2025, contain renewal options. Future minimum rental payments due under these agreements, excluding the lease payments due from the International Union, are as follows:

Year ending June 30, 2018	$ 10,139,220
2019	10,603,533
2020	10,565,072
2021	10,193,184
2022	9,225,960
Thereafter	39,304,511

Note 12. Risks and Uncertainties

The International Union invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Note 13. Subsequent Events Review

Subsequent events have been evaluated through October 12, 2017, which is the date the consolidated financial statements were available to be issued. This review and evaluation revealed no new material event or transaction which would require an additional adjustment to or disclosure in the accompanying consolidated financial statements. ■