Report of Independent Auditors

International Executive Council
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, 2018 and 2017, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

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, 2018 and 2017, 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
September 17, 2018

International Brotherhood of Electrical Workers and Subsidiaries

Consolidated Statements of Financial Position

JUNE 30, 2018 AND 2017

	2018	2017
Assets		
Cash and cash equivalents	$ 9,851,686	$ 10,396,835
Receivables		
Loans and advances to chartered bodies	907,415	1,685,110
Per capita tax receivable	10,470,183	11,241,702
Unbilled rent	6,264,789	5,824,292
Accrued interest and dividends	591,876	549,493
Security sales pending settlement	193,807	95,785
Other	622,708	4,748,025
Total receivables	19,050,778	24,144,407
Investments - at fair value	469,912,668	442,987,344
Property and equipment - at cost		
Land, building and improvements	138,412,474	137,028,914
Furniture and equipment	45,807,145	45,611,874
	184,219,619	182,640,788
Accumulated depreciation	(73,662,275)	(68,204,668)
Net property and equipment	110,557,344	114,436,120
Other assets		
Deferred leasing, organization and financing costs (net of amortization)	3,032,222	3,370,952
Prepaid expenses	2,116,572	959,007
Inventory of merchandise and office supplies, at cost	1,259,338	1,308,233
Other	383,491	473,172
Total other assets	6,791,623	6,111,364
Total assets	$ 616,164,099	$ 598,076,070

	2018	2017
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 5,268,466	$ 5,000,004
Due to Trust for the IBEW Pension Benefit Fund	2,214,190	2,821,480
Excess of projected benefit obligation over pension plan assets	42,656,355	61,673,856
Liability for postretirement benefits	69,205,010	66,290,000
Security purchases pending settlement	6,902,612	4,556,351
Deferred per capita tax revenue	9,135,247	9,000,174
Reciprocity Agreement funds pending settlement	4,436,148	6,183,884
Mortgage loans payable	41,155,933	45,067,832
Other	3,102,896	1,154,151
Total liabilities	184,076,857	201,747,732
Unrestricted net assets		
Appropriated for additional postretirement benefits	161,163,000	153,693,000
Unappropriated	270,924,242	242,635,338
Total net assets	432,087,242	396,328,338
Total liabilities and net assets	$ 616,164,099	$ 598,076,070

International Brotherhood of Electrical Workers and Subsidiaries

Consolidated Statements of Activities and Changes in Net Assets

YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Operating revenue		
Per capita tax	$ 140,885,499	$ 137,008,526
Initiation and reinstatement fees	1,670,814	1,649,944
Rental income, net	12,921,742	12,495,592
Sales of supplies	992,464	1,131,068
Other income	4,953,603	4,440,262
Total operating revenue	161,424,122	156,725,392
Operating expenses		
Program services expenses		
Field services and programs	110,551,105	104,359,095
Media relations	8,869,890	8,733,846
Industry trade programs	19,211,249	18,234,379
Per capita tax expense	7,445,885	7,343,029
Legal defense	2,812,261	2,631,004
Total program services	148,890,390	141,301,353
Supporting services expenses		
Governance and oversight	7,333,296	7,035,183
General administration	9,821,814	9,512,696
Total supporting services	17,155,110	16,547,879
Total operating expenses	166,045,500	157,849,232
Change in net assets from operations before investment and other income	(4,621,378)	(1,123,840)
Investment income		
Interest and dividends	7,114,471	6,616,448
Net appreciation in fair value of investments	23,312,915	26,626,634
Investment expenses	(993,118)	(1,148,297)
Net investment income	29,434,2683	32,094,785
Other income (expense)		
Convention expense	–	(15,658,409)
Gain (loss) on sale of property and equipment	1,350	(1,844)
Currency translation adjustment	(80,871)	(1,478,039)
Total other income (expense)	(79,521)	(17,138,292)
Change in net assets from operations after investment and other income	$ 24,733,369	$ 13,832,653

	2018	2017
Change in net assets from operations after investment and other income	$ 24,733,369	$ 13,832,653
Defined benefit pension and postretirement benefit changes other than net periodic benefit cost		
Pension benefits	12,259,825	3,638,191
Postretirement health care benefits	(1,234,290)	(893,686)
Appropriation of net assets to fund postretirement benefits not yet accrued	(7,470,000)	(7,553,000)
Change in unrestricted net assets, unappropriated	28,288,904	9,024,158
Unrestricted net assets, unappropriated		
Beginning of year	242,635,338	233,611,180
End of year	$ 270,924,242	$ 242,635,338
Unrestricted net assets, appropriated		
Beginning of year	$ 153,693,000	$ 146,140,000
Appropriation of net assets to fund postretirement benefits not yet accrued	7,470,000	7,553,000
End of year	$ 161,163,000	$ 153,693,000

International Brotherhood of Electrical Workers and Subsidiaries

Consolidated Statements of Cash Flows

YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Cash flows from operating activities		
Cash flows from		
Affiliated chartered bodies	$ 144,455,369	$ 138,564,646
Interest and dividends	7,072,088	6,598,151
Rental income	12,539,474	11,762,137
Participant contributions collected on behalf of PBF	78,640,071	73,274,900
Reimbursement of administrative expenses from PBF	2,850,000	2,750,000
Other	9,078,920	4,440,262
Cash provided by operations	254,635,922	237,390,096
Cash paid for		
Salaries, payroll taxes, and employee benefits	(111,215,351)	(107,652,976)
Service providers, vendors and others	(48,582,595)	(59,179,582)
Participant contributions remitted to PBF	(79,147,361)	(71,175,092)
Per capita tax	(7,445,885)	(7,343,029)
Interest	(2,419,046)	(2,633,716)
Cash used for operations	(248,810,238)	(247,984,395)
Net cash provided by (used for) operating activities	5,825,684	(10,594,299)
Cash flows from investing activities		
Loans and advances made to chartered bodies	(49,000)	(3,375,000)
Repayments on loans and advances made to chartered bodies	826,695	2,228,390
Purchase of property and equipment	(1,792,938)	(2,992,143)
Purchase of investments	(174,536,611)	(256,039,069)
Proceeds from sale of property and equipment	1,350	8,940
Proceeds from sale of investments	171,596,691	269,998,674
Net short–term cash investment transactions	1,575,750	5,562,505
Net cash provided by (used for) investing activities	(2,378,063)	15,392,297
Cash flows from financing activities		
Payments on mortgages and other notes	(3,911,899)	(3,698,230)
Net cash used for financing activities	(3,911,899)	(3,698,230)
Effect of exchange rate changes on cash and cash equivalents	(80,871)	(1,478,039)
Net change in cash and cash equivalents	(545,149)	(378,271)
Cash and cash equivalents		
Beginning of year	10,396,835	10,775,106
End of year	$ 9,851,686	$ 10,396,835

	2018	2017
Reconciliation of change in net assets to net cash provided by (used for) operating activities		
Change in net assets		
Noncash charges (credits) included in income	$ 35,758,904	$ 16,577,158
Depreciation and amortization	6,010,444	6,251,231
Net appreciation in fair value investments	(23,312,915)	(26,626,634)
(Gain) loss on sale of property and equipment	(1,350)	1,844
Currency translation adjustment	80,871	1,478,039
Changes in accruals of operating assets and liabilities		
Receivables	4,854,453	(2,886,138)
Unbilled rent receivable	(440,497)	(733,455)
Other assets	(1,018,989)	1,343,596
Excess or deficiency of pension plan assets over projected benefit obligation	(19,017,501)	(9,131,007)
Accounts payable and accrued expenses	268,462	(2,702,947)
Accrued postretirement benefit cost	2,915,010	2,489,000
Deferred revenue	135,073	76,134
Reciprocity Agreement funds pending settlement	(1,747,736)	1,046,603
Payroll deductions and other liabilities	1,341,455	2,222,277
Net cash provided by (used for) operating activities	$ 5,825,684	$ (10,594,299)

International Brotherhood of Electrical Workers and Subsidiaries

Notes to Consolidated Financial Statements

YEARS ENDED JUNE 30, 2018 AND 2017

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, 2018 and 2017 were settled in July 2018 and 2017, 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 zero balance at June 30, 2018 and 2017.

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 16*

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.

Reclassifications — Certain reclassifications have been made to the 2017 consolidated financial statements to conform to the presentation in the 2018 consolidated financial statements.

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 (IRC). 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, 2015 through 2017 are subject to examination by the Internal Revenue Service (IRS), 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, 2018	
	Cost	**Fair Value**
Short-term cash investments	$ 30,767,550	$ 30,767,550
Government and government agency obligations	30,166,570	29,633,934
Corporate bonds and notes	41,471,059	40,398,309
Preferred stock	85,000	82,688
Common stock	126,011,249	168,732,297
Mortgage loans	2,066,727	2,184,357
Mutual funds	19,078,430	20,953,251
103-12 entities	71,157,903	128,586,521
Limited partnership	13,100,000	16,966,478
Other alternative investments	19,911,483	13,528,595
AFL-CIO Housing Investment Trust	19,076,389	18,078,688
	$ 372,892,360	$ 469,912,668

	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
Common stock	120,626,789	151,271,336
Mortgage loans	2,244,221	2,319,608
Mutual funds	17,288,623	17,461,912
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

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) and the lowest priority to unobservable inputs (Level 3). 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, 2018, and a summary of the changes in fair value of the Plan's Level 3 assets for the year ended June 30, 2018. 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	$ 30,767,550	$ –	$ 30,767,550	$ –
Preferred stock	82,688	–	82,688	–
Common stock	168,732,297	153,114,957	–	15,617,340
Corporate bonds and notes	40,398,309	–	40,398,309	–
Government and government agency obligations	29,633,934	9,423,154	20,210,780	–
Mortgage loans	2,184,357	–	2,184,357	–
Mutual funds	20,953,251	20,953,251	–	–
Total	292,752,386	$183,491,362	$ 93,643,684	$15,617,340
Investments measured at net asset value*	177,160,282			
Investments at fair value	$469,912,668			

Changes in Level 3 Category	Stock
Beginning Balance – 7/1/2017	$ 15,617,340
Net gains (realized/unrealized)	–
Purchases	–
Sales	–
Transfers in/out Level 3	–
Ending Balance – 6/30/2018	$ 15,617,340

*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.

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	$ –
Common stock	151,271,336	135,653,996	–	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	17,461,912	17,461,912	–	–
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			

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

*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.

Level 1
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
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
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, 2018 by investment strategy:

Description	Fair Value (in millions)	Unfunded commitments (in millions)	Redemption frequency	Redemption notice period
a. 103-12 investment entities	$ 44.4	$ –	Daily, Monthly	One day, 30 days
b. AFL-CIO HIT	18.1	–	Monthly	15 days
c. INDURE REIT LLC	84.2	–	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	17.0	–	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 $34.5 million and another in the ULLICO Diversified International Equity Fund for $9.9 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 markets 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. The American Federation of Labor and Congress of Industrial Organizations (AFL-CIO) Housing Investment Trust (HIT) 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 partnership represents 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 0.3534% at June 30, 2018. 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, 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. AFL-CIO HIT	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	–	Quarterly	90 days
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 markets 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. The American Federation of Labor and Congress of Industrial Organizations (AFL-CIO) Housing Investment Trust (HIT) 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 partnership represents 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).

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, 2018 and 2017 is summarized as follows:

	2018	2017
Service cost	$ 18,404,909	$ 16,981,327
Interest cost	22,679,843	20,806,483
Expected return on plan assets	(31,473,505)	(28,025,621)
Net amortization of loss	6,293,956	6,603,258
Net periodic pension cost	$ 15,905,203	$ 16,365,447

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, 2018 and 2017 are as follows:

	2018	2017
Net actuarial gain	$(12,259,825)	$ (3,638,191)

REPORT OF INDEPENDENT AUDITORS *continued on page 18*

Amounts that have not yet been recognized as components of net periodic pension cost as of June 30, 2018 consist of the following:

Net actuarial loss	$ 5,922,709

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

	2018	2017
Discount rate	4.50%	4.50%
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, 2018 and 2017 are summarized as follows:

	2018	2017
Fair value of plan assets	$ 504,834,317	$ 466,204,301
Projected benefit obligation	547,490,672	527,878,157
Deficiency of plan assets over projected benefit obligation	$ 42,656,355	$ 61,673,856

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

	2018	2017
Discount rate	4.50%	4.50%
Average rate of compensation increase	4.25%	4.50%

Employer contributions, employee contributions and benefit payments for the years ended June 30, 2018 and 2017 were as follows:

	2018	2017
Employer contributions	$ 22,662,878	$ 23,009,063
Employee contributions	1,791,202	1,756,834
Benefit payments	27,394,946	25,760,284

Total expected employer contributions for the year ending June 30, 2019 are $20.8 million. Total expected benefit payments for the next 10 fiscal years are as follows:

Year ending June 30,2019	$ 28,160,878
2020	28,734,175
2021	29,220,412
2022	29,940,666
2023	30,744,795
Years 2024 – 2028	169,858,509

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, 2018 and 2017, by asset category, are as follows:

	2018	2017
Asset category		
Cash and cash equivalents	5%	4%
Equity securities	64%	62%
Debt securities	17%	18%
Real estate and other	14%	16%
	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, 2018, in valuing the assets carried at fair value by the two plans:

Description	Total Investments at June 30, 2018	Quoted Market Prices for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Unitized Pool Investments				
Short–term investments	$ 7,298,498	$ –	$ 7,298,498	$ –
Common stock	186,350,881	186,350,881	–	–
Preferred stock	97,280	–	97,280	–
Corporate bonds	21,002,712	–	21,002,712	–
U.S. Government and government agency obligations	25,547,729	8,479,489	17,068,240	–
Registered investment companies	1,699,836	1,699,836	–	–
Common/collective trusts	16,629,481	–	–	16,629,481
	258,626,417	$ 196,530,206	$ 45,466,730	$ 16,629,481
Investments measured at net asset value*	222,623,584			
Total	$ 481,250,001			
Non-Pool Investments				
Cash and cash equivalents	$ 1,247,916	$ 1,247,916	$ –	$ –
Common/collective trusts	5,974,722	–	–	5,974,722
Canadian Government obligations	5,078,583	1,270,938	3,807,645	–
Corporate obligations	6,478,897	–	6,478,897	–
Common stocks	23,502,295	23,502,295	–	–
	42,282,413	$ 26,021,149	$ 10,286,542	$ 5,974,722
Investments measured at net asset value*	1,599,273			
Total	43,881,686			
Other Assets and Liabilities				
Cash	97			
Accrued investment income receivable	566,309			
Accounts payable and accrued expenses	(352,113)			
Net transactions pending settlement	(6,270,030)			
Total	(6,055,737)			
Net assets, total	519,075,950			
Less: share to other employers	(14,241,633)			
Fair value of plan assets	$ 504,834,317			

*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.

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
Accrued investment income receivable	589,554
Accounts payable and accrued expenses	(328,506)
Net transactions pending settlement	(7,126,068)
Total	(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

*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.

The following is a summary of the changes in Level 3 investments for the years ended June 30, 2018 and 2017:

	2018	2017
Changes in Level 3 Category	Common/Collective Trusts	Common/Collective Trusts
Beginning balance - 7/1/	$ 18,034,632	$ 22,316,498
Net gains (realized/unrealized)	–	–
Purchases	73,143,128	78,001,327
Sales	(68,573,557)	(82,283,193)
Ending balance - 6/30/	$ 22,604,203	$ 18,034,632

The International Union maintains a Supplemental Plan under IRC 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 $1,078,590 and $485,304 as of June 30, 2018 and 2017, respectively. The International Union also contributes to a multiemployer defined benefit pension plan on behalf of its employees. Contributions to this plan were $1,129,111 and $1,115,610 for the years ended June 30, 2018 and 2017, respectively.

Note 6. Postretirement Benefits

The International Union provides medical and prescription insurance coverage for both active and retired employees 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 does not report a liability for the excess of the related postretirement benefit obligation over plan assets in connection with the provision of these benefits. However, the International Union does appropriate net assets in an amount sufficient to fund the liability that would be accrued for the medical and prescription insurance coverage were those benefits not funded through a multiemployer plan.

The International Union also provides certain health care, life insurance and legal benefits for substantially all employees who reach normal retirement age while working for the International Union. A liability is reported for the excess of the postretirement benefit obligation over plan assets in connection with the provision of these additional benefits. Related benefit costs for the years ended June 30, 2018 and 2017 include the following components:

	2018	2017
Service cost	$ 2,715,000	$ 2,598,000
Interest cost	3,042,000	2,914,000
Amortization of prior service cost	(1,699,000)	(1,699,000)
Total postretirement benefit cost	$ 4,058,000	$ 3,813,000

The accumulated postretirement benefit obligation and funded status at June 30, 2018 and 2017 are as follows:

	2018	2017
Postretirement benefit obligation	$ 69,205,010	$ 66,290,000
Fair value of plan assets	–	–
Excess of postretirement benefit obligation over plan assets	$ 69,205,010	$ 66,290,000

The above postretirement benefit cost does not represent the actual amount paid (net of estimated Medicare Part D subsidies) of $2,824,000 and $2,725,000 for the years ended June 30, 2018 and 2017, respectively. The net actuarial loss that will be amortized from unrestricted net assets into net periodic benefit cost during 2019 is $1,234,000.

During the year ended June 30, 2018, the International Union paid the NECA/IBEW Family Medical Care Plan approximately $14,100,000 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:

	2018	2017
Discount rate	4.50%	4.50%

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

	2018	2017
Discount rate	4.50%	4.50%

The assumed health care cost trend rates used to measure the expected cost of benefits for the year ended June 30, 2018, 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 were assumed to gradually decrease until they reach 4.25% over 15 years. If the assumed rates increased by one percentage point it would increase the benefit obligation and net periodic benefit cost as of June 30, 2018 by $11,780,000 and $1,219,000, 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, 2018 by $9,693,000 and $959,000, respectively.

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

Year ending June 30, 2019	$ 2,966,000
2020	3,079,000
2021	3,229,000
2022	3,375,000
2023	3,533,000
Years 2024 - 2028	20,412,000

The International Union appropriated investments of $161,163,000 at June 30, 2018 to pay for future postretirement benefit costs.

Note 7. Mortgages Payable

The IBEW Headquarters Building LLC 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, 2019	$ 6,349,298
2020	37,191,699
	43,540,997
Less: interest portion	(2,385,064)
	$41,155,933

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, 2018 and 2017, the International Union recognized as revenue $351,779 and $1,874,680, 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 $2,850,000 and $2,750,000, for the years ended June 30, 2018 and 2017, 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, 2019	$ 10,317,812
2020	10,296,941
2021	10,078,389
2022	9,111,202
2023	8,541,463
Thereafter	32,287,450

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 consolidated statements of financial position.

Note 13. SUBSEQUENT EVENTS REVIEW

Subsequent events have been evaluated through September 17, 2018, 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. ∎