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, 2019 and 2018, and the related consolidated statements of activities and changes in net assets, functional expenses, 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, 2019 and 2018, 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 9, 2019

International Brotherhood of Electrical Workers and Subsidiaries

Consolidated Statements of Financial Position

JUNE 30, 2019 AND 2018

	2019	2018
Assets		
Cash and cash equivalents	$ 27,419,660	$ 9,851,686
Receivables		
Loans and advances to chartered bodies	483,415	907,415
Per capita tax receivable	11,890,498	10,470,183
Due from Trust for the IBEW Pension Benefit Fund	119,710	–
Unbilled rent	6,009,020	6,264,789
Accrued interest and dividends	639,721	591,876
Security sales pending settlement	261,798	193,807
Other	587,330	622,708
Total receivables	19,991,492	19,050,778
Investments - at fair value	436,549,814	469,912,668
Property and equipment - at cost		
Land, building and improvements	140,789,467	138,412,474
Furniture and equipment	47,519,350	45,807,145
	188,308,817	184,219,619
Accumulated depreciation	(79,199,688)	(73,662,275)
Net property and equipment	109,109,129	110,557,344
Other assets		
Deferred leasing, organization and financing costs (net of amortization)	2,749,146	3,032,222
Prepaid expenses	973,790	2,116,572
Inventory of merchandise and office supplies, at cost	1,360,491	1,259,338
Other	450,661	383,491
Total other assets	5,534,088	6,791,623
Total assets	$ 598,604,183	$ 616,164,099
Liabilities		
Accounts payable and accrued expenses	$ 5,670,328	$ 5,268,466
Due to Trust for the IBEW Pension Benefit Fund	–	2,214,190
Excess of projected benefit obligation over pension plan assets	78,714,347	42,656,355
Liability for postretirement benefits	73,216,010	69,205,010
Security purchases pending settlement	608,305	6,902,612
Deferred per capita tax revenue	10,281,807	9,135,247
Reciprocity Agreement funds pending settlement	17,025,172	4,436,148
Mortgage loans payable	–	41,155,933
Other	3,832,027	3,102,896
Total liabilities	189,347,996	184,076,857
Net assets without donor restrictions		
Appropriated for additional postretirement benefits	167,912,000	161,163,000
Unappropriated	241,344,187	270,924,242
Total net assets	409,256,187	432,087,242
Total liabilities and net assets	$ 598,604,183	$ 616,164,099

International Brotherhood of Electrical Workers and Subsidiaries

Consolidated Statements of Activities and Changes in Net Assets

YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Operating revenue		
Per capita tax	$ 144,132,304	$ 140,885,499
Initiation and reinstatement fees	1,894,094	1,670,814
Rental income, net	12,123,627	12,921,742
Sales of supplies	1,016,769	992,464
Other income	4,455,087	4,953,603
Total operating revenue	163,621,881	161,424,122
Operating expenses		
Program services expenses		
Field services and programs	103,153,586	110,551,105
Media relations	8,687,913	8,869,890
Industry trade programs	18,828,443	19,211,249
Per capita tax expense	7,405,568	7,445,885
Legal defense	2,769,262	2,812,261
Total program services	140,844,772	148,890,390
Supporting services expenses		
Governance and oversight	7,013,261	7,333,296
General administration	9,049,421	9,821,814
Total supporting services	16,062,682	17,155,110
Total operating expenses	156,907,454	166,045,500
Change in net assets from operations before investment and other income	6,714,427	(4,621,378)
Investment income		
Interest and dividends	6,886,696	7,114,471
Net appreciation in fair value of investments	13,296,567	23,312,915
Investment expenses	(1,034,975)	(993,118)
Net investment income	19,148,288	29,434,268
Other income (expense)		
Gain on sale of property and equipment	19,930	1,350
Currency translation adjustment	(620,327)	(80,871)
Total other income (expense)	(600,397)	(79,521)
Change in net assets from operations after investment and other income	25,262,318	24,733,369
Defined benefit pension and postretirement benefit changes other than net periodic benefit cost		
Pension benefits	(46,182,115)	12,259,825
Postretirement health care benefits	(1,911,258)	(1,234,290)
Appropriation of net assets to fund postretirement benefits not yet accrued	(6,749,000)	(7,470,000)
Change in net assets without donor restrictions, unappropriated	(29,580,055)	28,288,904
Net assets without donor restrictions, unappropriated		
Beginning of year	270,924,242	242,635,338
End of year	$ 241,344,187	$ 270,924,242
Net assets without donor restrictions, appropriated		
Beginning of year	$ 161,163,000	$ 153,693,000
Appropriation of net assets to fund postretirement benefits not yet accrued	6,749,000	7,470,000
End of year	$ 167,912,000	$ 161,163,000

International Brotherhood of Electrical Workers and Subsidiaries

Consolidated Statements of Functional Expenses

YEARS ENDED JUNE 30, 2019 AND 2018

2019

	Program Services					Supporting Services		
	Field Services and Programs	Media Relations	Industry Trade	Per Capita Tax	Legal Defense	Governance and Oversight	General Administration	Total
Salaries	$ 42,107,391	$ 1,969,363	$ 7,746,909	$ –	$ –	$ 2,905,727	$ 5,494,851	$ 60,224,241
Payroll taxes and employee benefits	32,688,231	1,527,869	6,015,364	–	–	2,253,036	4,240,696	46,725,196
Per capita taxes	–	–	–	7,405,568	–	–	–	7,405,568
Professional fees	854,073	67,364	501,216	–	2,769,262	41,247	297,766	4,530,928
Travel and related expenses	6,949,767	50,514	713,149	–	–	426,036	30,657	8,170,123
Electrical Worker printing and mailing expenses	–	4,484,663	–	–	–	–	–	4,484,663
Other expenses	9,469,485	264,249	3,016,590	–	–	703,891	763,387	14,217,602
Administrative reimbursement from PBF	–	–	–	–	–	–	(2,625,000)	(2,625,000)
Building operations	11,084,639	323,891	835,215	–	–	683,324	847,064	13,774,133
Total	$ 103,153,586	$ 8,687,913	$ 18,828,443	$ 7,405,568	$ 2,769,262	$ 7,013,261	$ 9,049,421	$ 156,907,454

2018

	Program Services					Supporting Services		
	Field Services and Programs	Media Relations	Industry Trade	Per Capita Tax	Legal Defense	Governance and Oversight	General Administration	Total
Salaries	$ 41,146,746	$ 1,869,650	$ 7,400,448	$ –	$ –	$ 2,741,087	$ 5,311,547	$ 58,469,478
Payroll taxes and employee benefits	33,577,191	1,520,875	6,034,143	–	–	2,219,763	4,316,954	47,668,926
Per capita taxes	–	–	–	7,445,885	–	–	–	7,445,885
Professional fees	1,224,968	255,575	562,329	–	2,812,261	63,801	314,808	5,233,742
Travel and related expenses	7,436,107	65,248	675,122	–	–	347,848	21,920	8,546,245
Electrical Worker printing and mailing expenses	–	4,329,689	–	–	–	–	–	4,329,689
Other expenses	15,473,884	491,413	3,662,921	–	–	1,251,614	2,321,140	23,200,972
Administrative reimbursement from PBF	–	–	–	–	–	–	(2,850,000)	(2,850,000)
Building operations	11,692,209	337,440	876,286	–	–	709,183	385,445	14,000,563
Total	$ 110,551,105	$ 8,869,890	$ 19,211,249	$ 7,445,885	$ 2,812,261	$ 7,333,296	$ 9,821,814	$ 166,045,500

International Brotherhood of Electrical Workers and Subsidiaries

Consolidated Statements of Cash Flows

YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Cash flows from operating activities		
Cash flows from		
Affiliated chartered bodies	$ 159,358,436	$ 142,707,633
Interest and dividends	6,838,851	7,072,088
Rental income	12,379,396	12,539,474
Participant contributions collected on behalf of PBF	86,818,004	78,640,071
Reimbursement of administrative expenses from PBF	2,625,000	2,850,000
Other	4,490,465	9,078,920
Cash provided by operations	272,510,152	252,888,186
Cash paid for		
Salaries, payroll taxes, and employee benefits	(114,973,818)	(111,215,351)
Service providers, vendors and others	(36,496,849)	(46,834,859)
Participant contributions remitted to PBF	(88,651,904)	(79,147,361)
Per capita tax	(7,405,568)	(7,445,885)
Interest	(2,445,469)	(2,419,046)
Cash used for operations	(249,973,608)	(247,062,502)
Net cash provided by (used for) operating activities	22,536,544	5,825,684
Cash flows from investing activities		
Loans and advances made to chartered bodies	–	(49,000)
Repayments on loans and advances made to chartered bodies	424,000	826,695
Purchase of property and equipment	(3,933,834)	(1,792,938)
Purchase of investments	(176,338,134)	(174,536,611)
Proceeds from sale of property and equipment	20,401	1,350
Proceeds from sale of investments	245,924,718	171,596,691
Net short–term cash investment transactions	(29,289,461)	1,575,750
Net cash provided by (used for) investing activities	36,807,690	(2,378,063)
Cash flows from financing activities		
Payments on mortgages and other notes	(41,155,933)	(3,911,899)
Net cash used for financing activities	(41,155,933)	(3,911,899)
Effect of exchange rate changes on cash and cash equivalents	(620,327)	(80,871)
Net change in cash and cash equivalents	17,567,974	(545,149)
Cash and cash equivalents		
Beginning of year	9,851,686	10,396,835
End of year	$ 27,419,660	$ 9,851,686

International Brotherhood of Electrical Workers and Subsidiaries

Notes to Consolidated Financial Statements

YEARS ENDED JUNE 30, 2019 AND 2018

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. Under this basis, revenue is recognized when earned and expenses are recognized when incurred.

REPORT OF INDEPENDENT AUDITORS *continued on page 16*

Financial Statement Presentation — Financial statement presentation follows the recommendations of U.S. generally accepted accounting principles in accordance with Financial Accounting Standards Board Accounting Standards Codification, *Not-for-Profit Entities — Presentation of Financial Statements*. Under those principles, the International Union is required to report information regarding its financial position and activities according to two classes of net assets — net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions — These net assets are available to finance the general operations of the International Union. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the International Union, the environment in which it operates, and the purposes specified in its organizing documents.

Net assets with donor restrictions — These net assets result from contributions and other inflows of assets, the use of which by the International Union is limited by donor-imposed time or purpose restrictions that are either temporary or permanent.

As of June 30, 2019 and 2018, the International Union did not have any net assets with donor restrictions.

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 statements 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, 2019 and 2018 were settled in July 2019 and 2018, 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, 2019 and 2018.

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 net realizable value 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.

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.

Functional Allocation of Expenses — The costs of providing the various programs and supporting activities of the International Union have been summarized on a functional basis in the statements of activities and changes in net assets and functional expenses. Costs that can be specifically identified with a final cost objective are charged directly to that activity. Other costs are allocated among the program and supporting services benefited based on management's best estimates. Salaries and related fringe benefits are allocated based on employee time and effort. Other common costs such as occupancy, depreciation and related infrastructure costs are allocated based on salary allocations.

New Accounting Pronouncement Adopted — During the year ended June 30, 2019, the International Union adopted the provisions of Accounting Standards Update 2016-14, *Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities* (the Update). The Update amends the reporting model for not-for-profit organizations and enhances required disclosures. The major changes include: requiring the presentation of only two classes of net assets — those with donor restrictions and those without donor restrictions; requiring all not-for-profits to present an analysis of expenses by both function and nature in a single location, generally as a separate financial statement or by disclosure in the notes, and to provide additional information about the methods used to allocate costs across functional reporting categories; requiring disclosure of both quantitative and qualitative information about liquidity and the availability of financial resources; and requiring the presentation of investment return net of all external and direct internal expenses.

Reclassifications — Certain reclassifications have been made to the 2018 consolidated financial statements to conform to the presentation in the 2019 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, 2016 through 2018 are subject to examination by the Internal Revenue Service (IRS), generally for three years after they were filed.

Note 3. Liquidity and Availability of Financial Resources

As part of the International Union's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the International Union invests cash in excess of its current requirements in a portfolio of investments designed to maximize long-term earnings with acceptable risk to investment principal. The International Union's Board has appropriated $167,912,000 for postretirement health care as disclosed in Note 7. However, in the event of unanticipated liquidity needs, the International Union's Board could make available all or a portion of the amount currently appropriated.

The following table represents the International Union's financial assets available to meet cash needs for general expenditures within one year of June 30, 2019 and 2018.

	2019	2018
Total assets	$ 598,604,183	$ 616,164,099
Less nonfinancial assets		
Net property and equipment	(109,109,129)	(110,557,344)
Net deferred leasing, organization, and financing costs	(2,749,146)	(3,032,222)
Prepaid expenses	(973,790)	(2,116,572)
Inventory	(1,360,491)	(1,259,338)
Other nonfinancial assets	(450,661)	(383,491)
Total financial assets	483,960,966	498,815,132
Less amounts unavailable within one year		
Appropriated for additional postretirement benefits	(167,912,000)	(161,163,000)
Reciprocity Agreement funds pending settlement	(17,025,172)	(4,436,148)
Loans and advances to chartered bodies not expected to be collected within one year	(424,000)	(483,415)
Unbilled rent receivable not expected to be collected within one year	(5,696,552)	(6,009,020)
Total financial assets available for general expenditures within one year	$ 292,903,242 $	$ 326,723,549

Note 4. 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 fund 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 (NAV) 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, 2019	
	Cost	Fair Value
Short-term cash investments	$ 59,896,996	$ 59,896,996
Government and government agency obligations	24,830,869	25,298,844
Corporate bonds and notes	37,077,283	37,291,368
Common stock	275,800	268,946
Mortgage loans	120,671,719	156,803,089
Mutual funds	1,895,036	2,012,666
103-12 entities	10,608,062	10,704,321
Limited partnership	65,840,986	124,767,348
Other alternative investments	1,500,000	–
AFL-CIO Housing Investment Trust	19,610,478	19,506,236
	$ 342,207,229	$ 436,549,814

	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

Fair Value Measurement

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

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the International Union has the ability to access.

Level 2 Inputs to the valuation methodology include other significant observable inputs including:
- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following table sets forth, by level within the fair value hierarchy, the International Union's investment assets at fair value as of June 30, 2019:

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	$ 59,896,996	$ –	$ 59,896,996	$ –
Preferred stock	268,946	–	268,946	–
Common stock	156,803,089	140,766,682	–	16,036,407
Corporate bonds and notes	37,291,368	–	37,291,368	–
Government and government agency obligations	25,298,844	11,919,402	13,379,442	–
Mortgage loans	2,012,666	–	2,012,666	–
Mutual funds	10,704,321	10,704,321	–	–
Total	292,276,230	$ 163,390,405	$ 112,849,418	$ 16,036,407
Investments measured at net asset value*	144,273,584			
Investments at fair value	$ 436,549,814			

*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 this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated statements of financial position.

The following table sets forth, by level within the fair value hierarchy, the International Union's investment assets at fair value as of June 30, 2018:

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			

*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 this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated statements of financial position.

Changes in Fair Value of Level 3 Assets

The following tables set forth a summary of the changes in fair value of the International Union's Level 3 assets for the years ended June 30, 2019 and 2018:

Changes in Level 3 Category	Stock
Beginning Balance – 7/1/2018	$ 15,617,340
Net gains (realized/unrealized)	419,067
Purchases	–
Sales	–
Transfers in/out Level 3	–
Ending Balance – 6/30/2019	$ 16,036,407

The following table set forth a summary of the changes in fair value of the International Union's Level 3 assets for the years ended June 30, 2018:

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

Following are the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at June 30, 2019 and 2018.

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 5. 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 NAV per share as fair value measurement as of June 30, 2019 by investment strategy:

Description	Fair Value (in millions)	Unfunded commitments (in millions)	Redemption frequency	Redemption notice period
a. 103-12 investment entities	$ 36.8	$ –	Daily, Monthly	One day, 30 days
b. AFL-CIO HIT	19.5	–	Monthly	15 days
c. INDURE REIT LLC	88.0	–	Maximum 20% redemptions allowed for 24 months following initial investment, daily redemptions after	One day

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 $27.3 million and another in the ULLICO Diversified International Equity Fund for $9.5 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.

REPORT OF INDEPENDENT AUDITORS *continued on page 18*

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.

The following table summarizes the International Union's investments in certain entities that calculate NAV 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 NAV.

Note 6. 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, 2019 and 2018 is summarized as follows:

	2019	2018
Service cost	$ 19,202,491	$ 18,404,909
Interest cost	23,541,573	22,679,843
Expected return on plan assets	(34,112,140)	(31,473,505)
Net amortization of loss	4,877,687	6,293,956
Net periodic pension cost	$ 13,509,611	$ 15,905,203

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, 2019 and 2018 are as follows:

	2019	2018
Net actuarial gain	$ 46,182,115	$ (12,259,825)

Amounts that have not yet been recognized as components of net periodic pension cost as of June 30, 2019 consist of the following:

Net actuarial loss	$ 146,340,716

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

	2019	2018
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, 2019 and 2018 are summarized as follows:

	2019	2018
Fair value of plan assets	$ 528,815,378	$ 504,834,317
Projected benefit obligation	607,529,725	547,490,672
Deficiency of plan assets over projected benefit obligation	$ 78,714,347	$ 42,656,355

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

	2019	2018
Discount rate	4.00%	4.50%
Average rate of compensation increase	4.50%	4.50%

Employer contributions, employee contributions and benefit payments for the years ended June 30, 2019 and 2018 were as follows:

	2019	2018
Employer contributions	$ 23,633,734	$ 22,662,878
Employee contributions	1,821,763	1,791,202
Benefit payments	28,612,561	27,394,946

Total expected employer contributions for the year ending June 30, 2020 are $21.4 million. Total expected benefit payments for the next 10 fiscal years are as follows:

Year ending June 30,2020	$ 29,480,913
2021	29,763,462
2022	30,276,831
2023	30,908,433
2024	31,658,264
Years 2025 - 2029	175,715,973

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, 2019 and 2018, by asset category, are as follows:

	2019	2018
Asset category		
Cash and cash equivalents	4%	5%
Equity securities	61%	64%
Debt securities	20%	17%
Real estate and other	15%	14%
	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 table sets forth, by level within the fair value hierarchy, the pension plans' investment assets at fair value as of June 30, 2019:

Description	Total Investments at June 30, 2019	Quoted Market Prices for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Unitized Pool Investments				
Common stock	$ 188,876,412	$ 188,876,412	$ –	$ –
Preferred stock	283,760	–	283,760	–
Corporate bonds	26,766,466	–	26,766,466	–
U.S. Government and government agency obligations	27,996,511	12,305,111	15,691,400	–
Registered investment companies	1,702,032	1,702,032	–	–
Common/collective trusts	11,996,549	–	–	11,996,549
	257,621,730	$ 202,883,555	$ 42,741,626	$ 11,996,549
Investments measured at net asset value*	245,591,405			
Total	$ 503,213,135			
Non–Pool Investments				
Cash and cash equivalents	$ 1,745,288	$ 1,745,288	$ –	$ –
Common/collective trusts	8,397,378	–	–	8,397,378
Canadian Government obligations	4,742,489	1,164,660	3,577,829	–
Corporate obligations	6,781,387	–	6,781,387	–
Common stocks	25,252,063	25,252,063	–	–
	46,918,605	$ 28,162,011	$ 10,359,216	$ 8,397,378
Investments measured at net asset value*	1,631,309			
Total	48,549,914			
Other Assets and Liabilities				
Cash	2,594			
Accrued investment income receivable	653,512			
Accounts payable and accrued expenses	(355,312)			
Net transactions pending settlement	(7,204,734)			
Total	(6,903,940)			
Net assets, total	544,859,109			
Less: share to other employers	(16,043,731)			
Fair value of plan assets	$ 528,815,378			

*Investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy.

The following table set forth, by level within the fair value hierarchy, the pension plans' investment assets at fair value as of June 30, 2018:

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 NAV per share (or its equivalent) have not been classified in the fair value hierarchy.

The following is a summary of the changes in Level 3 investments for the years ended June 30, 2019 and 2018:

	Common/Collective Trusts	
Changes in Level 3 Category	**2019**	**2018**
Beginning balance - 7/1/	$ 22,604,203	$ 18,034,632
Net gains (realized/unrealized)	–	–
Purchases	106,793,185	73,143,128
Sales	(109,003,461)	(68,573,557)
Ending balance - 6/30/	$ 20,393,927	$ 22,604,203

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 $1,002,947 and $1,078,590 as of June 30, 2019 and 2018, respectively. The International Union also contributes to a multiemployer defined benefit pension plan on behalf of its employees. Contributions to this plan were $1,158,357 and $1,129,111 for the years ended June 30, 2019 and 2018, respectively.

Note 7. 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, 2019 and 2018 include the following components:

	2019	2018
Service cost	$ 3,122,000	$ 2,715,000
Interest cost	3,213,000	3,042,000
Amortization of prior service cost	(1,699,000)	(1,699,000)
Total postretirement benefit cost	$ 4,636,000	$ 4,058,000

The accumulated postretirement benefit obligation and funded status at June 30, 2019 and 2018 are as follows:

	2019	2018
Postretirement benefit obligation	$ 73,216,010	$ 69,205,010
Fair value of plan assets	–	–
Excess of postretirement benefit obligation over plan assets	$ 73,216,010	$ 69,205,010

REPORT OF INDEPENDENT AUDITORS *continued on page 20*

The above postretirement benefit cost does not represent the actual amount paid (net of estimated Medicare Part D subsidies) of $2,745,000 and $2,842,000 for the years ended June 30, 2019 and 2018, respectively. Amounts of as June 30, 2019 that have been recognized in net assets but not yet amortized into net periodic postretirement benefit cost are:

Prior service cost	$ (5,448,000)
Net gain	(3,820,000)
	$ (9,268,000)

The amounts that will be amortized from net assets into net periodic benefit cost during 2020 total $1,699,000.

During the year ended June 30, 2019, the International Union paid the NECA/IBEW Family Medical Care Plan approximately $15,000,000 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:

	2019	2018
Discount rate	4.50%	4.50%

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

	2019	2018
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, 2019, were assumed to increase by 8.0% 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, 2019 by $12,750,000 and $1,407,000, 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, 2019 by $10,331,000 and $1,090,000, respectively.

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

Year ending June 30, 2020		$ 2,859,000
	2021	3,003,000
	2022	3,138,000
	2023	3,291,000
	2024	3,465,000
	Years 2025 - 2029	20,325,000

The International Union appropriated investments of $167,912,000 at June 30, 2019 to pay for future postretirement benefit costs.

Note 8. Mortgages Payable

The IBEW Headquarters Building LLC had 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 International Union's assets. The mortgage loans bore interest at an annual rate of 5.63% and required monthly installments of principal and interest totaling $529,108. During the year ended June 30, 2019, the Company paid the remaining balance on its mortgage obligations in full.

Note 9. 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 2018, these agreements were extended to December 2025. For the years ended June 30, 2019 and 2018, the International Union recognized as revenue $1,036,827 and $351,779, respectively.

Note 10. 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 11. 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 $2,625,000 and $2,850,000, for the years ended June 30, 2019 and 2018, 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 12. 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 2029, 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, 2020		$ 10,252,260
	2021	10,349,854
	2022	9,404,143
	2023	9,009,355
	2024	8,297,070
	Thereafter	26,026,744

Note 13. 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 14. Subsequent Events Review

Subsequent events have been evaluated through October 9, 2019, which is the date the consolidated financial statements were available to be issued. This review and evaluation revealed no material event or transaction which would require an adjustment to or disclosure in the accompanying consolidated financial statements. ■